

**Medicare Group (Q.P.S.C.)**

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**

**30 JUNE 2020**

<b>INDEX</b>	<b>Page(s)</b>
Independent auditor's report	1
<b>Interim condensed financial statements:</b>	
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss and other comprehensive income	3
Interim condensed statement of changes in equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6 - 15

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MEDICARE GROUP Q.P.S.C.

### Introduction

We have reviewed the accompanying interim condensed financial statements of Medicare Group (Q.P.S.C.) (the "Company"), as at 30 June 2020, which comprises of the interim condensed statement of financial position as at 30 June 2020, the related interim condensed statement of profit or loss and other comprehensive income for the three month and six month period then ended, and the interim condensed statements of changes in equity and cash flows for the six month period then ended, and the explanatory notes.

The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### Scope of review

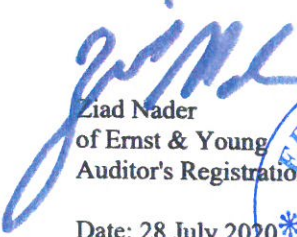
We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

### Other matters

- (i) The interim condensed financial statements of the Company as at 30 June 2019 were reviewed and the financial statements as at 31 December 2019 were audited by another auditor, whose report dated 24 July 2019 and 4 February 2020, expressed unmodified review conclusion and audit opinion, respectively.
- (ii) The comparative financial information for the three months period ended 30 June 2019 included in the statement of profit or loss and other comprehensive income are presented for comparison purposes only and our conclusion on the interim condensed financial statements does not extend to cover such comparative information.

  
Ziad Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 28 July 2020\*  
Doha



Medicare Group (Q.P.S.C.)


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30 June 2020 (Reviewed) QR	31 December 2019 (Audited) QR
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	958,923,340	949,218,568
Right-of-use assets	6	63,997,566	66,464,025
Investment properties		25,814,655	25,814,655
Investments at fair value through other comprehensive income		<u>58,028,362</u>	<u>63,333,725</u>
		<u>1,106,763,923</u>	<u>1,104,830,973</u>
<b>Current assets</b>			
Inventories		25,475,971	21,508,672
Accounts receivable and prepayments	10	96,367,782	93,163,340
Cash and bank balances	8	<u>35,737,524</u>	<u>75,319,680</u>
		<u>157,581,277</u>	<u>189,991,692</u>
<b>Total assets</b>		<u>1,264,345,200</u>	<u>1,294,822,665</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		281,441,000	281,441,000
Legal reserve		91,637,240	91,637,240
Fair value reserve		3,633,418	9,044,099
Revaluation surplus		557,722,300	559,467,700
Retained earnings		<u>32,644,758</u>	<u>79,480,102</u>
<b>Total equity</b>		<u>967,078,716</u>	<u>1,021,070,141</u>
<b>Non-current liabilities</b>			
Lease liabilities	6	63,159,056	64,372,788
Bank facilities	9	27,386,963	19,083,163
Employees' end of service benefits		<u>68,983,490</u>	<u>65,654,308</u>
		<u>159,529,509</u>	<u>149,110,259</u>
<b>Current liabilities</b>			
Accounts payable and accruals		119,021,374	108,367,966
Lease liabilities	6	2,836,777	3,404,108
Bank facilities	9	14,864,559	11,448,630
Retention payable		<u>1,014,265</u>	<u>1,421,561</u>
		<u>137,736,975</u>	<u>124,642,265</u>
<b>Total liabilities</b>		<u>297,266,484</u>	<u>273,752,524</u>
<b>Total equity and liabilities</b>		<u>1,264,345,200</u>	<u>1,294,822,665</u>

These interim condensed financial statements were approved and signed on behalf of the Board of Directors by the following on 28 July 2020.

  
Abdulla Bin Thani Bin Abdulla Al-Thani  
Chairman

  
Khalid Mohammed Al-Emadi  
Chief Executive Officer

The attached notes 1 to 18 form part of these interim condensed financial statements.

