

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

**FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MEDICARE GROUP Q.P.S.C.

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Medicare Group Q.P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 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 financial statements section of our report. We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the 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 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 financial statements.

Key audit matters	How our audit addresses the key audit matter
<p><b>Revaluation of property and equipment and depreciation charges</b></p> <p>The Company's land and buildings used in operations are measured at revalued amounts. These assets are part of the Company's property and equipment and represent 56% of the Company's total assets as at 31 December 2021. The carrying value of these assets and its related depreciation charge are considered significant to the financial statements.</p> <p>In addition, the determination of useful lives and depreciation charge requires management to make considerable judgments and estimations. Due to these, revaluation of property and equipment and depreciation charges are considered as a key audit matter.</p> <p>The related disclosures are included in Note 5 to the financial statements.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the management's assumptions and judgements used in concluding whether the carrying value of property and equipment is materially different from the fair value as of the reporting date.</li> <li>• Evaluated the design and operating effectiveness of the key controls related to the accounting process of property and equipment and depreciation charges.</li> <li>• Evaluated the recognition criteria applied to the costs incurred and capitalized during the financial year against the requirements of the relevant accounting standards.</li> <li>• Assessed the appropriateness of the method and useful life used in determining the depreciation charges.</li> <li>• Recomputed the depreciation charges and compared it with the depreciation charges reported in the financial statements.</li> <li>• Evaluated the adequacy of the Company's disclosures in relation to property and equipment by reference to the requirements of the relevant accounting standards.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
MEDICARE GROUP Q.P.S.C. (CONTINUED)**

**Report on the audit of the financial statements (continued)**

**Key audit Matters (continued)**

<b>Key audit matters</b>	<b>How our audit addresses the key audit matter</b>
<p><b>Revenue recognition</b></p> <p>The Company recognized revenue of QR 482 million for the year ended 31 December 2021 (2020: QR 477 million). The Company recognizes revenue when the healthcare services are rendered to its customers and at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.</p> <p>Revenue recognition is considered as a key audit matter due to significance of the amounts and there is a risk that revenue may be misstated due to management's override of controls.</p> <p>Revenue related disclosures are included in Note 19 to the financial statements.</p>	<p>Our audit procedures in this area included the following;</p> <ul style="list-style-type: none"> <li>• Compared the Company's revenue recognition policy with IFRS 15, Revenue from contracts with customers and assessed the appropriateness.</li> <li>• Tested the design and operating effectiveness of the internal controls surrounding the revenue recognition process.</li> <li>• Performed correlation analysis between revenue, trade receivables, and cash and analytical review procedures on revenue based on monthly sales and profit margins.</li> <li>• Tested journal entries based on revenue related risk profiles (such as amounts, posting date, adjustments) to identify any instances of management override.</li> <li>• Evaluated the adequacy of disclosures relating to revenue.</li> </ul>

**Other information included in the Company's 2021 Annual Report**

Other information consists of the information included in the Company's 2021 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibilities of Board of Directors for the financial statements**

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MEDICARE GROUP Q.P.S.C. (CONTINUED)

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

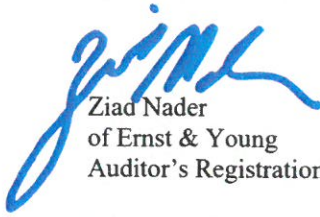
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
MEDICARE GROUP Q.P.S.C. (CONTINUED)**

**Report on Other Legal and Regulatory Requirements**

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above-mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Company's financial position or performance.



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

Date: 21 February 2022  
Doha




Medicare Group Q.P.S.C.


STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 QR	2020 QR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	1,013,292,628	978,037,744
Investment properties	6	25,881,077	25,868,933
Right-of-use assets	7	58,199,927	61,763,744
Investments at fair value through other comprehensive income	8	66,309,911	66,034,304
		<u>1,163,683,543</u>	<u>1,131,704,725</u>
<b>Current assets</b>			
Inventories	9	30,167,226	23,490,236
Accounts receivable and prepayments	10	91,413,565	97,449,719
Cash and bank balances	11	52,247,073	64,154,634
		<u>173,827,864</u>	<u>185,094,589</u>
<b>Total assets</b>		<u>1,337,511,407</u>	<u>1,316,799,314</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	281,441,000	281,441,000
Legal reserve	13	108,094,188	100,188,074
Fair value reserve	8	14,944,967	11,639,360
Revaluation reserve		552,508,436	555,991,147
Retained earnings		72,964,472	78,972,970
<b>Total equity</b>		<u>1,029,953,063</u>	<u>1,028,232,551</u>
<b>Non-current liabilities</b>			
Bank facilities	16	39,718,752	22,761,260
Lease liabilities	7	59,639,215	62,014,922
Employees' end of service benefits	17	75,518,914	70,672,752
		<u>174,876,881</u>	<u>155,448,934</u>
<b>Current liabilities</b>			
Accounts payable and accruals	18	109,847,471	117,264,310
Bank facilities	16	20,325,571	13,362,931
Lease liabilities	7	2,375,706	2,357,873
Retention payable		132,715	132,715
		<u>132,681,463</u>	<u>133,117,829</u>
<b>Total liabilities</b>		<u>307,558,344</u>	<u>288,566,763</u>
<b>Total equity and liabilities</b>		<u>1,337,511,407</u>	<u>1,316,799,314</u>

These financial statements were approved and signed on behalf of the Board of Directors by the following on 21 February 2022:

  
Jamal Abdulla Al-Jamal  
Member of the Board of Directors

  
Khalid Mohammed Al-Emadi  
Chief Executive Officer

The attached notes 1 to 31 form part of these financial statements.

