

شركة المجموعة الاستشارية  
الاستثمارية المساهمة العامة المحدودة

الرقم : 2020/42/13/5  
التاريخ : 2020/6/29

السادة هيئة الاوراق المالية المحترمين

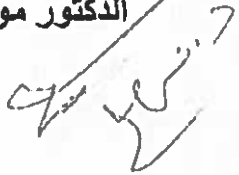
تحية طيبة وبعد

مرفق طيه البيانات المالية السنوية باللغة الإنجليزية كما بتاريخ 2019/12/31 لشركة  
المجموعة الاستشارية الاستثمارية المساهمة العامة المحدودة.

وتفضلوا بقبول فائق الاحترام.

المدير العام

الدكتور موسى صالح



بورصة عمان  
الدائرة الإدارية والمالية  
الديوان

٢٠ حزيران ٢٠٢٠

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الرقم المتصل:  
رقم الملف:  
الجهة المختصة:

THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2019

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
FOR THE YEAR ENDED  
DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of  
The Consultant and Investment Group Company  
(Public Limited Shareholding Company)  
Amman – The Hashemite Kingdom of Jordan

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of the Consultant and Investment Group Company (Public Limited Shareholding Company) "the Group", which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statement of profit or loss and consolidated comprehensive income, consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and note to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's consolidated financial statements, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Revenue recognition

The Group's total revenue amounted to JD 16,9 million for the year ended December 31, 2019.

Revenue comprises an extensive volume and variety of transactions which are processed daily by the group and rely on the effective operation of automated controls related to revenue, especially controls over access rights.

Access rights to technology are provided to individuals in order to support their specific roles. These rights are important because they ensure that changes to applications and data are authorized and made in an appropriate manner. Ensuring staff only have appropriate access, and that the access is monitored, are key controls performed by management to mitigate the potential for fraud or error. In addition management applies significant judgment and makes significant estimates assumptions to determine both the timing and amount of revenue recognized. Accordingly revenue recognition is considered as a key audit matter.

The following notes to the consolidated financial statements contain the relevant information related to the above discussed matters: Note [2] – Significant Accounting Policies

Note [3] – Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Note [18] – Revenue

Our audit approach relies on automated controls over revenue, and therefore, the following procedures were designed to test access and control over IT systems assisted by our own IT specialists.

- Understanding the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports;
- Understanding the control environment and testing the general IT controls over the main systems and applications involved in the revenue recording process. In doing so, we involved our IT specialists to assist in the audit of IT system controls.
- We examined certain Information Produced by the Entity (IPEs) used in the financial reports from relevant applications and key controls over their report logics as well as preparation and maintenance; and;
- Evaluating the design and implementation and testing the operating effectiveness of automated controls in the IT environment in which the core network and related systems reside, covering pervasive IT risks around access security, change management, data center and network operations;

We also performed the following substantive audit procedures:

- Selecting a sample of revenue transactions either side of the revenue cut-off date to assess whether the revenue was recognized in the correct period;
- Performing substantive analytical procedures and detailed analysis of revenue and the timing of its recognition based on expectations derived from industry knowledge and external market data, following up on variances from our expectation. In order to rely on the data extracted, we tested a sample of transactions to supporting documentation to assess the accuracy of the data extracted.
- Assessing the Group's accounting policy and the compliance of revenue recognized therewith; and
- Assessing the disclosures in the consolidated financial statements against the requirements of IFRSs.

#### **Other Matter**

The accompanying consolidated financial statements are a translation of the consolidated financial statements, which are in the Arabic Language to which references should be made.

#### **Other Information**

Management is responsible for other information. Other information consist of information provided in the annual report other than the consolidated financial statements and the related auditor's report. We expect that the annual report will be provided to us at a later date of our report. Our opinion on the consolidated financial statements does not include other information and we do not express any type of assertion or conclusion about it.

Regarding the audit of the consolidated financial statements it is our responsibility to read the above mentioned information when it becomes available to us, assessing whether the other information is not materially consistent with the consolidated financial statements or information obtained through our audit or that other information includes material misstatement.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the consolidated financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General Assembly of Shareholders approve these consolidated financial statements.

Amman - Jordan  
June 15, 2020

Deloitte & Touche (M.E.) - Jordan

**Deloitte & Touche (M.E.)**

ديلويت آند توش (الشرق الأوسط)

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THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31,	
		2019	2018
		JD	JD
<b>NON-CURRENT ASSETS:</b>			
Property and equipment - net	5	18,976,399	19,332,174
Project under construction	6	2,704,765	832,837
Deferred tax assets	17/A	232,226	89,250
Right of use	7/A	1,091,953	-
Total Non-Current Assets		23,005,343	20,254,261
<b>CURRENT ASSETS:</b>			
Medicine and medical supplies	8	1,419,727	1,228,451
Receivables - net	9	4,182,815	2,657,911
Other debit balances	10	956,666	850,743
Checks under collection - short term	11	5,554	46,918
Cash on hand and at banks	12	3,535,571	1,355,641
Total Current Assets		10,100,333	6,139,664
<b>TOTAL ASSETS</b>		<b>33,105,676</b>	<b>26,393,925</b>
<b><u>SHAREHOLDERS' EQUITY AND LIABILITIES</u></b>			
<b>SHAREHOLDERS' EQUITY:</b>			
Paid-up capital	13/A	18,945,000	14,445,000
Statutory reserve	13/B	564,552	445,750
Retained earnings	13/A	1,674,498	683,380
Total Shareholders' Equity		21,184,050	15,574,130
<b><u>LIABILITIES:</u></b>			
<b>NON-CURRENT LIABILITIES:</b>			
Long-term liabilities against finance lease contracts	14	4,776,171	4,988,479
Lease liability	7/B	1,009,218	-
Total Non - Current Liabilities		5,785,389	4,988,479
<b>CURRENT LIABILITIES:</b>			
Accounts payable		3,064,301	2,321,453
Short-term liabilities against finance lease contracts	14	732,592	699,653
Claim's Provision	16	401,785	401,785
Other credit balances	15	1,720,664	2,408,425
Income tax provision	17/B	216,895	-
Total Current Liabilities		6,136,237	5,831,316
<b>TOTAL LIABILITIES</b>		<b>11,921,626</b>	<b>10,819,795</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>33,105,676</b>	<b>26,393,925</b>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM  
AND WITH THE ACCOMPANYING AUDIT REPORT.

