Al-Maidan Clinic For Oral Health Services Company K.S.C.P. and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2023

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL-MAIDAN CLINIC FOR ORAL HEALTH SERVICES COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al-Maidan Clinic for Oral Health Services Company K.S.C.P. (the "Parent Company") and subsidiary (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated 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 Auditors' responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 consolidated financial statements section of our reports, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated financial statements.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Expected credit losses ("ECL") on Trade Receivables

As at 31 March 2023, the Group has trade receivables amounting to KD 29,648,997 (2022: KD 25,077,495) and allowance for expected credit losses amounting to KD 13,419,108 (2022: KD 10,669,996).

The Group has applied the simplified approach under IFRS 9: 'Financial Instruments' ("IFRS 9") to measure ECL on trade receivables, which allows for lifetime ECL to be recognised from initial recognition of the trade receivables. The Group determines the ECL on trade receivables by using a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the individual trade receivables and the economic environment.

Due to the significance of trade receivables and the estimation involved in the ECL calculation, this was considered as a key audit matter.

As part of our audit procedures, we have assessed the reasonableness of the assumptions used in the ECL methodology by comparing them with historical data adjusted for current market conditions and forward-looking information. We considered management's criteria of aggregating trade receivables into segments and assessed whether the criteria for each segment is indicative of similar credit characteristics. We performed substantive procedure to test, on sample basis, the completeness and accuracy of information included in debtor's ageing report. Further, in order to evaluate the appropriateness of management judgements, we verified, on a sample basis, the customers' historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. We also considered the adequacy of the Group's disclosures relating to ECL, management's assessment of the credit risk and their responses to such risks in Note 13 and Note 21.1 to the consolidated financial statements.

Other information included in the Group's 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

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

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2023 Annual Report (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL-MAIDAN CLINIC FOR ORAL HEALTH SERVICES COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure, content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL-MAIDAN CLINIC FOR ORAL HEALTH SERVICES COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 March 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the year ended 31 March 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

7 June 2023
Kuwait

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March 2023

	Notes	***2023*** ***KD***	*2022* *KD*
Revenue	3	**72,600,145**	70,816,751
Cost of revenue	4	**(43,642,573)**	(42,720,866)
GROSS PROFIT		**28,957,572**	28,095,885
Other income	5	**1,594,224**	1,034,735
Impairment loss on property and equipment	8	**-**	(2,175,248)
Share of result of an associate	10	**(1,073,354)**	(50,759)
Impairment loss on associate	10	**-**	(2,409,494)
Administrative expenses		**(12,501,787)**	(13,154,578)
Allowance for expected credit losses on trade receivables and other receivables	13	**(3,114,321)**	(2,605,000)
(Allowance for) reversal of expected credit losses on related parties	18	**(195,200)**	1,251,264
Unrealised (loss) gain on financial assets at fair value through profit or loss		**(660,031)**	1,037,524
Realised loss on financial assets at fair value through profit or loss		**(7,461)**	-
Finance costs	9	**(99,006)**	(100,296)
PROFIT FOR THE YEAR BEFORE NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT, CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND BOARD OF DIRECTORS' REMUNERATION		**12,900,636**	10,924,033
NLST		**(437,471)**	(378,947)
Zakat		**(178,797)**	(151,479)
KFAS		**(116,308)**	(134,275)
Board of Directors' remuneration	18	**(10,000)**	(5,000)
PROFIT FOR THE YEAR	6	**12,158,060**	10,254,332
Attributable to:			
Equity holders of the Parent Company		**12,180,631**	10,279,850
Non-controlling interests		**(22,571)**	(25,518)
		12,158,060	10,254,332
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	**48.73 Fils**	41.12 fils

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023	*2022*
	KD	*KD*
PROFIT FOR THE YEAR	**12,158,060**	10,254,332
Other comprehensive income:		
Items that will not be reclassified subsequently to consolidated statement of income:		
Changes in fair value of financial assets at fair value through other comprehensive income	**(1,188,931)**	746,981
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**10,969,129**	11,001,313
Attributable to:		
Equity holders of the Parent Company	**10,979,897**	11,019,361
Non-controlling interests	**(34,460)**	(18,048)
	10,945,437	11,001,313