Medicare Group Q.P.S.C.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	<i>2021</i> <b>QR</b>	<i>2020</i> <b>QR</b>
Operating income	19	<b>481,747,661</b>	476,795,153
Operating costs	20	<b>(298,036,918)</b>	(289,790,502)
<b>Gross profit</b>		<b>183,710,743</b>	187,004,651
Other income	21	<b>6,678,528</b>	10,231,987
Profit from deposits with an Islamic Bank		<b>259,466</b>	371,484
General and administrative expenses	22	<b>(89,370,066)</b>	(89,068,018)
Provision for impairment of receivables	10	<b>(15,993)</b>	(219,792)
Reversal of expected credit losses on due from banks		-	45,395
Depreciation of property and equipment	5	<b>(15,506,640)</b>	(14,997,584)
Fair value gain on investment properties	6	<b>12,144</b>	54,278
Amortisation of right-of-use assets	7	<b>(3,563,817)</b>	(4,550,729)
Finance costs	23	<b>(3,143,228)</b>	(3,363,335)
<b>Net profit for the year</b>		<b>79,061,137</b>	85,508,337
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Net gain from investments at fair value through other comprehensive income	8	<b>3,439,383</b>	2,595,261
<b>Other comprehensive income for the year</b>		<b>3,439,383</b>	2,595,261
<b>Total comprehensive income for the year</b>		<b>82,500,520</b>	88,103,598
<b>Basic and diluted earnings per share (expressed in Qatari riyals per share)</b>	24	<b>0.28</b>	0.30

ERNST & YOUNG  
Doha - Qatar

21 FEB 2022

Stamped for Identification  
Purposes Only

The attached notes 1 to 31 form part of these financial statements.

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

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital QR	Legal reserve QR	Fair value reserve QR	Revaluation reserve QR	Retained earnings QR	Total equity QR
Balance at 1 January 2020	281,441,000	91,637,240	9,044,099	559,467,700	79,480,102	1,021,070,141
Net profit for the year	-	-	-	-	85,508,337	85,508,337
Other comprehensive income for the year	-	-	2,595,261	-	-	2,595,261
Total comprehensive income for the year	-	-	2,595,261	-	85,508,337	88,103,598
Transfer to legal reserve	-	8,550,834	-	-	(8,550,834)	-
Transfer of depreciation of revalued assets	-	-	-	(3,476,553)	3,476,553	-
Contribution to social and sports fund (Note 14)	-	-	-	-	(2,137,708)	(2,137,708)
Cash dividends to shareholders (Note 15)	-	-	-	-	(78,803,480)	(78,803,480)
Balance at 31 December 2020	281,441,000	100,188,074	11,639,360	555,991,147	78,972,970	1,028,232,551
Net profit for the year	-	-	-	-	79,061,137	79,061,137
Other comprehensive income for the year	-	-	3,439,383	-	-	3,439,383
Total comprehensive income for the year	-	-	3,439,383	-	79,061,137	82,500,520
Transfer to legal reserve	-	7,906,114	-	-	(7,906,114)	-
Transfer of depreciation of revalued assets	-	-	-	(3,482,711)	3,482,711	-
Transfer of gain on sale of investments at FVTOCI	-	-	(133,776)	-	133,776	-
Contribution to social and sports fund (Note 14)	-	-	-	-	(1,976,528)	(1,976,528)
Cash dividends to shareholders (Note 15)	-	-	-	-	(78,803,480)	(78,803,480)
<b>Balance at 31 December 2021</b>	<b>281,441,000</b>	<b>108,094,188</b>	<b>14,944,967</b>	<b>552,508,436</b>	<b>72,964,472</b>	<b>1,029,953,063</b>

ERNST & YOUNG  
Doha - Qatar

21 FEB 2022

Stamped for Identification  
Purposes Only



# Medicare Group Q.P.S.C.

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 QR	2020 QR
<b>OPERATING ACTIVITIES</b>			
Net profit for the year		79,061,137	85,508,337
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	24,595,095	22,874,738
Fair value gain on investment properties	6	(12,144)	(54,278)
Amortisation of right-of-use assets	7	3,563,817	4,550,729
Provision for obsolete and slow-moving inventories	9	137,587	-
Provision for expected credit losses on trade receivables	10	15,993	219,792
Provision for employees' end of service benefits	17	9,501,707	9,028,892
Profit from deposits with an Islamic bank		(259,466)	(371,484)
Dividend income	21	(2,008,695)	(2,563,807)
Gain from rent concession	21	-	(2,250,000)
Gain on sale of property and equipment		-	(38,020)
Loss on derecognition of lease liability		-	2,667
Finance costs	23	3,143,228	3,363,335
Operating profit before working capital changes		117,738,259	120,270,901
<i>Working capital changes:</i>			
Inventories		(6,814,577)	(1,981,564)
Accounts receivable and prepayments		6,020,161	(4,766,780)
Accounts payable and accruals		(7,983,100)	8,649,957
Retention payable		-	(1,288,846)
Cash generated from operations		108,960,743	120,883,668
Contribution paid to social and sports fund		(2,137,708)	(1,954,969)
Employees' end of service benefits paid	17	(4,655,545)	(4,010,448)
Finance costs paid		-	(80,551)
<b>Net cash flow from operating activities</b>		<b>102,167,490</b>	<b>114,837,700</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment	5	(59,849,979)	(51,693,914)
Proceeds from disposal of property and equipment		-	38,020
Additional investments at fair value through other comprehensive income	8	-	(105,318)
Disposal of investment at fair value through other comprehensive income	8	3,163,776	-
Profit received from deposits with an Islamic bank		259,466	632,093
Net movement in deposits with maturity of more than 90 days		-	35,000,000
Dividend income received		2,008,695	2,563,807
<b>Net cash flow used in investing activities</b>		<b>(54,418,042)</b>	<b>(13,565,312)</b>
<b>FINANCING ACTIVITIES</b>			
Additional bank facilities obtained during the year		40,889,792	21,299,338
Repayment of bank facilities		(16,972,761)	(15,706,940)
Cash dividends paid		(78,076,040)	(78,769,644)
Payment of lease liabilities	7	(5,498,000)	(4,290,000)
<b>Net cash flow used in financing activities</b>		<b>(59,657,009)</b>	<b>(77,467,246)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		64,154,634	40,349,492
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	11	<b>52,247,073</b>	<b>64,154,634</b>

The attached notes 1 to 31 form part of these financial statements.

## 1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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 financial statements of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 21 February 2022.

## 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, investment properties, and land and buildings which are carried at fair value.

The financial statements are presented in Qatari Riyals (“QR”), which is the Company’s functional and presentational currency.

The financial statements comply with the requirements of Qatar Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021. The management is in the process of taking necessary actions needed to ensure full compliance with the amended law, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance as at the reporting date does not have a material impact on the financial statements.

In preparing these financial statements, the management has made judgements and estimates that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

## 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended standards and interpretations

#### Amendments to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

#### Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

**New and amended standards and interpretations (continued)**

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (continued)**

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**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 financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The following standards are not expected to have an impact on the Company's financial statements.

<u><i>Standards and Interpretations</i></u>	<u><i>Effective date</i></u>
Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IAS 41 Agriculture: Taxation in fair value measurements	1 January 2022
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
IFRS 17: Insurance contracts	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023

The Company did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to both years presented in these financial statements.