Medicare Group (Q.P.S.C.)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME

For the three-month and six-month period ended 30 June 2020

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Not audited nor reviewed) QR</i>	<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Reviewed) QR</i>
Operating income		<b>84,291,996</b>	118,721,634	<b>214,635,300</b>	246,882,153
Operating costs	11	<b>(54,857,381)</b>	(75,262,124)	<b>(131,566,788)</b>	(150,501,252)
<b>Gross profit</b>		<b>29,434,615</b>	43,459,510	<b>83,068,512</b>	96,380,901
Income from deposit with an Islamic Bank		<b>69,074</b>	361,217	<b>180,532</b>	711,547
Other income		<b>2,529,794</b>	2,334,733	<b>6,068,773</b>	5,844,429
General and administrative expenses	12	<b>(19,331,084)</b>	(25,373,483)	<b>(43,904,798)</b>	(49,241,907)
Depreciation of property and equipment		<b>(5,720,623)</b>	(7,283,133)	<b>(11,214,983)</b>	(15,227,160)
Depreciation of right-of-use assets		<b>(1,150,145)</b>	(2,289,424)	<b>(2,316,907)</b>	(2,289,424)
Reversal of expected credit losses on due from banks		<b>45,395</b>	17,040	<b>45,395</b>	-
Reversal of (provision for) expected credit losses on trade receivables	10	<b>4,483,130</b>	4,136,377	-	(277,538)
Finance costs		<b>(830,406)</b>	(1,885,890)	<b>(1,703,788)</b>	(2,063,821)
<b>Net profit for the period</b>		<b>9,529,750</b>	13,476,947	<b>30,222,736</b>	33,837,027
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Net (loss) gain from investments at fair value through other comprehensive income		<b>7,560,770</b>	2,709,134	<b>(5,410,681)</b>	4,649,679
<b>Other comprehensive income (loss) for the period</b>		<b>7,560,770</b>	2,709,134	<b>(5,410,681)</b>	4,649,679
<b>Total comprehensive income for the period</b>		<b>17,090,520</b>	16,186,081	<b>24,812,055</b>	38,486,706
<b>Basic and diluted earnings per share (expressed in Qatari Riyals per share)</b>	13	<b>0.03</b>	0.05	<b>0.11</b>	0.12

The attached notes 1 to 18 form part of these interim condensed financial statements.

## Medicare Group (Q.P.S.C.)

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2020

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Fair value reserve QR</i>	<i>Revaluation Surplus QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2019 (Audited)	281,441,000	83,817,363	(2,230,652)	563,478,921	91,477,253	1,017,983,885
Net profit for the period	-	-	-	-	33,837,027	33,837,027
Other comprehensive income	-	-	4,649,679	-	-	4,649,679
Total comprehensive income	-	-	4,649,679	-	33,837,027	38,486,706
Dividends (Note 7)	-	-	-	-	(84,432,300)	(84,432,300)
Transfer of depreciation of revalued assets	-	-	-	(2,239,073)	2,239,073	-
Balance at 30 June 2019 (Reviewed)	<u>281,441,000</u>	<u>83,817,363</u>	<u>2,419,027</u>	<u>561,239,848</u>	<u>43,121,053</u>	<u>972,038,291</u>
Balance at 1 January 2020 (Audited)	281,441,000	91,637,240	9,044,099	559,467,700	79,480,102	1,021,070,141
Net profit for the period	-	-	-	-	30,222,736	30,222,736
Other comprehensive income	-	-	(5,410,681)	-	-	(5,410,681)
Total comprehensive income	-	-	(5,410,681)	-	30,222,736	24,812,055
Dividends (Note 7)	-	-	-	-	(78,803,480)	(78,803,480)
Transfer of depreciation of revalued assets	-	-	-	(1,745,400)	1,745,400	-
<b>Balance at 30 June 2020 (Reviewed)</b>	<b><u>281,441,000</u></b>	<b><u>91,637,240</u></b>	<b><u>3,633,418</u></b>	<b><u>557,722,300</u></b>	<b><u>32,644,758</u></b>	<b><u>967,078,716</u></b>

The attached notes 1 to 18 form part of these interim condensed financial statements.