THE CONSULTANT AND INVESTMENT GROUP COMPANY

(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Note	For the Year Ended	
		December 31,	
		2019	2018
		JD	JD
Operating revenue	18	16,915,754	15,837,653
Cost of revenue	19	<u>(12,464,141)</u>	<u>(12,058,590)</u>
Gross Profit		4,451,613	3,779,063
General and administrative expenses	20	(2,794,091)	(2,681,271)
Excepted credit loss	9 & 12	(208,865)	(80,945)
Finance costs and lease liability interests		(497,837)	(385,206)
Marketing expenses		(128,122)	(61,938)
Other revenue - net	21	<u>365,320</u>	<u>267,681</u>
Income for the Year before Tax		1,188,018	837,384
Income tax expense / tax benefit	17/C	<u>(271,961)</u>	<u>31,500</u>
Income for the Year / Total Comprehensive Income for the Year		<u><u>916,057</u></u>	<u><u>868,884</u></u>
Earnings per share for the year	22	<u><u>-/056</u></u>	<u><u>-/060</u></u>

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THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)

AMMAN - JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Paid-up Capital	Statutory Reserve	Retained Earning	Total
	JD	JD	JD	JD
<u>For the Year Ended December 31, 2019</u>				
Balance at the beginning of the year	14,445,000	445,750	683,380	15,574,130
Prior year adjustments (Note 17/A)	-	-	193,863	193,863
Total comprehensive income for the year	-	-	916,057	916,057
Increase in capital (Note 13/A)	4,500,000	-	-	4,500,000
Transferred to reserve	-	118,802	(118,802)	-
Balance at the End of the Year	18,945,000	564,552	1,674,498	21,184,050
<u>For the Year Ended December 31, 2018</u>				
Balance at the beginning of the year	13,500,000	362,012	1,107,360	14,969,372
The effect of applying IFRS (9)	-	-	(264,126)	(264,126)
Adjusted balance for the beginning of the year	13,500,000	362,012	843,234	14,705,246
Total comprehensive income for the year	-	-	868,884	868,884
Increase in capital (Note 13/A)	945,000	-	(945,000)	-
Transferred to reserve	-	83,738	(83,738)	-
Balance at the End of the Year	14,445,000	445,750	683,380	15,574,130

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THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended	
		December 31,	
		2019	2018
		JD	JD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Income for the year before tax		1,188,018	837,384
Adjustments:			
Depreciation of property and equipment	5	1,134,168	793,386
Amortization of right of use	7	332,000	-
Excepted credit loss	9 & 12	208,865	80,945
Employees' vacations provision	15	27,683	16,089
End-of-service indemnity provision	15	27,256	21,793
Finance costs and lease liability interests	7	497,837	385,206
Loss on sale of property and equipment	21	-	2,288
Net Cash Flows from Operating Activities before Changes in Working Capital Items		3,415,827	2,137,091
(Increase) decrease in medicine and medical supplies		(191,276)	8,643
(Increase) in receivables		(1,733,769)	(1,047,161)
Decrease (increase) in checks under collection		41,364	(21,953)
(Increase) in other debit balances		(105,923)	(614,869)
Increase in accounts payable		742,848	1,114,237
(Decreases) in other credit balances		(687,761)	(939,941)
Net Cash Flows from Operating Activities before Provision Paid for Employees' Vacation		1,481,310	636,047
Employees' vacations provision paid	15	(21,534)	(26,231)
End-of-service indemnity provision paid	15	(4,067)	(3,658)
Income tax paid	17	(4,169)	-
Net Cash Flows from Operating Activities		1,451,540	606,158
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
(Purchase) of property and equipment	5	(742,439)	(921,572)
Decrease in advances for purchase of property and equipment		-	62,029
(Increase) in project under construction	6	(1,907,883)	(2,828,708)
Increase (decrease) in bank deposits		(2,307,217)	1,793,145
Lease liability paid	7	(402,746)	-
Net Cash Flows (used in) Investing Activities		(5,360,285)	(1,895,106)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Finance lease contracts and loans received	14	427,758	2,050,000
Finance lease contracts and loans paid	14	(607,127)	(386,801)
Capital increase payment	13	4,500,000	-
Finance costs paid		(408,292)	(290,189)
Net Cash Flows from Financing Activities		3,912,339	1,974,675
Net Increase in Cash and Cash Equivalent during the Year		3,594	84,062
Cash and cash equivalent - beginning of the year		169,710	85,648
Cash and Cash Equivalent - End of the Year before provision	23	173,304	169,710
<b>None cash transactions:</b>			
Increase in capital by capitalizing retained earnings		-	945,000
Transferred from projects under construction for property and equipment		35,955	2,688,454

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM  
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THE CONSULTANT AND INVESTMENT GROUP COMPANY  
(PUBLIC LIMITED SHAREHOLDING COMPANY)  
AMMAN - JORDAN  
NOTES TO THE FINANCIAL STATEMENTS

1. General

- a. The Consultant and Investment Group Company (Al-Istishari Hospital) was established and registered on 7 November 1995 as a public limited shareholding company under No. (299) with a paid-up capital of JD (8) million. The Company's capital was increased & decreased in the previous years to be JD 14,445,000. At its extraordinary meeting on January 10, 2019, the General Authority of Shareholders decided to agree to raise the company's authorized capital to JD/share 18,945,000 and cover the capital increase of JD 4,500,000 with a nominal value of JD 1 through a public offering addressed to the company's shareholders. During the month of August 2019, the legal procedures were completed to raise the company's capital and issue the necessary approvals to become the authorized and paid-up capital after the last increase of JD 18,945,000. The Company's address is Wadi Saqra, P.O. Box 840431, Amman 11184 the Hashemite Kingdom of Jordan.
- b. The Company's objectives includes carrying out industrial constructions, conducting commercial agencies, and investing in commercial and financial projects and setting up and managing projects related to healthcare, real estate, housing and buildings or industrial and commercial markets of all types and related services.
- c. The Company has Investment incentives granted in accordance with Article (6) of the Investment Promotion Law No. (30) For the year 2014 and up to three years starting from April 21, 2019.
- d. The consolidated financial statements were approved by the Board of Directors on June 4, 2020.

2. Basis of Preparation of the Consolidated Financial Statement

- The accompanying consolidated financial statements are prepared in accordance with the standards issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the Committee of the IASB.
- The financial statements are prepared under the historical cost basis except for financial assets and financial liabilities shown at fair value at the date of the consolidated financial statements.
- The reporting currency of the financial statements is the Jordanian Dinar, which is the functional currency of the Company.
- The accounting policies adopted in preparing the consolidated financial statements for the current year are consistent with those applied in the year ended December 31, 2018 except for the effect of applying the new and adjusted standards as mentioned in Note (3-A) and (3-B).

### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary and controlled by the Company.

Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee ; and
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes on the elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Company.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated profit or loss statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the Company and its subsidiaries are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss statement is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

The Company owns as of December 31, 2019 Mutamaiyzah Hospital Management Company for managing hospitals (subsidiary company) as follows:

<u>Paid-up Capital</u>	<u>Percentage of Ownership</u>	<u>Industry of the Company</u>	<u>Location</u>	<u>Acquisition / Inception Date</u>
JD	%			
15,000	100	Commercial	Jordan	September 15, 2011

The following most significant financial information for the Mutamaiyzah Hospital Management Company as of December 31, 2019:

<u>December 31, 2019</u>		<u>For the Year Ended December 31, 2019</u>	
<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Total Revenue</u>	<u>Total Expenses</u>
JD	JD	JD	JD
60,793	10,317	83,746	50,563

The following are the most significant accounting policies used:

#### **Property and Equipment**

- Property and equipment are stated at cost, net of accumulated depreciation and any impairment in their value. Moreover, property and equipment are depreciated when ready for use according to the straight-line method over their expected useful lives using the rates ranging from 2% to 33%.
- When the recoverable amount of any property and equipment becomes less than its net book value, its value is reduced to the recoverable amount, and the impairment loss is charged to the consolidated statement of profit or loss.
- The useful lives of property and equipment are revalued at the end of each year. If the revaluation differs from previous estimates, the change is recorded in subsequent years, being a change in estimate.
- Property and equipment are eliminated when disposed of or when no future benefits are expected from their use or disposal.