##### **Revenue recognition**

The Company is in the business of providing healthcare services. Revenue from rendering of services and sales of medications are recognised when control of the goods or services are transferred to the customer, generally on delivery of the goods and/or services. Revenue is measured based on the consideration specified in a contract with a customer. Following are the revenue streams of the Company.

##### *Patient services*

Revenue from patient services is recognized when the patient receives the healthcare services provided by the Company.

##### *Sale of medications*

Revenue is recognized when the medications are delivered to the patient.

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. Revenue is measured at fees calculated and billed based on various tariffs agreed with insurers reduced by provision for rejections.

All revenues are generated in the State of Qatar.

##### *Profit from term deposits and saving accounts*

Profit is accrued on a time apportioned basis, by reference to the principal outstanding and the effective profit rate applicable.

##### *Rental income*

Rental income from investment properties is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

##### *Dividend income*

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

##### **Property and equipment**

Land and buildings held for use in the Company's operations are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity under revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property and equipment revaluation reserve relating to a previous revaluation of that asset.

All other fixed assets are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property and equipment revaluation reserve is transferred directly to retained earnings. In addition, part of the reserve relating to the depreciation of buildings is transferred over the period for which the asset is used by the Company. The amount of the reserve transferred is the difference between the depreciation charge based on the revalued carrying amount of the asset and the depreciation charge based on the asset's original cost.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and equipment (continued)**

The transfer from revaluation reserve to retained earnings, whether on disposal or on a systematic basis over the life of the asset, is not made through profit or loss.

Depreciation is charged on straight line basis on all property and equipment at rates calculated to write off the cost of each asset over its estimated useful life. Land and capital work in progress are not depreciated. The rates of depreciation are based upon the following estimated useful lives:

Buildings	50 years
Leasehold Improvements	20 years
Office equipment	1-7 years
Medical equipment	1-10 years
Equipment & tools	1-7 years
Vehicles	5-7 years
Furniture and fixtures	1-7 years

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Land and capital work-in-progress are not depreciated. Depreciation method, residual value and useful lives of property and equipment are reviewed at each reporting date and adjusted if appropriate.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

*Capital work-in-progress*

Capital work-in-progress is stated at cost. Such costs include borrowing costs for long term projects if the recognition criteria are met. When the asset is ready for its intended use, it is transferred from capital work-in-progress to the appropriate category under property and equipment and depreciated in accordance with the Company's policies.

**Inventories**

Inventories consists of medical and general supplies that are used in the Company's operations. Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost is determined on a first-in first-out basis. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving and damaged inventories based on management's judgment.

**Investment properties**

Land and buildings are considered as investment properties only when they are being held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs and borrowing costs that are directly attributable to construction of the asset. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Investment properties (continued)**

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

##### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

##### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Financial assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

##### *Initial recognition and measurement*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Initial recognition and measurement (continued)*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Business model:** the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

*Subsequent measurement*

*Financial assets at amortised cost (debt instruments)*

Debt instruments of the Company are subsequently measured at "amortised cost". This category includes trade and other receivables, and cash at bank.

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate (EIR) method.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

*Investments at fair value through profit and loss*

All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Investments in equity instruments are classified as at fair value through profit or loss, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described below.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss is included in investment income in the statement of profit or loss. Fair value of financial assets at fair value through profit or loss in an organized financial market is determined by reference to market bid prices at the close of business at the reporting date.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial instruments (continued)

##### Financial assets (continued)

###### *Investments at fair value through other comprehensive income (FVTOCI)*

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income ("FVTOCI"). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings. Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss and are included in the 'Dividend income'.

###### *Derecognition of financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

###### *Impairment of financial assets*

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all debt investments at amortized cost as FVTOCI.

The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD        The *Probability of Default* is an estimate of the likelihood of default over a given time horizon.
- EAD       The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date and accrued interest.
- LGD       The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, a best case and worst case). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial instruments (continued)

##### Financial assets (continued)

###### *Impairment of financial assets (continued)*

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Current market conditions

For trade receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### Financial liabilities

###### *Initial recognition*

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The Company's financial liabilities include trade and other payables, retention payable, and bank facilities.

###### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

###### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and deposits with original maturities of 90 days or less.

##### Prepayments

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are used or expire with the passage of time.

##### Employees' end of service benefits and pension

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labor Law and the employees' contracts and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Employees' end of service benefits and pension (continued)**

Under Law No. 14 of 2014 on Retirement and Pension, the Company is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

##### **Trade payable and accruals**

Liabilities are recognised for amounts to be paid in future for goods or services received whether or not billed to the Company.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **Bank facilities**

Bank facilities are recognised initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, bank facilities are measured at amortised cost using the effective finance cost method, with any differences between the cost and final settlement values being recognised in the statement of profit or loss and other comprehensive income over the period of borrowings. Installments due within one period at amortised cost are presented as a current liability. Gains or losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognised.

##### **Foreign currency translation**

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated.

Non-monetary items measured at fair in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to profit or loss during that period except when it relates to items where gains or losses are recognized directly in equity, where the gain or loss is then recognized net of the exchange component in equity.

##### **Cost and Expenses**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss in the period these are incurred.

##### **Borrowing Costs**

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the year, less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalizable rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during the year shall not exceed the amount of borrowing costs incurred during that year.

Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include finance income charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects, to the extent that they are regarded as an adjustment to finance income costs.

All other borrowing costs are expensed as incurred in the year in which they occur.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Leases**

At the inception of the contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

##### *Company as a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

##### *Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the finance income rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of finance income and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Assets below the value of QAR 18,200 are considered low value assets.

##### *Company as a lessor*

Leases where the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

##### **Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Current versus non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

**Earnings per share**

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effect of any dilutive instruments.