# Medicare Group (Q.P.S.C.)

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

	<i>Notes</i>	<b>30 June 2020 (Reviewed) QR</b>	<b>30 June 2019 (Reviewed) QR</b>
<b>Operating activities</b>			
Net profit for the period		<b>30,222,736</b>	33,837,027
<i>Adjustments for:</i>			
Depreciation of property and equipment		<b>11,214,983</b>	15,227,160
Depreciation of right-of-use assets		<b>2,316,907</b>	2,289,424
Provision for obsolete and slow-moving inventories		-	209,500
Provision for expected credit losses on trade receivables	10	-	277,538
Provision for employees' end of service benefits		<b>4,267,533</b>	4,266,715
Finance costs		<b>1,703,788</b>	2,063,821
Gain from rent concession		<b>(1,350,000)</b>	-
Loss on derecognition of lease liability		<b>2,667</b>	-
Income from deposits with Islamic banks		<b>(180,532)</b>	(711,547)
Dividend income		<b>(2,563,807)</b>	(2,575,155)
		<b>45,634,275</b>	54,884,483
<i>Working capital changes:</i>			
Inventories		<b>(3,967,299)</b>	1,832,195
Accounts receivable and prepayments		<b>(3,465,051)</b>	(6,732,207)
Accounts payable and accruals		<b>11,200,289</b>	(1,228,037)
Retention payable		<b>(407,296)</b>	2,666,308
		<b>48,994,918</b>	51,422,742
Cash generated from operations		<b>(938,351)</b>	(2,194,074)
Employees' end of service benefits paid		<b>(1,954,969)</b>	(2,112,783)
Contribution paid to the social and sports fund		<b>(40,966)</b>	(323,783)
Finance costs paid		<b>(40,966)</b>	(323,783)
		<b>46,060,632</b>	46,792,102
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		<b>(20,919,755)</b>	(24,256,935)
Net movement in deposits with maturity of more than 90 days		<b>35,000,000</b>	5,000,000
Additional investments at fair value through other comprehensive income		<b>(105,318)</b>	-
Income received from deposits with Islamic banks		<b>441,141</b>	901,925
Dividend income received		<b>2,563,807</b>	2,575,155
		<b>16,979,875</b>	(15,779,855)
<b>FINANCING ACTIVITIES</b>			
Cash dividends paid		<b>(77,395,392)</b>	(81,021,779)
Additional bank facilities during the period		<b>21,299,338</b>	19,000,000
Payment of lease liabilities		<b>(1,947,000)</b>	(3,407,000)
Repayment of bank facilities		<b>(9,579,609)</b>	(9,470,093)
		<b>(67,622,663)</b>	(74,898,872)
Net cash flow used in financing activities		<b>(67,622,663)</b>	(74,898,872)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,582,156)</b>	(43,886,625)
Cash and cash equivalents at the beginning of the period		<b>40,319,680</b>	53,638,410
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>35,737,524</b>	9,751,785
	8	<b>35,737,524</b>	9,751,785

The attached notes 1 to 18 form part of these interim condensed financial statements.

# Medicare Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 1 REPORTING ENTITY

Medicare Group Q.P.S.C. (formerly known as “Al Ahli Specialized Hospital Company Q.S.C.”) is a Qatari Public Shareholding Company incorporated on 30 December 1996 under the Commercial Registration number 18895. The Company’s main activity is the operation of a specialized hospital and promoting medical services in the State of Qatar. The Company’s registered office address is at Ahmed Bin Ali Street, Wadi Al Sail, Doha, State of Qatar, P.O. Box 6401. The Company is listed on the Qatar Stock Exchange.

The Company provides medical services through Al Ahli Hospital located in Wadi Al Sail. The Company also operates a medical clinic center in Al Wakrah which has commenced its operations during February 2019.

The interim condensed financial statements of the Company for the six months ended 30 June 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 28 July 2020.

### 2 BASIS OF PREPARATION

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2019. In addition, results for the six month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

### 3 USES OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended 31 December 2019.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial statements of the Company.

#### **New and amended standards and interpretations adopted by the Company**

During the current period, the Company adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2020:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018

The adoption of the above amendments and improvements had no significant impact on the interim condensed financial statements.