#### **Financial Assets**

The financial assets are recognized when the asset becomes a party to the contractual matters of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Later, all recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

#### **Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.



#### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in consolidated statement of profit or loss.

#### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

#### Provision for expected credit loss

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS (9). Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

#### Write off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 24 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated statement of profit or loss.

#### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

When derecognition of a financial asset measured at amortised cost, the difference between the assets's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss.

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as "financial liabilities" are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate to a shorter period.

#### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised consolidated statement of profit or loss.

**Medicine and Medical Supplies**

The medicine and medical supplies are shown in cost (According to the weighted average method) or the net amount whichever is lower after deducting the provision of the expired items or absolute.

**Provisions**

Provisions are recognized when the Company has legal obligations as a result of past events, it is probable to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**Revenue recognition**

The group recognizes revenue mainly from providing medical services and selling medicine.

Revenue is measured based on the consideration to which the company expects to be entitled (net after returns and discounts) in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer, being when services are rendered or the goods have been shipped to the specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the group when the services are provided or goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

If customers have a right of return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

The group recognizes accommodation revenues in accordance with the five steps set out in the standard in the amount of the time spent by the patient in the hospital, as well as the revenues of laboratories, radiology, medicine and all other types/s at a point in time, and this is when the service is provided directly or medicine delivered.

For certain customers, the services are rendered with discounts retroactively on the basis of (12) months of total sales. Revenue of these sales is recognized based on the price specified in the contract less estimated discounts. The Company uses its accumulated historical experience to estimate discounts and the revenue is recognized to the extent that it is probable that there will be no material reversal. Liabilities for discounts on payments to customers are recovered in respect of services made during the year.

The Company account for consideration payable to a customer (listing fee and promotional expenses) which occur in conjunction with purchase of goods from the Company as a reduction of the transaction, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

### **Income tax**

- Income tax expenses represent accrued taxes and deferred taxes.
- Income tax expenses are accounted for on the basis of taxable income, Moreover, taxable income differs from income declared in the financial statements because the latter includes non-taxable revenue or tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, items not accepted for tax purposes or subject to tax.
- Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations and instructions in Jordan.
- Deferred taxes are taxes expected to be paid or recovered as a result of the temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value on the basis of which taxable income is calculated, Moreover, deferred taxes are calculated based on the liability method in the consolidated statement of financial position according to the tax rates expected to be applied upon the settlement of the tax liability or realization of the deferred tax assets.
- Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements, and reduced in case no benefit is expected to arise therefrom, partially or totally.

### **Interest Income / Expense**

Interest income and expense for all financial instruments are recognized in the consolidated statement of profit or loss using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

### **Foreign Currencies**

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in the functional currency of the Company, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to consolidated statement of profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest become a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated statement of profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to consolidated statement of profit or loss.

#### **Fair value**

Fair value is defined as the a price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Company takes into consideration when determining the price of any asset or liability whether market participants are required to take these factors into account at the measurement date. The fair value of the measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement measures that are similar to fair value procedures and are not fair value such as fair value as used in IAS (36.)

In addition, fair value measurements are classified for the purposes of financial reporting to level (1) or (2) or (3) based on the extent to which the inputs are clear to fair value measurements and the importance of inputs to the full fair value measurements, which are identified as follows:

- Input Level (1) inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that the enterprise can obtain on the measurement date;
- Input level (2) inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly; and;
- Input level (3) are inputs to assets or liabilities that are not based on quoted market prices.

### **End-of-service Indemnity Provision**

A provision is taken to meet the legal and contractual obligations related to the end-of-service indemnities of the employees who are not enrolled for social security in the statement of profit or loss. The annual compensation paid to the employees who leave the service is carried to the provision for end-of-service indemnities when paid

### **Annual Vacation Provision**

Provision is taken for unutilized annual leave days for employees at the date of the consolidated financial statement in the consolidated statement of profit or loss.

### **Lease contracts**

Accounting policy used starting from January 1, 2019

### **The Group as a Lessee**

The Group assesses whether the contract contains lease when starting the contract. Moreover, the group recognizes the right-of-use assets and the corresponding lease obligations in relation to all lease arrangements to which the lessee is a party, except for short-term lease contracts (defined as leases of 12 months or less) and low-value asset leases. For these contracts, the group recognizes the lease payments as an operating expense on a straight-line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, and is discounted using the price implicit in the lease. If this rate cannot be easily determined, the group uses its additional expected rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins;
- The amount expected to be paid by the lessee under the residual value guarantees;
- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and
- Payment of the contract termination fines, if the lease reflects the exercise of the lease termination option.

Rental obligations are presented as a separate note in the consolidated statement of financial position.

Subsequently, lease obligations are measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

The lease obligations (and a similar adjustment to the related right-of-use assets) are re-measured whenever:

- The lease term has changed, or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate. In this case, the adjusted discount rate is used.
- The lease contract is adjusted, and the lease amendment is not accounted for as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments, using the adjusted discount rate at the actual price at the date of the amendment.

The right-of-use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the date the commencement of the lease.

The right-of-use assets are presented as a separate note in the consolidated statement of financial position.

The group applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of "property and equipment".

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right-of-use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenditures" in the statement of profit or loss.

#### **The Group as a Lessor**

The Group enters into lease contracts as a lessor regarding some investment properties.

Leases in which the Group is a lessor are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and rewards of ownership to the lessee, the contract is classified as a finance lease, and all other leases are classified as operating leases.

When the Group is an intermediary lessor, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as a finance or operating lease by reference to the original right of use arising from the main lease.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The primary direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the company's net investment in the rental contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the group existing net investment with respect to lease contracts.

When the contract includes leasing components and other components other than leasing, the group applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

#### **Accounting Policies Used until December 31, 2018**

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

#### **The Group as a Lessor**

Under finance lease contracts, the amounts due from the lessee are recognized as receivables at the net investment amount in the lease contracts. Moreover, the finance lease income is allocated to accounting periods to reflect a constant periodic return on the net investment as regards rental leases.

Operating lease income is recognized using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

#### **The Group as a Lessee**

Assets acquired through leases are recognized on initial recognition at their fair value at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Financial leasing liabilities are recorded at the same value. These obligations are presented in the statement of financial position as finance lease liabilities.

The lease payments are distributed between the financing expenses and the decreasing of the financial lease liabilities in order to achieve a fixed rate of interest on the remaining balance of the lease liabilities. Direct financing expenses are recognized in the consolidated statement of profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the life of the lease, except in situations there is another regular basis that is more representative of the time pattern in which the economic benefits are utilized from the leased asset. Moreover, contingent lease payments arising from operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into an operating lease, these incentives are recognized as an obligation. The overall interest of incentives is recognized as a reduction in the lease expense on a straight-line basis, unless there is a systematic basis that is more representative of the time pattern in which economic benefits from the leased assets are utilized.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **Project under Construction**

Projects under construction are carried at cost less any impairment loss. Such cost includes expenditures directly attributable to the acquisition of assets. Depreciation on these assets commences when they are ready for their intended use.

#### **Borrowing costs**

The interest on loans used to finance hospital expansion projects capitalized as part of the cost and all other borrowing costs are recorded on the profit or loss statement and statement of comprehensive income.