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	*2023 KD*	*2022 KD*
ASSETS			
Non-current assets			
Property and equipment	8	**12,241,227**	12,430,166
Right of use of assets	9	**1,715,365**	1,585,620
Investment in an associate	10	**1,498,076**	2,555,837
Financial assets at fair value through other comprehensive income	11	**6,203,773**	3,836,814
		21,658,441	20,408,437
Current assets			
Inventories	12	**2,555,216**	2,529,582
Account receivables and prepayments	13	**17,916,383**	16,229,037
Amount due from related parties	19	**11,942,932**	9,544,307
Financial assets at fair value through profit or loss	11	**9,594,610**	3,594,364
Cash and short-term deposits	14	**31,728,337**	30,488,331
		73,737,478	62,385,621
TOTAL ASSETS		**95,395,919**	82,794,058
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**22,500,000**	25,000,000
Treasury shares	15	**-**	(19,010)
Statutory reserve	15	**6,080,301**	4,790,237
Fair value reserve		**(241,382)**	935,660
Retained earnings		**34,419,811**	23,538,545
Equity attributable to equity holders of the Parent Company		**62,758,730**	54,245,432
Non-controlling interest		**(6,164)**	8,296
Total equity		**62,752,566**	54,253,728
Liabilities			
Non-current liabilities			
Employees' end of service benefits	16	**2,737,021**	2,601,203
Lease liabilities	9	**1,208,894**	1,008,724
		3,945,915	3,609,927
Current liabilities			
Lease liabilities	9	**582,370**	669,422
Account payables and accruals	17	**20,247,858**	17,290,366
Amount due to related parties	19	**6,734,251**	6,970,615
Bank overdraft	14	**1,132,959**	-
		28,697,438	24,930,403
Total liabilities		**32,643,353**	28,540,330
TOTAL EQUITY AND LIABILITIES		**95,395,919**	82,794,058

Talal A. Alkhars
Chairman

The attached notes 1 to 24 form part of these consolidated financial statements.

Al-Maidan Clinic for Oral Health Services Company K.S.C.P. and Subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital KD	*Treasury shares KD*	*Statutory reserve KD*	*Fair value reserve KD*	*Retained earnings KD*	*Sub-total KD*	*Non-controlling interest KD*	*Total KD*
Balance as at 1 April 2022	25,000,000	(19,010)	4,790,237	935,660	23,538,545	54,245,432	8,296	54,253,728
Profit (loss) for the year	-	-	-	-	12,180,631	12,180,631	(22,571)	12,158,060
Other comprehensive loss	-	-	-	(1,177,042)	-	(1,177,042)	(11,889)	(1,188,931)
Total comprehensive (loss) income for the year	-	-	-	(1,177,042)	12,180,631	11,003,589	(34,460)	10,969,129
Transfer to statutory reserve	-	-	1,290,064	-	(1,290,064)	-	-	-
Capital reduction (Note 15)	(2,500,000)	153	-	-		(2,499,847)	-	(2,499,847)
Sale of treasury shares (Note 9)	-	18,857	-	-	-	18,857	-	18,857
Loss on sale of treasury shares (Note 15)	-	-	-	-	(9,301)	(9,301)	-	(9,301)
Portion of capital increase of NCI in subsidiary	-	-	-	-	-	-	20,000	20,000
Balance as at 31 March 2023	**22,500,000**	**-**	**6,080,301**	**(241,382)**	**34,419,811**	**62,758,730**	**(6,164)**	**62,752,566**
Balance as at 1 April 2021	25,000,000	(19,010)	3,697,834	196,149	16,851,098	45,726,071	26,344	45,752,415
Profit (loss) for the year	-	-	-	-	10,279,850	10,279,850	(25,518)	10,254,332
Other comprehensive income	-	-	-	739,511	-	739,511	7,470	746,981
Total comprehensive income (loss) for the year	-	-	-	739,511	10,279,850	11,019,361	(18,048)	11,001,313
Transfers to statutory reserve	-	-	1,092,403	-	(1,092,403)	-	-	-
Dividend (Note 15)	-	-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Balance as at 31 March 2022	25,000,000	(19,010)	4,790,237	935,660	23,538,545	54,245,432	8,296	54,253,728

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For year ended 31 March 2023