# Medicare Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

<i>Topics</i>	<i>Effective date</i>
IFRS 17 Insurance Contracts	1 January 2023

### 5 PROPERTY AND EQUIPMENT

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Net book value at 1 January	949,218,568	942,705,452
Additions	20,919,755	55,100,304
Reclassification to investment properties	-	(25,814,655)
Depreciation charge for the period/year	<u>(11,214,983)</u>	<u>(22,772,533)</u>
Net book value at end of the period/year	<u>958,923,340</u>	<u>949,218,568</u>

### 6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the Company's right-of-use assets and the movements during the period/year:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
At 1 January	66,464,025	71,171,775
Depreciation charge for the period/year	(2,316,907)	(4,625,299)
Lease modifications	<u>(149,552)</u>	<u>(82,451)</u>
Balance at end of the period/year	<u>63,997,566</u>	<u>66,464,025</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period/year:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
At 1 January	67,776,896	71,171,775
Finance costs for the period/year	1,662,822	3,445,572
Payments made during the period/year	(1,947,000)	(6,758,000)
Rent concession	(1,350,000)	-
Lease modifications	<u>(146,885)</u>	<u>(82,451)</u>
Balance at end of the period/year	<u>65,995,833</u>	<u>67,776,896</u>

# Medicare Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities are presented in the interim condensed statement of financial position as follows:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Current portion	2,836,777	3,404,108
Non-current portion	<u>63,159,056</u>	<u>64,372,788</u>
	<u><u>65,995,833</u></u>	<u><u>67,776,896</u></u>

### 7 DIVIDENDS

At the Annual General Meeting held on 23 February 2020, the shareholders of the Company approved a cash dividend of QR 0.28 per share relating to the year ended 31 December 2019. The total cash dividend amounted to QR 78,803,480 (30 June 2019: QR 84,432,300).

### 8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Cash in hand	101,511	70,547
Cash at bank	35,636,013	40,294,528
Short term deposits ( <i>Note i</i> )	-	35,000,000
Less: Provision for expected credit losses on due from banks	<u>-</u>	<u>(45,395)</u>
Total cash and bank balances	35,737,524	75,319,680
Less: Deposits with original maturities of more than 90 days	<u>-</u>	<u>(35,000,000)</u>
Cash and cash equivalents	<u><u>35,737,524</u></u>	<u><u>40,319,680</u></u>

*Note i*

Deposits held as at 31 December 2019 carried a profit rate of 3.75% per annum.

### 9 BANK FACILITIES

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Bank facility -1 (i)	-	5,067,972
Bank facility -2 (ii)	36,952,184	25,463,821
Bank facility -3 (iii)	<u>5,299,338</u>	<u>-</u>
	<u><u>42,251,522</u></u>	<u><u>30,531,793</u></u>

# Medicare Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 9 BANK FACILITIES (CONTINUED)

Presented in the statement of financial position as follows:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Current portion	<b>14,864,559</b>	11,448,630
Non-current portion	<b>27,386,963</b>	19,083,163
	<b><u>42,251,522</u></b>	<b><u>30,531,793</u></b>

Notes:

- (i) The bank facility -1 represents a facility of QR 70 million obtained from a bank in the State of Qatar to finance the purchase of a building for employee accommodation in Al Mansoura area, State of Qatar. The bank facility is repayable in 60 monthly instalments of QR 1,278,514 each and matures on 30 April 2020. The bank facility is secured through the mortgage of the building purchased and carries an annual profit rate of 3.8%. The bank facility was fully settled in April 2020.
- (ii) The bank facility -2 represents a facility obtained from a bank in the State of Qatar to finance the extension and renovations of Al Ahli Hospital buildings. In 2018, the Company have drawn down QR 12 million from the facility which is repayable in 60 monthly instalments of QR 224,094 each and matures on 15 August 2023. In 2019, an amount of QR 19 million was drawn down, to be repayable in 52 monthly installments of QR 402,922 each and matures on 15 August 2023. In 2020, QR 16 million was drawn down from the facility, to be repayable in 60 monthly instalments of QR 292,295 each and matures on 27 February 2025. The bank facility carries an annual profit rate of 4.5%.
- (iii) The bank facility -3 represents a facility of QR 5,299,338 obtained from a bank in the State of Qatar for working capital purposes. The bank facility is repayable in 6 monthly instalments of QR 889,859 each commencing on 11 November 2020 and matures on 11 April 2021. The bank facility carries annual profit rate of 2.5%.