### **3. Application of New and Amended International Financial Reporting Standards**

#### **a. Amendments that did not have a material impact on the Group's consolidated financial statements:**

The following new and revised IFRSs, which are effective for annual periods beginning on or after January 1, 2019 or later, have been adopted in the preparation of the company financial statements. These new and revised IFRSs have not materially affected the amounts and disclosures in the company financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

<b><u>New and revised standards</u></b>	<b><u>Amendments to new and revised IFRSs</u></b>
<b><u>Annual improvements to IFRSs issued between 2015 and 2017</u></b>	Improvements include amendments to IFRS (3) "Business Combinations", (11) "Joint Arrangements", International Accounting Standards (12), "Income Taxes" and (23) "Borrowing Costs" as follows:
	<u>IFRS (12) "Income Tax"</u> The amendments clarify that an entity should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
	<u>IFRS (23) "Borrowing Costs"</u> The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.
	<u>IFRS (3) "Business Combination"</u> The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.
	<u>IFRS (11) "Joint Arrangements"</u> The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.

**New and revised standards**  
**IFRIC (23) Uncertainty on**  
**the Treatment of Income Tax**

**Amendments to new and revised IFRSs**

The interpretation clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax benefits and tax rates when there is uncertainty about the treatment of income tax under IAS (12) and specifically addresses:

- whether the tax treatment should be considered in aggregate;
- assumptions regarding the procedures for the examination of tax authorities;
- determination of taxable profit (tax loss), tax basis, unused tax losses, unused tax breaks, and tax rates;
- The impact of changes in facts and circumstances.

**Amendments to IFRS 9**  
**Financial Instruments.**

These amendments relate to the advantages of prepayment with negative compensation, where the current requirements of IFRS (9) regarding termination rights have been amended to allow for the measurement at amortized cost (or on the business model at fair value through other comprehensive income) status of negative compensation payments.

**Amendments to IAS (28)**  
**"Investment in Associates**  
**and Joint Ventures".**

These amendments relate to long-term shares in allied enterprises and joint ventures. These amendments clarify that an entity applies IFRS (9) "*Financial Instruments*" to long-term interest in an associate or joint venture that forms part of the net investment in an associate or joint venture if the equity method has not been applied to it.

**Amendments to IAS 19**  
**Employee Benefits.**

These amendments relate to adjustments to plans, reductions, or settlements.

**b. Amendments affecting the Company's Consolidated Financial Statements:**  
**Effect of Application of IFRS (16) "Leases":**

The company adopted IFRS 16 'Leases'. This standard replaces the existing guidance on leases, including IAS 17 "Leases Contracts". IFRIC 4 "Determining whether an Arrangement contains a Lease". SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS (16) stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the company financial Position, unless the term is 12 months or less or the lease is a low-value asset. Thus, the classification required under IAS (17) "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs, and amortized over the useful life.

The company has opted for the simplified approach application permitted by IFRS (16) upon adoption of the new standard. During the first time application of IFRS (16) to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. Furthermore, there were no adjustments on retained earnings as of January 1, 2019 according to this approach, and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to leased properties as of December 31, 2019.

The net effect of the application of IFRS (16) on the beginning balances is as follows:

Consolidated Statement of Financial Position

Figure	Balance as in F.S	Impact of Implementation	Balance if not applied
	JD	JD	JD
Right of Use	1,091,953	1,091,953	-
Other Assets	956,666	(83,823)	872,843
Total Impact on Assets		1,008,130	
Lease liability	1,009,218	1,009,218	-
Total Impact on Liabilities		1,009,218	

Consolidated Statement of profit or loss

Figure	Balance as in F.S	Impact of Implementation	Balance if not applied
	JD	JD	JD
Interest Expense	(497,837)	(89,585)	(408,252)
Cost of Revenue	(12,464,141)	63,568	(12,400,573)
General and Administrative Expenses	(2,794,091)	(12,940)	(2,807,031)
Income Tax / Deferred tax	(271,961)	8,181	(280,142)

Consolidated Statement of Cash Flows

Figure	Balance as in F.S	Impact of Implementation	Balance if not applied
	JD	JD	JD
Income Before Tax	1,188,018	(38,957)	1,226,975
Amortization of Right of Use	332,000	332,000	-
Other Assets	(105,932)	109,703	3,771
Net Cash Flow from Operations		402,746	
Paid form Lease Liability	(402,746)	(402,746)	-
Net (used in) Investments Activities		(402,746)	

### **The Group Leasing Activities and Accounting Treatment Mechanism:**

The Group leases real estate for use in its corporate activities, and leases are usually for fixed periods ranging from one to thirty years. Some of these leases may include extension options, and lease terms are negotiated on an individual basis and contain a set of different terms and conditions. Lease contracts do not include any pledges, and they are and not used as collateral for borrowing purposes.

Until the end of the fiscal year 2018, real estate leases were classified as either an operating lease or a finance lease, and amounts paid against operating leases are recorded in the Profit or Loss statement according to the straight-line method during the lease term.

As of January 1, 2019, lease contracts are recognized as right-of-use assets, and their related liabilities are recognized as well, on the date when the asset is ready for use by the Group. In addition, the value of each lease payment is distributed between the lease obligations and financing costs, and financing costs are recorded in the statement of profit or loss during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation for each period. Meanwhile, assets are depreciated during the useful life of the asset or the lease period, whichever is shorter, according to the straight-line method.

Assets and liabilities arising from lease contracts are initially measured based on the present value, and the lease obligations include the net present value of the following lease payments:

- Fixed payments (including fixed payments) minus receivable lease incentives;
- Variable lease payments based on an indicator or rate;
- The amounts expected to be paid by the lessee under the residual value guarantees;
- Purchase option if the tenant is reasonably certain of this option; and
- Payment of the contract termination fines if the terms of the lease include this option.

Lease payments are deducted using the interest rate of the underlying lease or the additional borrowing rate of the lessee, if not available, which is the amount that the lessee must pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost, which includes the following:

- The value of the initial measurement of the lease obligations;
- Any lease payments made on or before the start date minus any lease incentives received;
- Any initial direct costs, and
- Return costs (renewal and restoration).

Payments related to short-term leases and contracts for lease of low-value assets are included on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are 12-month or less, while low-value assets represent low-value IT equipment and small items of office furniture.

When applying the IFRS 16 for the first time, the company did the following:

- Used a single discount rate for a portfolio of lease contracts with reasonably similar characteristics;
- Relied on previous evaluations of whether lease contracts are low;
- Accounted for operating leases with a remaining lease term of less than 12 months as of January 1, 2019 as short-term leases;
- Excluded the initial direct costs for measuring the right-of-use assets at the date of the initial application; and
- Used the previous perception to determine the term of the lease, as the contract contains options for extending or terminating the lease.

The Company also chose not to reassess whether the contract contains or does not contain a lease on the date of the initial application. Instead, the company relied on the evaluation of contracts that were concluded before the date of the transition, which was applied through the application of International Accounting Standard No. (17) "Lease Contracts" and International Interpretation (4) "Determining whether an arrangement involves a lease contract."

c. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not adopted the following new and amended IFRSs issued but not yet effective as of the date of the consolidated financial statements. The details are as follows:

**New and revised standards**

**Amendments to IAS 1  
Presentation of Financial  
Statements.**

**(Effective January 2020).**

**Amendments to new and revised IFRSs**

These amendments relate to the definition of materiality. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

**Amendments to IFRS 3  
Business Combinations**

**(Effective January 2020.)**

These amendments clarify the definition of business as the International Accounting Standards Board published the Revised Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation, and disclosure.

