

MEDICARE GROUP Q.P.S.C.
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2019



Medicare Group (Q.P.S.C.)
Condensed Interim Financial Statements
For the nine month period ended 30 September 2019

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Medicare Group (Q.P.S.C.)
Condensed interim statement of financial position
As at 30 September 2019

In Qatari Riyals

	Note	30 September 2019 (Unaudited)	31 December 2018 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	959,707,258	942,705,452
Right-of-use of assets	6	67,630,786	-
Financial investments at fair value through other comprehensive income		60,365,909	52,058,974
		1,087,703,953	994,764,426
Current assets			
Inventories		23,516,308	23,087,344
Accounts receivable and prepayments	10	102,449,003	93,359,187
Cash and bank balances	8	47,236,172	93,638,410
		173,201,483	210,084,941
Total assets		1,260,905,436	1,204,849,367
Equity and liabilities			
Equity			
Share capital		281,441,000	281,441,000
Legal reserve		83,817,363	83,817,363
Fair value reserve		6,076,283	(2,230,652)
Revaluation surplus		560,120,312	563,478,921
Retained earnings		54,372,265	91,477,253
Total equity		985,827,223	1,017,983,885
Non-current liabilities			
Interest bearing loans	9	27,042,776	16,031,599
Lease liabilities	6	65,190,547	-
Employees' end of service benefits		64,028,901	60,176,490
Retention payable		43,340	-
		156,305,564	76,208,089
Current liabilities			
Accounts payable and accruals		103,421,199	94,801,413
Interest bearing loans	9	8,830,713	14,974,430
Lease Liabilities	6	3,361,729	-
Retention payable		3,159,008	881,550
		118,772,649	110,657,393
Total liabilities		275,078,213	186,865,482
Total equity and liabilities		1,260,905,436	1,204,849,367

These financial statements were approved and signed on behalf of the Board of Directors on 9 October 2019 by:


Abdulla Bin Thani Bin Abdulla Al-Thani
Chairman


Khalid Mohammed Al-Emadi
Chief Executive Officer

The notes from pages 5 to 14 form an integral part of these unaudited condensed interim financial statements.

Medicare Group (Q.P.S.C.)
Condensed interim statement of profit or loss and other comprehensive income
For the nine month period ended 30 September 2019

In Qatari Riyals

	Note	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
Operating income		356,109,845	357,483,801
Operating costs	11	<u>(218,327,917)</u>	<u>(217,091,864)</u>
Gross profit		<u>137,781,928</u>	<u>140,391,937</u>
Income from deposit with an Islamic bank		1,085,280	594,822
Other income	12	6,993,386	6,333,585
General and administrative expenses	13	(71,812,033)	(68,612,838)
Depreciation of property and equipment	5	(22,862,279)	(23,518,980)
Depreciation of right-of-use assets	6	(3,461,235)	-
Provision for impairment of receivables	10	(727,538)	(13,241,745)
Finance cost		<u>(3,028,806)</u>	<u>(1,194,396)</u>
Net profit for the period		<u>43,968,703</u>	<u>40,752,385</u>
Net gain from investments at fair value through other comprehensive income		8,306,935	5,264,291
Other comprehensive income for the period		<u>8,306,935</u>	<u>5,264,291</u>
Total comprehensive income for the period		<u>52,275,638</u>	<u>46,016,676</u>
Basic and diluted earnings per share (expressed in Qatari Riyals per share)	14	<u>0.16</u>	<u>0.14</u>

The notes from pages 5 to 14 form an integral part of these unaudited condensed interim financial statements.

Medicare Group (Q.P.S.C.)
Condensed interim statement of changes in equity
for the nine month period ended 30 September 2019