### 10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Trade receivables	<b>137,199,227</b>	143,235,476
Advances to suppliers	<b>14,508,151</b>	12,470,148
Prepaid expenses	<b>9,400,641</b>	2,367,456
Staff receivables	<b>5,028,941</b>	4,533,214
Due from investment securities broker	<b>3,891,346</b>	3,996,665
Refundable deposits	<b>1,257,388</b>	1,234,647
Other receivables	<b>1,306,364</b>	1,552,655
	<b>172,592,058</b>	169,390,261
Less: Provision for expected credit losses on trade receivables	<b>(76,224,276)</b>	(76,226,921)
	<b><u>96,367,782</u></b>	<b><u>93,163,340</u></b>

Medicare Group (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

**10 ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)**

The movement in the provision for expected credit losses of trade receivables is as follows:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
At 1 January	76,226,921	75,393,590
Provision during the period/year	-	300,000
Reversal of write offs (Write-off)	<u>(2,645)</u>	<u>533,331</u>
	<u><b>76,224,276</b></u>	<u><b>76,226,921</b></u>

**11 OPERATING COSTS**

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Not audited nor reviewed) QR</i>	<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Reviewed) QR</i>
Staff costs	34,237,763	47,319,835	80,439,126	93,356,066
Medication and surgical costs	14,575,849	20,797,584	36,408,207	41,289,992
Doctors' charges	4,608,414	5,846,460	10,942,845	10,506,481
Utilities	862,639	782,742	1,707,699	1,907,270
Food costs	71,188	1,055,063	1,051,746	2,073,058
Fuel costs	321,012	436,437	649,959	718,672
Security expenses	180,516	213,853	367,206	440,213
Rent expenses	-	(1,350,000)	-	-
Provision for slow moving inventories	-	160,150	-	209,500
	<u><b>54,857,381</b></u>	<u><b>75,262,124</b></u>	<u><b>131,566,788</b></u>	<u><b>150,501,252</b></u>

**12 GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Not audited nor reviewed) QR</i>	<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Reviewed) QR</i>
Staff costs	11,067,005	16,129,545	25,901,838	31,014,043
Maintenance and repairs	2,130,853	2,475,678	4,677,733	4,068,653
Outsourcing call center and helpers	1,441,770	1,544,725	2,992,878	2,995,624
Insurance	844,939	902,972	1,728,383	1,788,090
Security and cleaning	718,538	706,248	1,418,556	1,518,210
Advertisement and promotions	563,494	673,573	1,211,160	1,560,197
Legal and professional fees	336,852	375,116	1,083,512	635,461
Board of Directors' remuneration	511,810	643,534	1,021,712	1,129,886
Telephone and fax	465,215	864,129	1,015,853	1,748,848
IT development	471,908	423,828	904,486	773,242
Bank charges	236,642	203,923	546,008	525,134
Printing and stationery	114,330	178,535	361,855	508,796
Government expenses	82,525	63,713	238,324	452,112
Others	345,203	187,964	802,500	523,611
	<u><b>19,331,084</b></u>	<u><b>25,373,483</b></u>	<u><b>43,904,798</b></u>	<u><b>49,241,907</b></u>

## Medicare Group (Q.P.S.C.)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

#### 13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2020</i> <i>(Reviewed)</i>	<i>30 June 2019</i> <i>(Not audited nor reviewed)</i>	<i>30 June 2020</i> <i>(Reviewed)</i>	<i>30 June 2019</i> <i>(Reviewed)</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Net profit for the period	<u>9,529,750</u>	<u>13,476,947</u>	<u>30,222,736</u>	<u>33,837,027</u>
Weighted average number of ordinary shares outstanding during the period	<u>281,441,000</u>	<u>281,441,000</u>	<u>281,441,000</u>	<u>281,441,000</u>
Basic and diluted earnings per share	<u><u>0.03</u></u>	<u><u>0.05</u></u>	<u><u>0.11</u></u>	<u><u>0.12</u></u>

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

As per the instructions from the Qatar Financial Markets Authority, the Extraordinary General Assembly on 31 March 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QR 1 each were exchanged for 1 old share with a par value of QR 10 each. This has led to an increase in the number of authorised and outstanding shares from 28,144,100 to 281,441,000. The listing of the new shares on Qatar Exchange was effective from 15 April 2019. Consequently, the weighted average number of shares outstanding has been retrospectively adjusted.