In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS (2), (3), (6) and (14) and IAS (1), (8), (34), (37) and (38)) and IFRIC (12), Interpretation (19), Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards Number (32) in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.

**IFRS 17 "Insurance  
Contracts"**

**(Effective January 1,  
2022.)**

Provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principled accounting objective for insurance contracts. IFRS (17) replaces IFRS (4) *Insurance Contracts*.

IFRS (17) requires measurement of insurance liabilities at present value to meet.

**Amendments to IFRS 10  
"Consolidated Financial  
Statements" and IAS 28  
"Investments in Associates  
and Joint Ventures (2011)"**

**(The start date has been  
postponed indefinitely, and  
the application is still  
permitted)**

These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.

Management expects to apply these new standards, interpretations, and amendments to the financial statements of the Company when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company consolidated financial statements in the initial application period.

#### 4. Significant Accounting Judgments and Key Sources of Uncertainty

The preparation of the consolidated financial statements and the adoption of accounting policies requires the management to make judgments, estimates and assumptions that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions in general and expected credit losses. In particular, the Company's management is required to make judgments to estimate the amounts and timing of future cash flows. These mentioned estimates are based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Actual results may differ from estimates as a result of changes in these conditions and circumstances in the future.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the consolidated financial statements are reasonable. The key estimates used by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

##### Useful life of tangible assets and intangible assets

The management periodically re-estimates the useful life of tangible assets and intangible assets for the purpose of calculating the annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the consolidated statement of profit or loss for the year.

##### Income tax

The fiscal year is charged its related income tax expense in accordance with the regulations, laws and accounting standards. The deferred taxes and income tax provision are calculated and recognized.

##### Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company's legal counsel that identifies potential risks in the future and periodically reviews the study.

##### Assets and liabilities presented at cost

Management reviews the assets and liabilities at cost periodically for the purpose of estimating any impairment in value, any impairment loss is recognized in the consolidated statement of profit or loss for the year.

##### Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Company uses available observable market data. In case of the absence of level 1 inputs, the Company conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

##### Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Determining the number and relative weight of forward looking scenarios for each type of products / market and the identification of future information relevant to each scenario

When measuring the expected credit loss, the Company uses reasonable and reliable future information based on the assumptions of the future movement of the various economic factors and how these economic factors affect each other.

Probability of default

The probability of default is a key input in measuring the expected credit loss. The probability of default is considered an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions and expectations relating to future circumstances.

Loss given default

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financier expects to collect, taking into account cash flows from collaterals and credit adjustments.

Revenue recognition

The Company's management uses significant estimates and assumptions to determine the amount and timing of revenue recognition under IFRS 15, "Revenue from contracts with customers".

# 5. Property and Equipment - Net

2019	Lands *	Buildings and Main Constructions		Machinery and Medical Equipment		Furniture, Fixtures and Decoration		Computers and Electronic Equipment		Vehicles		Elevators and Buildings		Solar Panels		Total
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Cost:																
Balance at the beginning of the year	7,833,731	8,313,478	11,118,537	2,017,459	1,801,581	196,072	1,123,035	2,247,704	34,651,597							
Additions	-	1,420	667,815	22,212	49,225	-	1,767	-	742,439							
Transfers from projects under construction Note (6)	-	-	-	-	-	-	-	-	35,955							
Balance at the end of the year	7,833,731	8,314,898	11,786,352	2,039,671	1,850,806	196,072	1,124,802	2,283,659	35,429,991							
Accumulated Depreciation:																
Balance as of the beginning of the year	-	1,972,309	9,092,115	1,774,411	1,589,625	195,732	599,516	95,715	15,319,424							
Depreciation for the year	-	166,264	390,222	50,956	68,003	338	148,027	310,357	1,134,167							
Balance at the end of the year	-	2,138,573	9,482,337	1,825,367	1,657,628	196,070	747,543	406,072	16,453,592							
Net Book Value as of December 31, 2019	7,833,731	6,176,325	2,304,014	214,304	193,178	2	377,259	1,877,587	18,976,399							

## 2018

Cost:																
Balance at the beginning of the year	7,354,406	8,310,965	9,429,966	1,984,388	1,712,560	196,072	1,084,458	-	30,072,815							
Additions	479,325	2,513	279,065	33,071	89,021	-	38,577	-	921,572							
Disposals	-	-	(8,245)	-	-	-	-	-	(8,245)							
Transfers from projects under construction Note (6)	-	-	-	-	-	-	-	-	2,247,704							
Transfers from payments to purchase medical equipment **	-	-	-	-	-	-	-	-	1,417,751							
Balance at the end of the year	7,833,731	8,313,478	11,118,537	2,017,459	1,801,581	196,072	1,123,035	2,247,704	34,651,597							
Accumulated Depreciation:																
Balance as of the beginning of the year	-	1,806,077	8,844,327	1,714,818	1,520,526	192,212	454,034	-	14,531,994							
Depreciation for the year	-	166,232	253,745	59,593	69,099	3,520	145,482	95,715	793,386							
Disposals	-	-	(5,957)	-	-	-	-	-	(5,957)							
Balance at the end of the year	-	1,972,309	9,092,115	1,774,411	1,589,625	195,732	599,516	95,715	15,319,423							
Net Book Value as of December 31, 2018	7,833,731	6,341,169	2,026,422	243,048	211,956	340	523,519	2,151,989	19,332,174							
Annual Depreciation Rate %	-	2	10 - 20	12	12 - 33	15	10 - 20	15	15							

\* As mentioned in Note (14), a finance lease agreement was signed concerning Land No.(1284) with Arab International Islamic Bank on July 28, 2016.

- Property and equipment includes fully depreciated assets of JD 11,118,046 as of December 31, 2019 (JD 10,597,981 as of December 31, 2018).



#### 6. Projects under Construction

This item represents the following projects:

1. Solar power project: The project is done and has been capitalized on the property and equipment during the last quarter of the year 2018 with a total cost amounted JD 2,688,454.
2. Expansion and maintenance -first stage -: The project was almost 99% completed as of December 31, 2019 project is expected to be completed during the first quarter of 2020 for a total cost of JD 1.2 million.
3. Expansion of the main building of the hospital project -second stage -: The project was 12% completed as of December 31, 2019 for costs of JD 1.47 million the project is expected to be completed during 2021 for a total costs of JD 6 million.