In Qatari Riyals

	Share capital	Legal reserve	Fair value reserve	Revaluation surplus	Retained earnings	Total
Balance as at 1 January 2019 (Audited)	281,441,000	83,817,363	(2,230,652)	563,478,921	91,477,253	1,017,983,885
Net profit for the period	-	-	-	-	43,968,703	43,968,703
Other comprehensive income	-	-	8,306,935	-	-	8,306,935
Total comprehensive income	-	-	8,306,935	-	43,968,703	52,275,638
Dividends (note 7)	-	-	-	-	(84,432,300)	(84,432,300)
Transfer of depreciation of revalued assets	-	-	-	(3,358,609)	3,358,609	-
Balance at 30 September 2019 (Unaudited)	281,441,000	83,817,363	6,076,283	560,120,312	54,372,265	985,827,223
Balance as at 1 January 2018 (Audited)	281,441,000	75,366,231	(11,861,482)	534,148,663	122,654,883	1,001,749,295
Net profit for the period	-	-	-	-	40,752,385	40,752,385
Other comprehensive income	-	-	5,264,291	-	-	5,264,291
Total comprehensive income	-	-	5,264,291	-	40,752,385	46,016,676
Dividends (note 7)	-	-	-	-	(112,576,400)	(112,576,400)
Transfer of income on sale of investments at fair value through other comprehensive income	-	-	(255,546)	-	255,546	-
Transfer of depreciation of revalued assets	-	-	-	(3,597,909)	3,597,909	-
Balance at 30 September 2018 (Unaudited)	281,441,000	75,366,231	(6,852,737)	530,550,754	54,684,323	935,189,571

The notes from pages 5 to 14 form an integral part of these unaudited condensed interim financial statements.

Medicare Group (Q.P.S.C.)
Condensed interim statement of cash flows
for the nine month period ended 30 September 2019

In Qatari Riyals

	Note	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
Operating activities			
Net profit for the period		43,968,703	40,752,385
Adjustments for:			
- Depreciation of property and equipment	5	22,862,279	23,518,980
- Depreciation of right-of-use assets	6	3,461,235	-
- Provision for employees' end of service benefits		7,150,791	8,746,412
- Provision for obsolete and slow moving inventories		296,427	3,415,245
- Finance cost		3,028,806	1,194,396
- Provision for impairment of receivables	10	727,538	13,241,745
- Income from deposits with an Islamic banks		(1,085,280)	(594,822)
- Dividend Income	12	(2,575,155)	(2,818,990)
Operating profit before working capital changes		77,835,344	87,455,351
Working capital changes:			
- Inventories		(725,391)	(211,387)
- Accounts receivable and prepayments		(9,440,130)	(7,677,100)
- Accounts payable and accruals		7,642,439	746,398
- Retention payable		2,320,798	-
Cash from operating activities		77,633,060	80,313,262
Employees' end of service benefits paid		(3,298,382)	(3,076,683)
Contribution paid to social and sports fund		(2,112,783)	(2,000,049)
Finance cost paid		(3,028,806)	(1,194,396)
Net cash flows from operating activities		69,193,089	74,042,134
Investing activities			
Acquisition of property and equipment	5	(39,864,085)	(18,557,829)
Net movement in deposits with maturity of more than 90 days		5,000,000	10,065,748
Proceeds from sale of financial investments at fair value through OCI		-	3,445,919
Income from deposits with an Islamic bank		708,057	594,822
Dividend income received		2,575,155	2,818,990
Lease liability		(2,539,745)	-
Net cash used in investing activities		(34,120,618)	(1,632,350)
Financing activities			
Cash dividends paid		(81,342,169)	(109,852,509)
New loans taken		19,000,000	12,000,000
Repayment of loans		(14,132,540)	(11,010,714)
Net cash used in financing activities		(76,474,709)	(108,863,223)
Net change in cash and cash equivalents		(41,402,238)	(36,453,439)
Cash and cash equivalents at the beginning of the period		53,638,410	52,053,378
Cash and cash equivalents at the end of the period	8	12,236,172	15,599,939

The notes from pages 5 to 14 form an integral part of these unaudited condensed interim financial statements.

Medicare Group (Q.P.S.C.)
Notes to the condensed interim financial statement
For the nine month period ended 30 September 2019

1. Reporting entity

Medicare Group Q.P.S.C. (formerly known as Al Ahli Specialized Hospital Company Q.S.C) is a Qatari Shareholding Company incorporated on 30 December 1996 under commercial registration number 18895. The Company's main activity is the operation of a specialized hospital and promote medical services in the State of Qatar. The Company's registered office address is 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 unaudited interim condensed financial statements of the Company for the nine months ended 30 September 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 9 October 2019.