Medicare Group Q.P.S.C.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**5 PROPERTY AND EQUIPMENT**

	<i>Land QR</i>	<i>Buildings QR</i>	<i>Leasehold improvements QR</i>	<i>Office equipment QR</i>	<i>Medical equipment QR</i>	<i>Equipment and tools QR</i>	<i>Vehicles QR</i>	<i>Furniture and fixtures QR</i>	<i>Capital work in progress QR</i>	<i>Total QR</i>
<b>Cost or valuation:</b>										
At 1 January 2021	411,236,152	460,320,560	49,123,733	38,370,543	204,035,806	37,602,228	1,844,160	12,252,630	100,315,941	1,315,101,753
Additions	-	914,500	-	2,482,917	3,028,976	680,109	206,750	506,823	52,029,904	59,849,979
Disposals	-	-	-	-	(1,285)	(298,633)	-	-	-	(299,918)
Transfers	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	<u>411,236,152</u>	<u>461,235,060</u>	<u>49,123,733</u>	<u>40,853,460</u>	<u>207,063,497</u>	<u>37,983,704</u>	<u>2,050,910</u>	<u>12,759,453</u>	<u>152,345,845</u>	<u>1,374,651,814</u>
<b>Accumulated depreciation:</b>										
At 1 January 2021	-	110,709,398	4,700,265	31,966,475	142,877,169	35,616,501	1,373,356	9,820,845	-	337,064,009
Charge for the year	-	9,798,544	2,456,419	1,909,515	9,088,454	649,006	103,372	589,785	-	24,595,095
Relating to disposals	-	-	-	-	(1,285)	(298,633)	-	-	-	(299,918)
At 31 December 2021	<u>-</u>	<u>120,507,942</u>	<u>7,156,684</u>	<u>33,875,990</u>	<u>151,964,338</u>	<u>35,966,874</u>	<u>1,476,728</u>	<u>10,410,630</u>	<u>-</u>	<u>361,359,186</u>
<b>Net carrying value:</b>	<b>-</b>									
<b>At 31 December 2021</b>	<b><u>411,236,152</u></b>	<b><u>340,727,118</u></b>	<b><u>41,967,049</u></b>	<b><u>6,977,470</u></b>	<b><u>55,099,159</u></b>	<b><u>2,016,830</u></b>	<b><u>574,182</u></b>	<b><u>2,348,823</u></b>	<b><u>152,345,845</u></b>	<b><u>1,013,292,628</u></b>

Depreciation charges are presented in the statement of profit or loss and other comprehensive income are as follows:

	<i>2021 QR</i>	<i>2020 QR</i>
Depreciation of property and equipment	<b>15,506,640</b>	14,997,584
Operating costs (Note 20)	<b><u>9,088,455</u></b>	<u>7,877,154</u>
Total	<b><u>24,595,095</u></b>	<u>22,874,738</u>

Medicare Group Q.P.S.C.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

5 PROPERTY AND EQUIPMENT (CONTINUED)

	<i>Land QR</i>	<i>Buildings QR</i>	<i>Leasehold improvements QR</i>	<i>Office equipment QR</i>	<i>Medical equipment QR</i>	<i>Equipment and tools QR</i>	<i>Vehicles QR</i>	<i>Furniture And Fixtures QR</i>	<i>Capital work in progress QR</i>	<i>Total QR</i>
Cost or valuation:										
At 1 January 2020	411,236,152	459,539,201	49,048,733	37,822,935	184,399,157	37,445,471	1,917,160	11,581,793	71,102,567	1,264,093,169
Additions	-	781,359	75,000	547,608	12,338,118	336,023	173,000	693,213	36,749,593	51,693,914
Disposals	-	-	-	-	(237,688)	(179,266)	(246,000)	(22,376)	-	(685,330)
Transfers	-	-	-	-	7,536,219	-	-	-	(7,536,219)	-
At 31 December 2020	<u>411,236,152</u>	<u>460,320,560</u>	<u>49,123,733</u>	<u>38,370,543</u>	<u>204,035,806</u>	<u>37,602,228</u>	<u>1,844,160</u>	<u>12,252,630</u>	<u>100,315,941</u>	<u>1,315,101,753</u>
Accumulated depreciation:										
At 1 January 2020	-	100,962,243	2,244,842	30,378,008	135,237,703	35,201,955	1,522,034	9,327,816	-	314,874,601
Charge for the year	-	9,747,155	2,455,423	1,588,467	7,877,154	593,812	97,322	515,405	-	22,874,738
Relating to disposals	-	-	-	-	(237,688)	(179,266)	(246,000)	(22,376)	-	(685,330)
At 31 December 2020	<u>-</u>	<u>110,709,398</u>	<u>4,700,265</u>	<u>31,966,475</u>	<u>142,877,169</u>	<u>35,616,501</u>	<u>1,373,356</u>	<u>9,820,845</u>	<u>-</u>	<u>337,064,009</u>
Net carrying value:										
At 31 December 2020	<u>411,236,152</u>	<u>349,611,162</u>	<u>44,423,468</u>	<u>6,404,068</u>	<u>61,158,637</u>	<u>1,985,727</u>	<u>470,804</u>	<u>2,431,785</u>	<u>100,315,941</u>	<u>978,037,744</u>

*Revaluation of land and buildings*

The Company measures land and buildings at revalued amounts with gains in fair value being recognised in OCI and losses in the statement of profit or loss. As at 31 December 2021 and 2020, land and buildings are stated at revalued amount categorized under Level 3 based on the appraisal report carried out on 31 December 2018 by an independent valuation specialist.

Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Whereas the 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 revalued land and buildings consist of Hospital premises and employees accommodations. The fair valuation of properties falls under lever 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**5 PROPERTY AND EQUIPMENT (CONTINUED)**

*Revaluation of Land and Building (continued)*

The key valuation assumptions used are as follows:

<b>Significant unobservable valuation input:</b>	<b>Range:</b>
Price per square foot of land	QR 425 – QR 2,000
Depreciated replacement cost per square meter of Hospital building	QR 2,470 – QR 6,288
Depreciated replacement cost per square meter of Employees accommodation	QR 3,563 – QR 6,213

*Capitalized borrowing costs*

The Company commenced the construction of the Hospital's expansion in 2018. The expansion project is expected to be completed in 2022. The project is financed by a bank in the State of Qatar in a common arrangement. The amount of borrowing costs capitalized during the year ended 31 December 2021 amounted to QR 2,503,478 (2020: QR 1,943,945). The rate used to determine the amount of borrowing costs eligible for capitalization was 4.5% which is the profit rate of the specific borrowing.

**6 INVESTMENT PROPERTIES**

	<i>2021</i>	<i>2020</i>
	<i>QR</i>	<i>QR</i>
At 1 January	<b>25,868,933</b>	25,814,655
Fair value gain	<b>12,144</b>	54,278
	<hr/> <b>25,881,077</b>	<hr/> 25,868,933
At 31 December		

The Company's investment properties consist of land and buildings which are located in the State of Qatar and leased out to a third party. As at 31 December 2019, the Company had reclassified these assets from property and equipment to investment properties as a result of the change of use of these properties that are held to earn rental income. Rental income earned from these investment properties amounted to QR 1,035,000 for the year ended 31 December 2021 (2020: QR 1,035,000).