- Movement on projects under construction during the year was as follows:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Balance-beginning of the year	832,837	90,918
Additions during the year	1,907,883	3,430,373
Transferred to property and equipment - Note (5)	(35,955)	(2,688,454)
Balance-End of Year	<u>2,704,765</u>	<u>832,837</u>

#### 7. Right of Use / Lease liability

This items includes the following:

##### a. Right of Use

The Group leases many buildings with a different terms for each, below the movement on Right of use during the year:

	For the Year Ended December 31,2019
	JD
Balance as at January 1, 2019 after application	1,380,221
New contracts during the year	43,732
Amortization during the year	<u>(332,000)</u>
	<u>1,091,953</u>

##### Recognized amounts in the consolidated statement of profit or loss

	For the Year Ended December 31,2019
	JD
Amortization during the year	(332,000)
Interest expenses during the year	(89,545)

b. Lease Liability

	For the Year Ended December 31, 2019
	JD
Balance as at January 1, 2019 after application	1,278,687
New contracts during the year	43,732
Interest expenses during the year	(89,545)
Paid during the year	(402,746)
	<u>1,009,218</u>

Maturities of Lease liability

	For the Year Ended December 31, 2019
	JD
Less than one year	335,269
From 1 year to 5 years	503,670
More than 5 year	170,279
	<u>1,009,218</u>

The undiscounted lease liability amounted to JD 1,755,975 as of December 31, 2019, the maturities are as follows:

Maturities of undiscounted Lease liability:

	For the Year Ended December 31, 2019
	JD
Less than one year	410,175
From 1 year to 5 years	1,046,200
More than 5 year	299,600
	<u>1,755,975</u>

8. Medicine and Medical Supplies

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Main medical warehouse	546,360	427,393
Pharmacy warehouse	175,702	152,217
Medical supplies warehouse	91,823	113,493
Floors and department warehouse	295,730	258,906
Medical spare parts warehouse	49,043	60,109
Other warehouses	261,069	216,333
	<u>1,419,727</u>	<u>1,228,451</u>

## 9. Receivables – Net

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Receivables	5,975,513	4,507,758
<u>Less:</u> discounts allowance*	(686,854)	(952,868)
Provision for expected credit loss **	(1,105,844)	(896,979)
	<u>4,182,815</u>	<u>2,657,911</u>

\* The movement on the discount allowance during the year is as follows:

	2019	2018
	JD	JD
Balance - beginning of the year	952,868	310,084
Release / Additions during the year	(266,014)	642,784
Balance - End of the Year	<u>686,854</u>	<u>952,868</u>

\*\* The movement on the provision for expected credit losses during the year is as follows:

	2019	2018
	JD	JD
Beginning balance	896,979	473,325
Effect of applying IFRS (9)	-	275,000
Adjusted balance	896,979	748,325
Additions during the year	208,865	150,000
Debts settled during the year/no longer needed	-	(51,346)
Balance at the End of the Year	<u>1,105,844</u>	<u>896,979</u>

## 10. Other Debit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Earned revenue-unissued patients invoices	293,435	364,139
Claim on patients' deposits *	127,676	127,676
Advance payments for computer purchase	284,150	284,150
Advance payments for purchase of electric generator	99,229	99,229
Prepared expenses	164,130	126,911
Refundable deposits	32,000	40,350
Advance payments for purchase medical equipment **	441,186	441,186
Other	467,100	319,342
	<u>1,908,906</u>	<u>1,802,983</u>
<u>Less:</u> Provision for payments on account of purchasing computer programs	(284,150)	(284,150)
Provision for payments on account of purchasing an electric generator	(99,229)	(99,229)
Provision for patients' deposits difference *	(127,676)	(127,676)
Provision for purchase medical equipment **	(441,185)	(441,185)
	<u>956,666</u>	<u>850,743</u>

\* This item represents claims for patients' deposits and their related provision to settle the difference in the patients' deposits debit account.

- \*\* In previous years, the Company took a provision for the entire balance of payments for the purchase of some medical equipment's because they did not meet the required specifications and the management was unable to determine the extent of the possibility of benefiting from them.

#### 11. Checks under Collection

This item represents:

	December 31,	
	2019	2018
	JD	JD
Short-term checks under collection*	5,554	46,918
	<u>5,554</u>	<u>46,918</u>

- \* The maturity date of these checks extends up to May 3, 2020.

#### 12. Cash on Hand and at Bank

This item represents:

	December 31,	
	2019	2018
	JD	JD
Cash on hand	19,564	10,034
Cash at banks	152,473	159,676
Deposit *	3,384,458	1,206,855
Total	3,557,762	1,376,565
<u>Less:</u> Provision for expected credit loss	<u>(20,924)</u>	<u>(20,924)</u>
	<u>3,535,571</u>	<u>1,355,641</u>

- \* This item represents a deposit at the Arab International Islamic Bank for six months at a Murabaha rate of 3% as of December 31, 2019 and it's restricted against loans liabilities.

The movement on the provision of the expected credit loss on the cash in banks is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	20,924	-
The effect of applying IFRS (9)	-	46,876
The adjusted balance at the beginning of the year	20,924	46,876
(Surplus) expected credit loss	-	(25,952)
Balance at the Year End	<u>20,924</u>	<u>20,924</u>

#### 13. Shareholders' Equity

##### a. Capital, premium and retained earnings

The authorized and paid-up capital amounted to JD 18,945,000, divided into 18,945,000 shares at a par value of JD 1 per share as of December 31, 2019 and JD 14,445,000 as of December 31, 2018.

During August 2019, the legal procedures were completed to raise the company's capital to become after the last increase of JD 18,945,000.

##### b. Statutory reserve

The accumulated balance in this account represents appropriations from net income before tax for the year and previous years at 10%. This reserve cannot be distributed to shareholders.

#### 14. Liabilities against Finance Lease Contract

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Liabilities against short-term finance lease contracts - Islamic Arab Bank, solar power	226,296	225,212
Liabilities against short-term finance istisna' contracts - Islamic Arab Bank, hospital expansion	105,960	-
Liabilities against short-term finance Lease contracts - Islamic Arab Bank	447,775	521,880
Short-term land ownership transfer fees	(47,439)	(47,439)
	<u>732,592</u>	<u>699,653</u>
Liabilities against long-term finance lease contracts - Islamic Arab Bank, solar power	1,563,681	1,779,093
Liabilities against long-term finance lease contracts - Islamic Arab Bank	3,131,208	3,474,254
Liabilities against long-term finance istisna' contracts - Islamic Arab Bank hospital expansion	298,711	-
Long-term land ownership transfer fees	(217,429)	(264,868)
	<u>4,776,171</u>	<u>4,988,479</u>
	<u>5,508,763</u>	<u>5,688,132</u>

The finance lease contract signed on July 28, 2016 relates to the purchase of Land No. (1284) from the Islamic International Arab Bank through selling the land to the Islamic International Arab Bank and leasing it as lease-to-own. Consequently, the Company incurred ownership transfer fees of JD 426,951, paid to Amman Land Registry. This amount has been recorded as a contra liability account and will be amortized over the loan term.

The lease contract is for 108 months, divided into 9 lease years. Moreover, the lease amount will be paid starting from August 31, 2017 in monthly installments of JD 55,931 each.

The lease return for the first year is 6.5% of the lease principal. Moreover, the varied margin for the first year is 1%, and the lease return amount was JD 277,680 for the year ended December 31, 2017.

According to the finance lease contracts, the Company's liabilities are guaranteed by the lessor's ownership of the leased properties and comprehensive insurance thereon. The fair value of the finance lease contracts approximates their carrying amount.

The Company signed an Istisna' agreement on September 5, 2019 for the purposes of expanding the fourth and fifth floor of the ISTISHARI hospital building with amount of JD 1,694,812 with a margin of 2.36% per annum, which is paid in installments at 48 monthly installments. These amounts are guaranteed against a first-class mortgage on a plot of land worth JD 2,189k.