2. Basis of accounting

(a) Statement of compliance

These interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with Company's last annual financial statements as at and for the year ending 31 December 2018 (last annual financial statements). These financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the company's financial position and performance since the last annual financial statements.

This is the first year of the Company's financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4.

3. Uses of judgements and estimates

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2018, except for new significant judgements related to lessee accounting under IFRS 16, which are described below.

4. Changes in significant accounting policies

Except as described below, the accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2019.

The Company has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

4. Changes in significant accounting policies (continued)

IFRS 16 “Leases”

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company applied the modified retrospective approach, under which the comparative figures are not restated and the impact of adopting the new standard is reflected retrospectively. Accordingly, the comparative information presented for 2018 has not been restated. The Company recognised right of use assets and lease liabilities in the condensed interim statement of financial position, measured at the present value of the future lease payments on adoption (adjusted for any prepaid or accrued lease expenses). As a result, there were no adjustments to the Company's retained earnings on initial adoption of the new standard on 1 January 2019.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019.

The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Company determined at the contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Company has lease contracts for buildings for its operations and residential units for its employees.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and short term contracts (less than 12 months). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets and lease liabilities as separate line items on the face of the balance sheet.

4. Changes in significant accounting policies (continued)

IFRS 16 "Leases" (continued)

B. As a lessee (continued)

I. Summary of significant accounting policies

Right-of-use assets:

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

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 liability

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 interest 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 interest 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.

II. Transition

Previously, the Company classified property leases as operating leases under IAS 17. These included the leases of a building and employee accommodations. The Company's leases terms range from 1 year to 20 years. Certain leases include an option to renew the lease for additional years after the end of the non-cancellable period.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

4. Changes in significant accounting policies (continued)

IFRS 16 "Leases" (continued)

B. As a lessee (continued)

II. Transition (continued)

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application
- The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

C. Impacts on financial statements

Impacts on transition

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	1 January 2019
Right-of-use assets	71,171,775
Lease liabilities	71,171,775

D. Impact on the financial statements

I. Impacts on transition

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5% which reflects the market borrowing rate.

	1 January 2019
Operating lease commitment at 31 December 2018 as disclosed in the Company's financial statements	8,414,500
Discounted using the incremental borrowing rate at 1 January 2019	71,727,025
- Recognition exemption for leases with less than 12 months of lease term at transition	(555,250)
Lease liabilities recognised at 1 January 2019	<u>71,171,775</u>

The Company while disclosing the lease commitments as at 31 December 2018 did not consider the renewal option on one contract which resulted into material difference between the lease commitment disclosed as at 31 December 2018 and the lease liability recorded upon adoption of IFRS 16.

II. Impact for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised QR 67,630,786 of right-of-use assets and QR 68,552,276 of lease liabilities as at 30 September 2019.

4. Changes in significant accounting policies (continued)

IFRS 16 "Leases" (continued)

D. Impacts on the financial statements (continued)

II Impact for the period (continued)

Also, in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the nine months ended 30 September 2019, the Company recognised QR 3,461,235 of depreciation charges and QR 2,595,255 of interest costs from these leases. For the comparative nine month period ended 30 September 2018, the Company recognised QR. 6,535,900 of the operating lease expenses.

The Company separated the total amount of cash paid into a principal portion and interest in the condensed interim cash flow statement.

5. Property and equipment

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Net book value at the beginning of the period / year	942,705,452	909,271,180
Additions	39,864,085	28,278,674
Revaluation gain	-	36,526,076
Disposals	-	(134,500)
Depreciation charge for the period / year	(22,862,279)	(31,370,478)
Accumulated depreciation relating to disposals	-	134,500
Net book value at the end of the period / year	<u>959,707,258</u>	<u>942,705,452</u>

6. Right-to-use assets and lease liabilities

This is the first set of the Company's condensed interim financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4. The details of Company's right-to-use assets is as follows:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Balance at 1 January 2019	-	-
Impact of initial application of IFRS 16	<u>71,171,775</u>	-
Adjusted balance at 1 January 2019	71,171,775	-
Depreciation charge for the period	(3,461,235)	-
Adjustment related to disposals	<u>(79,754)</u>	-
	<u>67,630,786</u>	-