**Measurement of fair value**

Fair value of the investment properties is determined using a discounted cash flow (DCF) method and the market comparable approach.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

Under the market comparable approach, a property's fair value is estimated based on the comparable transactions. The market comparable approach is based upon the principle of substitution, under which a potential buyer will not pay more for a property than the amount to buy a comparable substitute property. The unit of comparison applied by the valuer is the market price per square foot of the land.

The Company's management determines the valuation policies and procedures for property valuations.

The fair valuations of investment properties using the market comparable approach were performed by an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in valuing similar properties at similar locations.

The fair value that arrived using both methods as of 31 December 2021 is within a similar range. The management decided to use the DCF method.

The fair value measurement for all of the investment properties has been categorised as level 3 fair value based on the inputs to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	<b>61,763,744</b>	66,464,025
Amortisation charge for the year	<b>(3,563,817)</b>	(4,550,729)
Lease modifications	-	(149,552)
	<hr/>	<hr/>
At 31 December	<b>58,199,927</b>	61,763,744

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

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	<b>64,372,795</b>	67,776,896
Finance costs for the year	<b>3,140,126</b>	3,282,784
Payments made during the year	<b>(5,498,000)</b>	(4,290,000)
Rent concession	-	(2,250,000)
Lease modifications	-	(146,885)
	<hr/>	<hr/>
At 31 December	<b>62,014,921</b>	64,372,795

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

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Current	<b>2,375,706</b>	2,357,873
Non-current	<b>59,639,215</b>	62,014,922
	<hr/>	<hr/>
	<b>62,014,921</b>	64,372,795

The following are the amounts recognized in statement of profit or loss and other comprehensive income:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Amortisation of right-of-use assets	<b>3,563,817</b>	4,550,729
Finance costs for the year	<b>3,140,126</b>	3,282,784
Expense relating to short-term leases	<b>1,044,350</b>	492,350
	<hr/>	<hr/>
	<b>7,748,293</b>	8,325,863

**Extension options**

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. It reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.



NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**8 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Investments at fair value through other comprehensive income comprised of amounts that are invested in equity shares of companies listed in Qatar Stock Exchange.

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Investments in quoted securities	<u>66,309,911</u>	<u>66,034,304</u>

The break-up of the cost and fair value of investments in equity securities is as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cost of the investment	51,364,944	54,394,944
Fair value adjustment	<u>14,944,967</u>	<u>11,639,360</u>
	<u>66,309,911</u>	<u>66,034,304</u>

Movements in investments at fair value through other comprehensive income during the year are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	66,034,304	63,333,725
Change in fair value	3,439,383	2,595,261
Additions during the year	-	105,318
Disposal during the year	<u>(3,163,776)</u>	<u>-</u>
At 31 December	<u>66,309,911</u>	<u>66,034,304</u>

Movements in cumulative changes in fair values arising from investments at fair value through other comprehensive income are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	11,639,360	9,044,099
Transfer of gain on sale of investments	(133,776)	-
Net gain on fair valuation of investments	<u>3,439,383</u>	<u>2,595,261</u>
At 31 December	<u>14,944,967</u>	<u>11,639,360</u>

**9 INVENTORIES**

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Medical and other supplies	20,556,561	17,531,134
Pharmaceuticals inventory	<u>14,714,894</u>	<u>10,925,744</u>
	35,271,455	28,456,878
Provision for obsolete and slow-moving inventories	<u>(5,104,229)</u>	<u>(4,966,642)</u>
	<u>30,167,226</u>	<u>23,490,236</u>

# Medicare Group Q.P.S.C.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

### 9 INVENTORIES (CONTINUED)

The movement in the provision for obsolete and slow-moving inventories is as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	4,966,642	4,966,642
Provision during the year (Note 20)	<u>137,587</u>	<u>-</u>
At 31 December	<u><b>5,104,229</b></u>	<u>4,966,642</u>

Inventories recognised as expense in the operating costs for the year amounted to QR 91,753,518 (2020: QR 83,841,497) which is included in the statement of profit or loss and other comprehensive income.

### 10 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Trade receivables	137,795,942	144,949,468
Advances to suppliers	11,671,743	15,705,356
Due from investment securities broker	7,056,121	3,891,346
Staff receivables	5,748,681	5,292,179
Prepaid expenses	3,267,908	2,266,327
Refundable deposits	882,286	888,033
Others	<u>1,428,917</u>	<u>888,563</u>
	<b>167,851,598</b>	173,881,272
Provision for expected credit losses on receivables	<u>(76,438,033)</u>	<u>(76,431,553)</u>
	<u><b>91,413,565</b></u>	<u>97,449,719</u>

The movements in the provision for expected credit losses on receivables are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	76,431,553	76,226,921
Provision during the year	15,993	219,792
Write-offs	<u>(9,513)</u>	<u>(15,160)</u>
At 31 December	<u><b>76,438,033</b></u>	<u>76,431,553</u>

### 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise the following items:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Cash in hand	184,244	175,659
Cash at bank - current accounts	22,062,829	63,978,975
Cash at bank - short-term deposits (Note i)	<u>30,000,000</u>	<u>-</u>
<b>Cash and cash equivalents</b>	<u><b>52,247,073</b></u>	<u>64,154,634</u>

*Note i*

Deposits held as at 31 December 2021 carried a profit rate of 2.1% (2020: Nil) per annum.

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

### NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

#### 12 SHARE CAPITAL

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
<i>Authorised, issued and fully paid:</i>		
281,441,000 ordinary shares of QR 1 each	<u>281,441,000</u>	<u>281,441,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### 13 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies' Law No. 11 of 2015 (as amended by Law No.8 of 2021) and the Company's Articles of Association, a minimum of 10% of the profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Articles of Association.

#### 14 CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Qatari Law No. 13 of 2008 and the related clarifications issued in January 2010, the Company is required to contribute 2.5% of its annual net profit to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in the statement of changes in equity.

During the year, the Company appropriated an amount of QR 1,976,528 (2020: QR 2,137,708) representing 2.5% of the net profit generated from operations.

#### 15 DIVIDENDS

At the Board Meeting held on 21 February 2022, a dividend in respect of the profit for the year ended 31 December 2021 of QR 0.25 per share amounting to a total dividend of QR 70,360,250 has been proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2022.