The Company has signed a financing leasing agreement to finance the solar energy project on November 18, 2018 with a total amount of JD 2,490,750, with a rental yield of 2.5% per annum to be paid on 109 monthly installments divided over 9 years, where the monthly premium is JD 22,851.

The movement on the loan and liabilities against the finance lease for the years 2019 and 2018 is as follows:

	2019	2018
	JD	JD
Beginning balance	5,688,132	4,025,933
Loans and financing lease received	427,758	2,050,000
Loans and financing lease paid	(607,127)	(386,801)
Balance at the End of the Year	<u>5,508,763</u>	<u>5,688,132</u>

15. Other Credit Balances

This item consists of the following:

	December 31,	
	2019	2018
	JD	JD
Shareholders' deposits	230,856	143,610
Vacation provision *	202,660	196,511
Accrued salaries and expenses	120,158	189,600
Provision for potential claims	21,069	21,069
Electromechanical contractors' retentions	86,550	86,550
Patients' deposits	257,941	276,292
Stamp fees deposits	69,495	69,495
Social security deposits	87,925	80,371
End-of-service indemnity provision **	94,918	71,729
Postponed checks	352,906	1,049,545
Income tax deposits	27,497	19,207
Other	168,690	204,446
	<u>1,720,664</u>	<u>2,408,425</u>

- \* The movement on the provision for employees' vacations during the year is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	196,511	206,653
Additions during the year	27,683	16,089
<u>Less: Paid during the year</u>	<u>(21,534)</u>	<u>(26,231)</u>
Balance at the End of the Year	<u>202,660</u>	<u>196,511</u>

- \*\* The movement on the provision for end-of-service during the year is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	71,729	53,594
Additions during the year	27,256	21,793
<u>Paid during the year</u>	<u>(4,067)</u>	<u>(3,658)</u>
Balance at the End of the Year	<u>94,918</u>	<u>71,729</u>

16. Provision for Lawsuits

This item represents the provision taken by the Company to meet claims on contracts signed during the previous years, and the related procedures have not been completed yet.

### 17. Income Tax

a. The details of deferred tax assets are as follows:

	For the Year Ended December 31, 2019						December 31, 2018	
	Balance at the Beginning of the Year	Prior years Adjustments	Adjusted Balance - Year Beginning	Added Amounts	Written off Amounts	Year End Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD	JD
Accounts included								
Deferred Tax assets:								
Provision for expected credit loss	425,000	471,979	896,979	208,865	-	1,105,844	232,226	89,250
Acceptable taxable accumulated losses	-	451,178	451,178	-	451,178	-	-	-
	<u>425,000</u>	<u>923,157</u>	<u>1,348,157</u>	<u>208,865</u>	<u>451,178</u>	<u>1,105,844</u>	<u>232,226</u>	<u>89,250</u>

- The Company booked the deferred tax assets for the year 2018 using 21% .

- During the year 2019, the deferred tax assets was calculated on the full balance of the expected credit loss.

b. Income tax provision

- The movement on the income tax provision is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	-	-
Income tax for the year	219,817	-
Prior years income tax	1,267	-
Tax paid during the year	(4,169)	-
Ending Balance	<u>216,895</u>	<u>-</u>

- c. Income tax recognized in the consolidation statement of profit or loss and comprehensive income is as follows:

	2019	2018
	JD	JD
Deferred tax assets*	(50,887)	89,250
Income tax for the year	(219,817)	(57,750)
Prior years income tax	(1,267)	-
Income tax / Tax benefits	<u>(271,961)</u>	<u>31,500</u>

- \* The movement on deferred tax assets is as follows:

	2019	2018
	JD	JD
Balance at the beginning of the year	89,250	2,775
IFRS (9) Implementation	-	89,250
Adjusted Balance	89,250	92,025
Prior years' adjustments	(193,863)	-
Additions during the year	43,862	-
Released during the year	(94,749)	(2,775)
Income tax / Tax benefits	<u>232,226</u>	<u>89,250</u>

- \*\*\* Reconciliation of the accounting profit and the taxable profit is as follows:

	2019	2018
	JD	JD
Accounting profit	1,188,018	837,484
Non-taxable expenses	307,864	198,249
Accepted accumulated losses	(451,178)	-
Taxable profit	<u>1,044,704</u>	<u>1,035,633</u>
Income Tax Rate	21%	20%

A final settlement has been reached with the Income and Sales Tax Department until the end of the year 2015. Moreover, the tax returns for the years 2016, 2017 and 2018 have been submitted and the due taxes paid. However, these returns have not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's tax consultant, the tax provisions are adequate, and no additional decisions are needed in this regard.



18. Operating Revenue

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Room fees	1,768,965	1,632,562
Medical supplies	4,025,255	3,785,858
Medical procedures	3,145,765	3,513,521
Pharmacy	3,636,185	3,199,143
Other departments	4,339,584	3,706,569
	<u>16,915,754</u>	<u>15,837,653</u>

19. Cost of Revenue

This item consists of the following:

	<u>2019</u>	<u>2018</u>
	JD	JD
Wages and salaries and related	4,242,339	3,894,840
Social security	516,145	494,399
Medicine and medical supplies	4,020,418	3,667,485
Electricity and water	175,995	945,014
Depreciation of property and equipment	1,021,934	670,850
Amortization of Right of use	316,107	-
Cleaning	299,660	292,584
Maintenance	291,412	224,666
Food	339,362	323,820
Consumables	654,104	779,181
Cafeteria expense	101,680	49,942
Fuel	217,796	155,706
Rent	-	334,147
Incendiary expenses	34,892	28,186
Revenue stamps	8,644	27,342
Real estate tax	23,550	20,627
Government fees	89,216	93,639
Other	110,887	56,162
	<u>12,464,141</u>	<u>12,058,590</u>

**20. General and Administrative Expenses**

This item consists of the following:

	2019	2018
	JD	JD
Salaries, wages, and benefits	1,351,940	1,353,206
Social security	150,410	148,977
End-of-service indemnity	27,256	38,741
Computer and program expense	5,537	9,552
Stationery and printing	18,242	3,600
Recruitment expense	30,932	33,170
Depreciation of property and equipment	112,234	122,535
Amortization of right of use	15,893	-
Security and sentry	76,068	59,318
Maintenance	184,888	160,800
Professional fees and consulting	59,464	51,936
Insurance	196,959	116,137
Advertisements and subscriptions	47,667	36,773
Postage and telephone	29,822	28,898
Legal fees	14,517	21,586
Board of directors transportation	54,000	50,000
Employees' vacation expenses	27,683	16,089
Rent expense	-	30,664
Other	390,579	399,288
	<u>2,794,091</u>	<u>2,681,271</u>

**21. Other Revenue - Net**

This item consists of the following:

	2019	2018
	JD	JD
Rents	232,958	214,443
Car parking income	74,752	58,592
(Loss) from selling property and equipment	-	(2,288)
Other (losses)	57,549	(3,066)
	<u>365,320</u>	<u>267,681</u>

**22. Earnings per Share - Basic and Diluted**

This item consists of the following:

	For the Year Ended December 31,	
	2019	2018
	JD	JD
Income for the year	<u>916,057</u>	<u>868,884</u>
	Share	Share
Weighted average number of shares	<u>16,320,000</u>	<u>14,445,000</u>
	JD/Share	JD/Share
Earnings per share for the year relating to the Company's shareholders-Basic and diluted	<u>0.056</u>	<u>0.060</u>

- The weighted average number of shares relates to the Company's shareholders, and has been calculated based on the number of authorized shares for the year 2019 and 2018. Moreover, average capital for the year 2019 has been calculated after restructuring the Company's capital according to the requirements of International Accounting Standard No. (33).