#### 14 CONTINGENCIES AND COMMITMENTS

##### a) Contingent liabilities

The Company had the following contingent liabilities from which it is anticipated that no material liabilities will arise:

	<i>30 June</i> <i>2020</i> <i>(Reviewed)</i> <i>QR</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>QR</i>
Bank guarantees	<u>278,000</u>	<u>277,000</u>

##### b) Legal claims

As at 30 June 2020, various legal claims were initiated by patients and other third parties against the Company in the form of malpractice compensation claims and other miscellaneous claims. The Company's management exercises its judgement in assessing whether it would be made liable to settle any malpractice cases based on its understanding of the specifics of the case. Moreover, the Company has a malpractice insurance policy in place to cover all malpractice claims made as part of which the Company would be liable to settle the deductible amount (as per the insurance policy) whereas the remaining claim is covered by the insurance Company. The liability to settle the deductible amounts of the claim is expected to be immaterial.

##### c) Capital commitments

The capital commitments of the company as at 30 June 2020 amounted to QR 50,992,643 (31 December 2019: QR 58,232,910). This relates primarily to contracts entered for the development of buildings

# Medicare Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 15 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the interim condensed statement of profit or loss are as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2020 (Reviewed)</i>	<i>30 June 2019 (Not audited nor reviewed)</i>	<i>30 June 2020 (Reviewed)</i>	<i>30 June 2019 (Reviewed)</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Rental income	<u>121,128</u>	<u>111,141</u>	<u>242,256</u>	<u>222,282</u>
Finance income	<u>69,074</u>	<u>361,217</u>	<u>180,532</u>	<u>711,547</u>
Bank charges	<u>(6,325)</u>	<u>(10,759)</u>	<u>(24,826)</u>	<u>(19,741)</u>
Finance costs (including borrowing costs)	<u>(479,029)</u>	<u>(419,437)</u>	<u>(856,237)</u>	<u>(714,864)</u>
Insurance expenses	<u>(3,132,182)</u>	<u>(3,226,137)</u>	<u>(6,468,507)</u>	<u>(6,530,042)</u>
Other expenses	<u>(6,000)</u>	<u>-</u>	<u>(21,000)</u>	<u>-</u>

Balances with related parties included in the interim condensed statement of financial position are as follows:

	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
Bank balances	<u>34,255,519</u>	<u>40,197,458</u>
Short term deposits	<u>-</u>	<u>35,000,000</u>
Receivables	<u>76,000</u>	<u>-</u>
Receivable income from deposits with an Islamic Bank	<u>194,479</u>	<u>455,087</u>
Bank facilities	<u>42,251,522</u>	<u>30,531,793</u>
Trade payable	<u>7,081,872</u>	<u>250,167</u>

### Compensation of key management personnel and the Board of Directors' remuneration

The remuneration of the Board of Directors and members of key management during the period was as follows:

	<i>30 June 2020 (Reviewed) QR</i>	<i>30 June 2019 (Reviewed) QR</i>
Board of Directors' remuneration	<u>1,021,712</u>	<u>1,129,886</u>
Total key management personnel benefits	<u>2,140,575</u>	<u>2,140,575</u>
	<u>3,162,287</u>	<u>3,270,461</u>

# Medicare Group (Q.P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2020

### 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair values

Set out below is a comparison of the carrying amounts and fair value of the Company's financial instruments as at 30 June 2020 and 31 December 2019:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>	<i>30 June 2020 (Reviewed) QR</i>	<i>31 December 2019 (Audited) QR</i>
<b>Financial assets</b>				
Bank balances	35,636,013	75,294,528	35,636,013	75,294,528
Trade and other receivables	148,683,266	154,552,657	148,683,266	154,552,657
Investments at fair value through other comprehensive	58,028,362	63,333,725	58,028,362	63,333,725
<b>Financial liabilities</b>				
Trade and other payables	77,584,270	59,931,889	77,584,270	59,931,889
Retention payable	1,014,265	1,421,561	1,014,265	1,421,561
Bank facilities	42,251,522	30,531,793	42,251,522	30,531,793

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair values are not based on observable market data.