At the Annual General Meeting held on 23 February 2021, the shareholders of the Company approved a cash dividend of QR 0.28 per share relating to the year ended 31 December 2020. The total cash dividend amounted to QR 78,803,480 (2019: QR 78,803,480).

#### 16 BANK FACILITIES

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Bank facility - 1 (i)	42,840,362	32,564,987
Bank facility - 2 (ii)	14,311,069	-
Bank facility - 3 (iii)	2,892,892	-
Bank facility - 4 (iv)	-	3,559,204
	<u>60,044,323</u>	<u>36,124,191</u>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**16 BANK FACILITIES (CONTINUED)**

Presented in the statement of financial position as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Current	<b>20,325,571</b>	13,362,931
Non-current	<b>39,718,752</b>	22,761,260
	<b>60,044,323</b>	36,124,191

*Notes:*

- (i) The bank facility -1 represents an Islamic finance (Musawama) 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 has 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. In 2021, the Company has drawn down QR 23 million from the facility, to be repayable in 60 monthly instalments of QR 429,520 each and matures on 17 March 2026. The bank facility carries an annual profit rate of 4.5%.
- (ii) The bank facility -2 represents an Islamic finance (Murahaba commodity) facility of QR 15 million obtained from a bank in the State of Qatar for renovations of Al Ahli Hospital buildings. The bank facility is repayable in 60 monthly instalments of QR 273,203 each commencing on 8 October 2021 and matures on 8 September 2026. The bank facility carries annual profit rate of 3.5%.
- (iii) The bank facility -3 represents a cash line facility of QR 60 million obtained from a bank in the State of Qatar for working capital purposes, out of which the Company has withdrawn an amount of QR 2,889,792. The bank facility carries annual profit rate of 3.5%.
- (iv) The bank facility -4 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%. The bank facility was fully settled in April 2021.

**17 EMPLOYEES' END OF SERVICE BENEFITS**

Movements in the provision recognised in the statement of financial position are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	<b>70,672,752</b>	65,654,308
Provided during the year	<b>9,501,707</b>	9,028,892
End of service benefits paid	<b>(4,655,545)</b>	(4,010,448)
At 31 December	<b>75,518,914</b>	70,672,752

The Company has provided for its estimated obligation for pension contributions for Qatari staffs in accordance with the requirements of Qatari Retirement and Pension Law No. 24 of 2002. An amount of QR 203,183 as of 31 December 2021 (2020: QR 156,684) is yet to be remitted to the Retirement and Pension Authority is included in accounts payable and accruals as disclosed in Note 18.

# Medicare Group Q.P.S.C.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

### 18 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Trade payables	40,076,039	43,097,817
Accrued expenses	42,043,216	47,089,249
Dividends payable	25,192,498	24,465,057
Provision for contribution to social and sports fund (Note 14)	1,976,528	2,137,708
Payable to Retirement and Pension Authority (Note 17)	203,183	156,684
Advances from customers (Note 19)	192,500	31,653
Payable to staff	137,046	228,248
Credit card payable	26,461	57,894
	<u>109,847,471</u>	<u>117,264,310</u>

### 19 OPERATING INCOME

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
<i>Type of revenue</i>		
Revenue from patient services	426,500,890	421,168,023
Sale of medications	55,246,771	55,627,130
	<u>481,747,661</u>	<u>476,795,153</u>

All the revenue sources of the Company are earned inside the State of Qatar and recognised at point in time when the services are rendered and the control of the medications are transferred to its customers, generally on delivery at which time the performance obligation is considered to be fulfilled.

#### *Contract balances*

The Company's contract balances at gross amounts are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
<b>Contract asset</b>		
Trade receivables (Note 10)	<u>137,795,942</u>	<u>144,949,468</u>
<b>Contract liability</b>		
Advances from customers (Note 18)	<u>192,500</u>	<u>31,653</u>

### 20 OPERATING COSTS

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Staff costs	161,357,062	168,238,546
Medications and surgical costs	91,753,518	83,841,497
Doctors' charges	29,447,646	25,210,702
Depreciation of medical equipment	9,088,455	7,877,154
Utilities	2,916,012	1,172,828
Food costs	2,497,051	2,470,508
Fuel costs	839,587	979,267
Provision for obsolete and slow-moving inventories (Note 9)	137,587	-
	<u>298,036,918</u>	<u>289,790,502</u>

# Medicare Group Q.P.S.C.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

### 21 OTHER INCOME

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Rental income	2,680,692	2,660,910
Dividend income	2,008,695	2,563,807
Catering income	869,379	881,148
Write back of retention payables	68,114	865,501
Gain on foreign currency exchange	11,188	126,978
Gain from rent concession	-	2,250,000
Miscellaneous income	1,040,460	883,643
	<u>6,678,528</u>	<u>10,231,987</u>

### 22 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Staff costs	56,887,859	55,308,230
Maintenance and repairs	7,059,449	8,296,118
Outsourced staff costs	5,082,354	5,620,170
Insurance	3,290,125	3,051,288
Security and cleaning	3,266,849	3,439,893
Board of Directors' remuneration (Note 27)	2,897,661	3,197,248
IT development	2,510,072	1,255,732
Telephone and fax	2,479,856	1,805,795
Bank charges	1,408,411	1,172,227
Advertisement and promotion	1,197,143	1,701,989
Legal and professional fees	932,818	1,371,062
Printing and stationery	700,335	663,227
Governmental expenses	466,465	551,441
Medical waste	364,871	498,748
Committee remuneration (Note 27)	311,000	300,000
Charity	139,650	306,842
Others	375,148	528,008
	<u>89,370,066</u>	<u>89,068,018</u>

### 23 FINANCE COSTS

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Finance cost on lease liabilities	3,140,126	3,282,784
Finance cost on Islamic bank facilities	3,102	80,551
	<u>3,143,228</u>	<u>3,363,335</u>

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**24 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>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Profit attributable to ordinary shareholders of the Company	<u>79,061,137</u>	<u>85,508,337</u>
Weighted average number of ordinary shares outstanding during the year	<u>281,441,000</u>	<u>281,441,000</u>
Basic and diluted earnings per share	<u>0.28</u>	<u>0.30</u>

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

**25 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>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Bank guarantees	<u>203,000</u>	<u>203,000</u>

**b) Legal claims**

As at 31 December 2021, various legal claims were initiated by patients 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.