### 23. Cash and Cash Equivalent

This item consists of the following:

	2019	2018
	JD	JD
Cash on hand and at banks	3,557,762	1,376,565
<u>Less:</u> Deposit maturing after more than three months	(3,384,458)	(1,206,855)
	<u>173,304</u>	<u>169,710</u>

### 24. Related Party Transactions and Balances

The following are the details of balances and transactions with related parties (Companies and institutions represented by the Board of Directors):

<u>Statement of profit or loss Items:</u>	<u>For the Year Ended December 31,</u>	
	2019	2018
	JD	JD
End-of-service indemnity *	50,718	21,793
Executive management's salaries and benefits	330,000	330,000
Board of Directors' transportation	54,000	50,000

- \* This item represents the amounts paid as end -of-service indemnity and non-recurring.
- The Board of Directors decided not to pay any remunerations for any one member of the Board of Directors for the years 2019 and 2018.

### 25. Operating Sectors

#### a. Information about the Company's Activities

The Company conducts one type of activity such as provision of medical care.

#### b. Geographical Distribution

The Company's activities are mainly in the Hashemite kingdom of Jordan with no activities abroad.

### 26. Lawsuits against the Company

Lawsuits against the Company amounted to JD 107,614 as of December 31, 2019 (as of December 31, 2018, JD 124,527). In the opinion of the Company's management and its legal advisor, most of these lawsuits are going to be adjusted in favor of the Company.

- There are lawsuits filed by the Company against others of JD 8,538,247 as of December 31, 2019 (JD 8,278,724 December 31, 2018). The lawsuits are still pending at the courts.

### 27. Contingent Liabilities

The Company had contingent liabilities at the date of the consolidated statement of financial position as follows:

- Performance guarantees of JD 34,000 with cash margins of JD 30,400.
- Mortgage against loan obligations of JD 2,189,000
- Liability against the remaining terms of the construction contracts amounted to JD 4.53 million as of December 31, 2019.
- Contingent liabilities against unpaid shares in the capital of Madrid Housing and Real Estate Company Ltd of JD 30,000.

## 28. Contra Accounts

Doctors' fees amounted to JD 3.7 million as of December 31, 2019 including an amount of JD 2.3 million related to old debts for doctors, in this respect, the Hospital, under no legal obligation, collects these fees on behalf of the doctors. Consequently, this amount is shown as a contra account in the consolidated financial statements.

## 29. Risk Management

### a. Capital Risk Management

The Company manages its risk to make sure it is able to continually maximize the return to stakeholders by achieving an optimal balance between liabilities and shareholders' equity.

The Company follows a policy of maintaining a safe debt-equity ratio for the shareholders (calculates by evaluating the total liabilities to the total shareholder's equity rights) so that total liabilities do not exceed the Company's capital, as follows:

	December 31,	
	2019	2018
	JD	JD
Total liabilities	11,921,626	10,819,795
Total shareholders' equity	21,184,050	15,574,130
Ratio of liabilities to shareholder's equity	56%	69%

### b. Liquidity Risk

Liquidity risk, also known as financing risk, is the risk representing the difficulty the Company faces in making available the necessary funds to meet its financial obligations. Moreover, the Company manages liquidity risk by maintaining reserves, continuously monitoring the actual cash flows, and matching the maturities of financial assets with those of financial liabilities as follows:

	December 31,	
	2019	2018
	JD	JD
Current assets	10,100,333	6,139,664
<u>Less:</u> Current liabilities	<u>(6,136,237)</u>	<u>(5,831,316)</u>
Net surplus in working capital	4,964,096	308,348

The Company manages liquidity risk through diversifying its sources of finance, managing assets and liabilities and monitoring their maturities, securing a suitable source of finance at the proper time to match the liabilities.

### c. Credit Risk

Credit risk relates to the failure of other parties to fulfill their contractual obligations, thus causing losses to the Company. Moreover, the Company follows a policy of dealing with credit worthy parties to minimize the risk of financial loss arising from defaults.

The Company's assets are mainly receivables, checks under collection, and cash at banks. They do not represent an important concentration in credit risk. Debtors are also widely distributed among customers and over geographical locations, and strict credit control is directly maintained over the credit limits of each client separately, except for insurance companies in which there's a high concentration within the insurance sector, accordingly the company keeps monitor solvency of the insurance companies, their credit limits and any delays of payments.

d. Market Risk

Market risk relates to losses due to market price fluctuations, including interest rates and foreign currency exchange rates, and consequently, the fair value of cash flow of financial instruments off-and on-the consolidation statement of financial position.

1. Foreign Currency Risk

Foreign currency transactions are recorded in Jordanian Dinar at the exchange rate prevailing on the transaction date. Assets and liabilities denominated in foreign currencies are translated into Jordanian Dinar at the exchange rates prevailing at the statement of financial position date, and the exchange difference arising therefrom is taken to the consolidation statement of profit or loss and comprehensive income.

2. Interest Rate Risk

Interest rate risk relates to the change in the value of the financial instrument as a result of changes in market interest rates.

The Company monitors its interest rate risk, and various matters, such as financing and renewing current financial positions are evaluated.

The below mentioned analysis is determined according to the exposure to interest rate risk relating to the Loans and deposits at banks as of the financial statements date. Furthermore, the analysis has been prepared assuming that the obligation amount at the financial statement date was outstanding during the whole year. An increase or decrease of 1% is used.

Loans and obligation against financial leasing contracts

	2019		2018	
	+1%	-(1)%	+1%	-(1)%
	JD	JD	JD	JD
Profit	(55,088)	55,088	(56,881)	56,881
<u>Deposits</u>				
	2019		2018	
	+1%	-(1)%	+1%	-(1)%
	JD	JD	JD	JD
Profit	33,845	(33,845)	13,766	(13,766)

30. Fair Value Levels

We believe that the book value of financial assets and liabilities stated in the Company's financial statements approximate their fair value due to their short-term maturity or interest rates being repriced during the year.

31. Comparative Figures

Some of the year 2018 figures have been reclassified to correspond with the year 2019 presentation without affecting the income and shareholder's equity.

### 32. Subsequent events

- a. The Group's Board of Directors decided in their meeting number (1/2020) held on February 13, 2020 to recommend to the General Assembly the distribution of profits of JD 1,055,000 as free shares, accordingly, the Company's capital will become JD 20 million.
- b. The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across around the globe, causing disruptions to businesses and economic activity. The Group considers this outbreak to be a non-adjusting post balance sheet event and therefore has not made any adjustments to the financial statements as a result of this matter.

As the situation is fluid and rapidly evolving, management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group. However, management will continue to monitor the situation closely and will assess impact on the estimates for expected credit loss model, valuation of assets and going concern on its consolidated financial statements in future period.