6. Right-to-use assets and lease liabilities (continued)

In relation to above right-to-use assets, the Company has recorded lease liabilities as below:

	30 September 2019 (Unaudited)	31 December 2019 (Audited)
Balance at 1 January 2019	-	-
Impact of initial application of IFRS 16	71,171,775	-
Adjusted balance at 1 January 2019	<u>71,171,775</u>	-
Finance cost for the period	2,595,255	-
Adjustment related to disposals	(79,754)	-
Payments made during the period	<u>(5,135,000)</u>	-
	<u>68,552,276</u>	<u>-</u>

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

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Non-current	65,190,547	-
Current	<u>3,361,729</u>	-
	<u>68,552,276</u>	<u>-</u>

7. Dividends

At the Annual General Meeting held on 31 March 2019, the shareholders of the Company approved a cash dividend of QR 3 per share relating to the year ended 31 December 2018. The total cash dividend amounted to QAR 84,432,300 (30 September 2018: QAR 112,576,400).

8. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Cash in hand	84,583	91,251
Bank balances	12,207,750	23,603,320
Short term deposits *	35,000,000	70,000,000
Less: Provision for impairment on due from banks	<u>(56,161)</u>	<u>(56,161)</u>
Total cash and bank balances	47,236,172	93,638,410
Less: Deposits with original maturities of more than 90 days	<u>(35,000,000)</u>	<u>(40,000,000)</u>
Cash and cash equivalents	<u>12,236,172</u>	<u>53,638,410</u>

* Deposits held as at 30 September 2019 carried a profit average rate of 3.25% (30 September 2018: profit rate of 3.75%).

Medicare Group (Q.P.S.C.)
Notes to the condensed interim financial statement
For the nine month period ended 30 September 2019

In Qatari Riyals

9. Interest bearing loans

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Term loan (i)	8,830,713	19,903,790
Term loan (ii)	<u>27,042,776</u>	<u>11,102,239</u>
	<u>35,873,489</u>	<u>31,006,029</u>
Presented in the statement of financial position as follows:		
	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Current portion	8,830,713	14,974,430
Non-current portion	<u>27,042,776</u>	<u>16,031,599</u>
	<u>35,873,489</u>	<u>31,006,029</u>

Notes:

- (i) The term loan represents a facility of QR 70 million obtained from a bank in State of Qatar to finance the purchase of a building for employee accommodation in Al Mansoura area, State of Qatar. The loan is repayable in 60 monthly instalments of QR 1,278,514 and matures on 30 April 2020. The term loan is secured through the mortgage of the building purchased.
- (ii) The term loan represents a facility of QR 12 million obtained from a bank in State of Qatar to finance the extension and renovations of Al Ahli hospital buildings. The loan is repayable in 60 monthly instalments of QR 224,094 and matured on 16 July 2023. During the period ended 30 June 2019, the Company obtained a further loan of 19 million to fund its expansion project within the main hospital premises. The loan is repayable in 52 monthly instalments of QR 402,922 and matures on August 2023. The loan carries annual profit rate of 4.5%.

10. Accounts receivable and prepayments

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Gross trade receivables	146,673,831	139,218,451
Advance to suppliers	11,052,563	15,876,527
Due from investment securities broker	3,996,665	3,996,665
Refundable deposits	1,289,375	1,261,975
Prepaid expenses	9,062,559	4,907,075
Staff receivables	3,982,751	2,206,835
Others	<u>2,500,141</u>	<u>1,285,249</u>
	<u>178,557,885</u>	<u>168,752,777</u>
Less: Allowance for impairment of trade receivables (note 10.1)	<u>(76,108,882)</u>	<u>(75,393,590)</u>
	<u>102,449,003</u>	<u>93,359,187</u>

10.1. The movement in the allowance for impairment of trade accounts receivable is as follows:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
At 1 January	75,393,590	75,095,704
Provision during the period / year	727,538	1,005,781
Write off	<u>(12,246)</u>	<u>(707,895)</u>
	<u>76,108,882</u>	<u>75,393,590</u>

Medicare Group (Q.P.S.C.)
Notes to the condensed interim financial statement
For the nine month period ended 30 September 2019

In Qatari Riyals

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
11. Operating costs		
Staff costs	136,771,442	138,278,248
Medications and surgical costs	57,604,639	55,053,574
Community doctors expenses	15,760,796	8,659,718
Utilities	3,113,334	2,288,084
Food Cost	3,013,998	2,289,515
Fuel expenses	1,113,668	970,003
Other direct costs	653,613	737,477
Provision for obsolete and slow moving inventories	296,427	3,415,245
Rent	-	5,400,000
	<u>218,327,917</u>	<u>217,091,864</u>

11.1 For the period ended 30 September 2019, rent expenses were reflected as depreciation expense and finance costs. Refer to note 6 for details.