As at 30 June 2020 and 31 December 2019, the Company held the following classes of financial instruments measured at fair value:

	<i>30 June 2020 (Reviewed) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
<b>Financial assets</b>				
Investments at fair value through other comprehensive income	58,028,362	58,028,362	-	-
	<u>58,028,362</u>	<u>58,028,362</u>	<u>-</u>	<u>-</u>
<b>Non-financial assets</b>				
Revalued land and building	764,942,215	-	-	764,942,215
Investment properties	25,814,655	-	-	25,814,655
	<u>790,756,870</u>	<u>-</u>	<u>-</u>	<u>790,756,870</u>

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

	<i>31 December 2019 (Audited) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
<b>Financial assets</b>				
Investments at fair value through other comprehensive income	63,333,725	63,333,725	-	-
	<u>63,333,725</u>	<u>63,333,725</u>	<u>-</u>	<u>-</u>
<b>Non-financial assets</b>				
Revalued land and building	769,813,110	-	-	769,813,110
Investment properties	25,814,655	-	-	25,814,655
	<u>795,627,765</u>	<u>-</u>	<u>-</u>	<u>795,627,765</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six-month periods ended 30 June 2020 and 30 June 2019.

**Valuation techniques and significant unobservable inputs**

The Company engaged a third-party qualified valuation expert to perform the valuation of its fixed assets that are carried at fair value as at 31 December 2018. The third-party valuation expert utilized methods and techniques generally recognised as standard within the industry for valuing similar assets. The methods applied include the market comparison approach for the purpose of valuing the land plots held by the Company while buildings were valued using the depreciable replacement cost approach “DRC”. The independent valuation experts exercised their judgement in determining the appropriate valuation model and the consideration of unobservable inputs used in the valuation model which include the identification of assets similar in characteristics to the subject property valued and the range for the depreciable replacement costs and their assessment of obsolescence of the property.

The techniques used by the independent valuation experts to determine fair values are as follows:

**Market comparison approach**

The Company’s land plots were valued using the market comparable approach. Under the market comparable approach, a property’s fair value is estimated based on comparable transactions of similar properties that were sold within a reasonable period from the valuation date. The comparable transactions are adjusted for difference in size, location and other property specific characteristics.

**Depreciable replacement cost**

The Company’s buildings were valued using the depreciable replacement cost method. The depreciable replacement cost represents the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The value of the property is adjusted to reflect obsolescence factors such as the physical condition, the remaining economic life, the comparative running costs and the comparative efficiency and functionality of the actual asset.

The following table shows the valuation techniques used in measuring level 3 fair values as at 31 December 2018 for the non-financial assets measured at fair value as well as significant unobservable inputs used. The Company had not carried out a valuation of its non-financial assets as at 30 June 2020 and the values are assumed to be consistent with those as at 31 December 2019. For the investment properties, management to perform a fair valuation review at yearend.

Type	Valuation technique	Significant unobservable Inputs	Range Used	The estimated value of the property would increase (decrease) if
Land	Market comparison approach	Price per square foot in QAR	QAR 425 – QAR 2,000 per SQFT	If the price per SQFT increased (decreased)
Building	Depreciable replacement cost approach	Depreciable replacement cost per square meter	QAR 2,470 – QAR 6,988 per SQM	If the price per SQM increased (decreased)



**16 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Segment information**

The Company is engaged in providing health care services and operates only in the State of Qatar, hence segmental disclosures based on business and geographical segments are not applicable.

**17 EFFECT OF COVID-19**

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The outbreak of COVID 19 may have an impact on the demand for healthcare. The Company has been closely monitoring the latest developments in the current evolving situation and has carried out an assessment based on the observable information as at 30 June 2020.

The Company considered the potential impairment impact of the outbreak on its financial and non-financial assets due to the current economic volatility. Based on management's assessment, the Company does not expect a significant impact on the recoverable value of its non-financial assets and the ECL of financial assets. Management believes that the market remains volatile and the recorded amounts remain sensitive to market fluctuations. The Company will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks.

**18 COMPARATIVE FIGURES**

Certain comparative figures pertaining to 31 December 2019 have been reclassified in order to conform to the presentation of the current period and improve the quality of the information presented. As of 31 December 2019, the accumulated depreciation amounting to QR 1,273,220 was reclassified to correspond with the current presentation. Such reclassification does not affect the previously reported profit or equity.