**c) Capital commitments**

The capital commitments of the Company as at 31 December 2021 amounted to QR 52,098,418 (2020: QR 57,196,226). This relates primarily to contracts entered for the development of buildings.

**26 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.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**27 RELATED PARTY DISCLOSURES**

Related parties represent major shareholders and their affiliates, directors and key management personnel of the Company, and companies of which they are the principal owners. Terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Finance income	<u>259,466</u>	<u>371,484</u>
Rental income	<u>243,600</u>	<u>345,705</u>
Bank charges	<u>(50,140)</u>	<u>(33,557)</u>
Finance costs (including borrowing cost)	<u>(2,172,803)</u>	<u>(2,024,496)</u>
Insurance expenses	<u>(12,973,223)</u>	<u>(12,704,718)</u>
Other expenses	<u>-</u>	<u>(21,000)</u>

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

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Bank balances	<u>14,058,704</u>	<u>63,555,209</u>
Short term deposits	<u>30,000,000</u>	<u>-</u>
Receivables	<u>980,567</u>	<u>110,380</u>
Profit receivable from deposits with an Islamic Bank	<u>194,479</u>	<u>194,479</u>
Bank facilities	<u>42,840,362</u>	<u>36,124,191</u>
Trade payables	<u>2,284,915</u>	<u>25,340</u>
Credit card payable	<u>26,461</u>	<u>41,331</u>

**Compensation of directors and other key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
Board of Directors' remuneration	<u>2,897,661</u>	<u>3,197,248</u>
Committee remuneration	<u>311,000</u>	<u>300,000</u>
Key management staff salaries and benefits	<u>4,499,830</u>	<u>3,943,687</u>
	<u>7,708,491</u>	<u>7,440,935</u>



NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**28 FINANCIAL RISK MANAGEMENT**

**Objectives and policies**

The Company's principal financial liabilities comprise trade and other payables, dividend payable and retention payable. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, financial assets at fair value through other comprehensive income and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. Management reviews and agrees policies for managing each of these risks which are summarised below:

**Market risk**

Market risk is the risk that changes in market prices, such as finance cost rates, foreign currency exchange rates and equity prices will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising return.

*Financing cost rate risk*

The Company's exposure to the risk of changes in market finance cost rates primarily relates to the Company's financial assets and liabilities with floating finance cost rates. As at 31 December 2021, the Company do not have financial assets and liabilities that are based on a floating cost rate.

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in currency exchange rates. Management is of the opinion that the Company's exposure to currency risk is minimal as there are no significant assets and liabilities that are denominated in foreign currencies as of the reporting date.

*Equity price risk*

The following table demonstrates the sensitivity of the fair value reserve to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	<i>Changes in equity prices</i>	<i>Effect on equity 2021 QR</i>	<i>Effect on equity 2020 QR</i>
Investments at fair value through other comprehensive income	+10%	6,630,991	6,603,430

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of bank balances and trade and other receivables.

With respect to credit risk arising from the other financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	<i>2021 QR</i>	<i>2020 QR</i>
Trade receivables	137,795,942	144,949,468
Bank balances	52,062,829	63,978,975
Due from investment securities broker	7,056,121	3,891,346
Refundable deposits	882,286	888,033
Other receivables	1,428,917	888,563
	<u>199,226,095</u>	<u>214,596,385</u>

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

**28 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Credit risk (continued)**

An impairment analysis is performed at reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

<i>31 December 2021</i>	<i>Current – 60 days QR</i>	<i>61 - 120 days QR</i>	<i>Over 120 days QR</i>	<i>Total QR</i>
Estimated total gross carrying amount	26,071,356	220,612	111,503,974	137,795,942
Expected credit loss	(16,168)	(68,806)	(76,353,059)	(76,438,033)
Expected credit loss rate	0.06%	31.2%	68.5%	55.4%
	<u>26,055,188</u>	<u>151,806</u>	<u>35,150,915</u>	<u>61,357,909</u>
<i>31 December 2020</i>	<i>Current – 60 days QR</i>	<i>61 - 120 days QR</i>	<i>Over 120 days QR</i>	<i>Total QR</i>
Estimated total gross carrying amount	32,406,469	120,498	112,422,501	144,949,468
Expected credit loss	(81,956)	(47,719)	(76,301,878)	(76,431,553)
Expected credit loss rate	0.3%	39.6%	67.9%	52.7%
	<u>32,324,513</u>	<u>72,779</u>	<u>36,120,623</u>	<u>68,517,915</u>

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of the Company's own reserves and bank facilities. The Company's terms of revenue require amounts to be paid within 30 to 90 days from the invoiced date.

The table below summarises the maturities of the Company's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market finance cost rates.

<i>31 December 2021</i>	<i>On demand QR</i>	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>More than 1 year QR</i>	<i>Total QR</i>
Trade payables	-	34,536,108	5,539,931	-	40,076,039
Bank facilities	-	4,866,109	17,491,220	42,285,979	64,643,308
Dividend payable	25,192,498	-	-	-	25,192,498
Provision for contribution to social and sports fund	-	1,976,528	-	-	1,976,528
Lease liabilities	-	1,350,000	4,050,000	86,400,000	91,800,000
<b>Total</b>	<u>25,192,498</u>	<u>42,728,745</u>	<u>27,081,151</u>	<u>128,685,979</u>	<u>223,688,373</u>

# Medicare Group Q.P.S.C.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

### 28 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity risk (continued)

<i>31 December 2020</i>	<i>On demand QR</i>	<i>Less than 3 months QR</i>	<i>3 to 12 months QR</i>	<i>More than 1 year QR</i>	<i>Total QR</i>
Trade payables	-	30,442,847	12,651,558	3,412	43,097,817
Bank facilities	-	3,618,449	10,973,372	23,696,094	38,287,915
Dividend payable	24,465,057	-	-	-	24,465,057
Provision for contribution to social and sports fund	-	2,137,708	-	-	2,137,708
Lease liabilities	-	998,000	4,500,000	91,800,000	97,298,000
<b>Total</b>	<b>24,465,057</b>	<b>37,197,004</b>	<b>28,124,930</b>	<b>115,499,506</b>	<b>205,286,497</b>

#### Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020. Capital comprises share capital and retained earnings and is measured at QR 354,405,472 as at 31 December 2021 (2020: QR 360,413,970).

The Company monitors capital using a gearing ratio, which is calculated as total debt divided by total equity and debt. The total debt comprised of the total borrowings (including current and non-current bank facilities as shown in the statement of financial position).