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
12. Other income		
Dividend income	2,575,155	2,818,990
Rental income	2,758,621	1,954,118
Catering Income	178,198	370,994
Gain on foreign currency exchange	178,037	156,388
Symposium income	50,464	162,635
Miscellaneous income	1,252,911	870,460
	<u>6,993,386</u>	<u>6,333,585</u>

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
13. General and administrative expenses		
Staff costs	45,529,077	43,024,588
Maintenance & repairs	5,398,442	5,331,989
Outsourced staff costs	4,386,033	3,905,205
Insurance	2,671,577	2,129,573
Telephone and fax	2,585,030	2,663,046
Cleaning	2,230,132	2,333,460
Advertisement and promotion	2,080,026	2,138,236
Board of Directors' remuneration	1,486,172	1,317,681
IT Development	1,306,969	1,240,376
Legal and professional fees	1,289,331	1,048,197
Bank charges	794,439	676,561
Printing and stationary	688,466	767,888
Government expenses	544,289	663,218
Medical Waste	436,140	458,603
Charity	220,929	546,238
Others	164,981	367,979
	<u>71,812,033</u>	<u>68,612,838</u>

14. 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:

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
Net profit for the period	<u>43,968,703</u>	<u>40,752,385</u>
Weighted average number of ordinary shares outstanding during the period	<u>281,441,000</u>	<u>281,441,000</u>
Basic and diluted earnings per share	<u>0.16</u>	<u>0.14</u>

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

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

15. Contingencies and commitments

a) Contingent liabilities

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

	30 September 2019 (Unaudited)	31 December 2018 (Audited)
Bank guarantees	<u>277,000</u>	<u>277,000</u>

b) Legal claims

As at 30 September 2019, various legal claims were initiated by patients and other third parties against the Company in the form of malpractice compensation claims and other miscellaneous claims. The Company's management exercises its judgement in assessing whether it would be made liable to settle any malpractice cases based on its understanding of the specifics of the case. Moreover, the Company has a malpractice insurance policy in place to cover all malpractice claims made as part of which the Company would be liable to settle the deductible amount (as per the insurance policy) whereas the remaining claim is covered by the insurance Company.

c) Capital commitments

The capital commitments of the company as at 30 September 2019 amounted to QR 59,469,965 (31 December 2018: 58,753,974). This relates primarily to contracts entered for the development of buildings.

16. Related party transactions

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

Transactions with related parties included in the unaudited interim statement of income are as follows:

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
Interest income	<u>1,085,280</u>	<u>594,822</u>
Rental income	<u>333,423</u>	<u>333,423</u>
Bank charges	<u>(22,140)</u>	<u>(34,620)</u>
Interest expenses	<u>(433,551)</u>	<u>(852,084)</u>
Insurance expenses	<u>(9,766,200)</u>	<u>(7,013,688)</u>

Transactions with related parties included in the unaudited interim statement of financial position are as follows:

	30 September 2019 (Unaudited)	31 December 2019 (Audited)
Bank balances	<u>11,749,160</u>	<u>23,559,297</u>
Short term deposits	<u>35,000,000</u>	<u>70,000,000</u>
Interest receivable	<u>377,223</u>	<u>494,336</u>
Interest bearing loans	<u>35,873,489</u>	<u>31,006,029</u>
Trade payable	<u>4,499,165</u>	<u>4,614,145</u>

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

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

	30 September 2019 (Unaudited)	30 September 2018 (Unaudited)
Board of Directors' remuneration	1,486,172	1,317,681
Total key management personnel benefits	<u>3,210,863</u>	<u>3,186,163</u>
	<u>4,697,035</u>	<u>4,503,844</u>