	<i>2021 QR</i>	<i>2020 QR</i>
Bank facilities (Note 16)	<b>60,044,323</b>	36,124,191
Total equity	<b>1,029,953,063</b>	1,028,232,551
Total equity and debt	<b>1,089,997,386</b>	1,064,356,742
Gearing ratio	<b>5.5%</b>	3.4%

### 29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison of the carrying amounts and fair value of the Company's financial instruments as at 31 December 2021 and 2020:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>2021 QR</i>	<i>2020 QR</i>	<i>2021 QR</i>	<i>2020 QR</i>
<b>Financial assets</b>				
Bank balances	<b>52,062,829</b>	63,978,975	<b>52,062,829</b>	63,978,975
Trade and other receivables	<b>76,473,914</b>	79,478,036	<b>76,473,914</b>	79,478,036
Investments at fair value through other comprehensive income	<b>66,309,911</b>	66,034,304	<b>66,309,911</b>	66,034,304
<b>Financial liabilities</b>				
Trade and other payables	<b>67,804,255</b>	70,175,061	<b>67,804,255</b>	70,175,061
Retention payable	<b>132,715</b>	132,715	<b>132,715</b>	132,715
Bank facilities	<b>60,044,323</b>	36,124,191	<b>60,044,323</b>	36,124,191

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

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

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. The following methods and assumptions were used to estimate the fair values:

- The carrying amounts of bank balances, trade and other receivables, trade and other payables and retention payable approximate their fair values largely due to the short-term maturities of these instruments.
- The fair value of quoted investments is based on price quoted at the end of the reporting period.

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 which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

As at 31 December 2021 and 31 December 2020, the Company held the following classes of financial instruments measured at fair value:

	<i>2021</i> <i>QR</i>	<i>Level 1</i> <i>QR</i>	<i>Level 2</i> <i>QR</i>	<i>Level 3</i> <i>QR</i>
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	<u>66,309,911</u>	<u>66,309,911</u>	-	-
	<u>66,309,911</u>	<u>66,309,911</u>	-	-
<b>Non-financial assets</b>				
Revalued land and building	<u>751,963,270</u>	-	-	<u>751,963,270</u>
Investment properties	<u>25,881,077</u>	-	-	<u>25,881,077</u>
	<u>777,844,347</u>	-	-	<u>777,844,347</u>
	<i>2020</i> <i>QR</i>	<i>Level 1</i> <i>QR</i>	<i>Level 2</i> <i>QR</i>	<i>Level 3</i> <i>QR</i>
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	<u>66,034,304</u>	<u>66,034,304</u>	-	-
	<u>66,034,304</u>	<u>66,034,304</u>	-	-
<b>Non-financial assets</b>				
Revalued land and building	<u>760,847,314</u>	-	-	<u>760,847,314</u>
Investment properties	<u>25,868,933</u>	-	-	<u>25,868,933</u>
	<u>786,716,247</u>	-	-	<u>786,716,247</u>

There were no transfers between Level 1 and Level 2 measurements during the period, and no transfers into or out of Level 3 fair value measurements during the year.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2021

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

*Reconciliation of Level 3 fair values*

The following table shows a reconciliation from the opening balances to closing balances for Level 3 fair values:

	<i>2021</i> <i>QR</i>	<i>2020</i> <i>QR</i>
At 1 January	<b>786,716,247</b>	795,627,765
Additions	<b>914,500</b>	781,359
Fair value gain	<b>12,144</b>	54,278
Depreciation charge for the year	<b>(9,798,544)</b>	(9,747,155)
At 31 December	<b><u>777,844,347</u></b>	<u>786,716,247</u>

**30 SIGNIFICANT ESTIMATES AND JUDGMENTS**

**Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Provision for expected credit losses of trade and other receivables*

The 'expected credit loss' (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. It is expected that under the new impairment model credit losses will be recognised earlier.

At the reporting date, gross trade receivables were QR 137,795,942 (2020: QR 144,949,468) and the allowance for expected credit losses was QR 76,438,033 (2020: QR 76,431,553). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss and other comprehensive income.

*Fair value of properties carried under the revaluation model and investment properties*

Fair value is the price that would be received upon the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used. In addition, the properties that are used for its business operations are measured under the revaluation model of IAS 16, with changes in fair value being recognised in OCI. These assets are revalued on periodic basis by either engaging a real estate valuation expert or internally to value the properties at the date of statement of financial position. The third-party valuers utilise methods and techniques generally recognised as standard within the industry.

**30 SIGNIFICANT ESTIMATES AND JUDGMENTS (CONTINUED)**

**Use of estimates and judgments (continued)**

*Fair value of properties carried under the revaluation model and investment properties (continued)*

These techniques include the sales comparison, discounted cash flows or the capitalization of future cash streams of the underlying asset using the prevailing capitalization rate for similar properties or similar geographies. The valuation experts use their judgement in identifying the appropriate valuation technique for valuing the asset, identifying comparable assets, and determining the unobservable valuation inputs used in the valuation models including the depreciated replacement cost per square meter of built up area and the market price per square foot of land. Management assessment of the change in fair value in the current year is disclosed in Note 6.

*Impairment of inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

At the reporting date, gross inventories were QR 35,271,455 (2020: QR 28,456,878) with provision for obsolete and slow-moving inventories of QR 5,104,229 (2020: QR 4,966,642). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of profit or loss and other comprehensive income.

*Useful lives of property and equipments*

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

*Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

*Right-of-use assets and lease liabilities*

*Significant judgement in determining the lease term of contracts with renewal options*

The lease term determined by the Company comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. For lease contracts with indefinite term, the Company estimates the length of the contract to be equal to the estimated useful life of non-current assets located in the leased property and physically connected with it or determines the length of the contract to be equal to the average or typical market contract term of particular type of lease. The same economic useful life is applied to determine the depreciation rate of right-of-use assets.

The present value of the lease payment is determined using the discount rate representing the rate of finance cost rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Company's rating, observed in the period when the lease contract commences or is modified.

*Incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the profit rate that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as when the Company do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency).

The Company estimates the IBR using observable inputs (such as the profit rate) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

**31 EFFECT OF COVID-19**

The outbreak of novel coronavirus (COVID-19) continues to progress and evolve, causing disruption to business and economic activity. During the year, there has been macro-economic uncertainty with regards to prices and demand for commodities. However, the scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. The Company is monitoring the evolution of the COVID 19 pandemic and will continue to assess further impacts going forward.

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.