	Notes	*2023* KD	*2022* KD
OPERATING ACTIVITIES			
Profit for the year before NLST, KFAS, Zakat and Board of Directors' remuneration		**12,900,636**	10,924,033
Noncash adjustments to reconcile profit for the year to net cash flows:			
Depreciation on property and equipment	8	**1,740,446**	1,640,655
Impairment loss on property and equipment	8		2,175,248
Depreciation on right of use assets	9	**699,867**	713,870
Unrealised loss (gain) on financial assets at fair value through profit or loss		**660,031**	(1,037,524)
Share of results of an associate	10	**1,073,354**	50,759
Impairment loss on associate	10	**-**	2,409,494
Gain on derecognition of right-of-use assets and lease liabilities	9	**(21,357)**	(13,574)
Realised loss on sale of financial assets through profit or loss	9	**7,461**	-
Allowance for expected credit losses on trade receivables	13	**3,114,321**	2,605,000
Allowance for (reversal of) expected credit losses on related parties	19	**195,200**	(1,251,264)
Finance costs	9	**99,006**	100,296
Provision for employees' end of service benefits	16	**641,810**	566,535
		21,110,775	18,883,528
Working capital adjustments:			
Inventories		**(25,634)**	(100,256)
Account receivables and prepayments		**(4,801,667)**	(1,310,120)
Amount due from related parties		**(2,593,825)**	1,920,134
Account payables and accruals		**2,219,238**	4,616,334
Amount due to related parties		**(236,364)**	(2,255,630)
Cash flows from operating activities		**15,672,523**	21,753,990
Employees' end of service benefits paid	16	**(505,992)**	(371,235)
Net cash flows from operating activities		**15,166,531**	21,382,755
INVESTING ACTIVITIES			
Purchase of property and equipment	8	**(1,551,507)**	(1,441,650)
Additions on investment in associate	10	**(15,593)**	(5,016,090)
Purchase of financial assets at fair value through profit or loss		**(6,732,943)**	(155,827)
Purchase of financial assets at fair value through other comprehensive income		**(3,608,790)**	(1,326,204)
Proceeds from reduction of financial assets at fair value through other comprehensive income		**52,900**	33,118
Proceeds from disposal of financial assets at fair value through profit or loss		**65,205**	-
Term deposits	14	**11,537,818**	(4,537,818)
Net cash flows used in investing activities		**(252,910)**	(12,444,471)
FINANCING ACTIVITIES			
Portion of capital increase of NCI in subsidiary		**20,000**	-
Finance cost paid		**(5,856)**	-
Capital reduction	5	**(2,499,847)**	-
Payment of lease liabilities	9	**(788,287)**	(806,497)
Dividends paid	15	**(4,322)**	(2,486,029)
Sale of treasury shares		**9,556**	-
Net cash flows used in financing activities		**(3,268,756)**	(3,292,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**11,644,865**	5,645,758
Cash and cash equivalents as at the beginning of the year		**18,950,513**	13,304,755
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	14	**30,595,378**	18,950,513
Non-cash transactions			
Additions to right-of-use assets	9	**(1,094,721)**	(420,076)
Derecognition of right-of-use assets	9	**265,109**	159,386
Additions to lease liabilities	9	**1,094,721**	420,076
Derecognition of lease liabilities	9	**(286,466)**	(172,960)

The attached notes 1 to 24 form part of these consolidated financial statements.

1 CORPORATE INFORMATION

Al-Maidan Clinic for Oral Health Services Company K.S.C.P. (the "Parent Company") is a Kuwaiti Shareholding Company registered and incorporated in Kuwait on 2 November 1992 and is engaged in the following activities as set forth in article No. 15 of the Parent Company's Articles of Association:

- Building and managing specialized medical centers in the field of dentistry and others;
- Contracting with doctors, nurses, and technicians to work for the clinic and for others, whether in Kuwait or abroad;
- Providing maintenance services for medical devices and equipment;
- Managing various medical centers and clinics, and providing medical services to help these centers;
- Conducting studies and researches related to the field of dentistry, and contracting with the Ministry of Public Health in this field;
- Establishing and managing specialized laboratories in the field of changing and implanting teeth;
- Providing dentistry services to government and private institutions as per contracts signed with these parties;
- Providing medical house services when necessary;
- Purchasing medical devices and equipment for itself and for others, and participating in government and private tenders;
- Owning properties and transportation necessary for the purposes of the Group;
- Utilizing financial surpluses available to the Group by investing them in financial portfolios managed by specialized companies and entities either inside or outside the State of Kuwait;
- The Group may have interests, or participate in any kind in, entities working in similar fields, or the ones that may assist the Group to achieve its purposes in Kuwait or abroad. The Group has the right to establish, participate, or acquire such entities.

The Group's registered head office is at P.O. Box 606, Dasman 15457, Kuwait.

The Parent Company's shares are listed on the Kuwait Stock Exchange. The Parent Company is a subsidiary of United Medical Services Company K.S.C. (Closed) (the "Intermediate Parent Company"). The Intermediate Parent Company is a subsidiary of Al Tafawoq United Holding Company K.S.C. (Closed) (formerly United Healthcare Holding Company K.S.C. (Closed)) (the "Ultimate Parent Company").

The consolidated financial statements of the Group for the year ended 31 March 2023, were authorised for issue in accordance with a resolution of the Board of Directors on 7 June 2023 and are subject to the approval of the Annual General Assembly of the shareholders of the Parent Company. The shareholders of the Parent Company have the power to amend these consolidated financial statements at Annual General Meeting.

The consolidated financial statements of the Group for the year ended 31 March 2022, were approved by the Annual General Assembly meeting of the Parent Company's shareholders held on 23 August 2022.

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of preparation
The consolidated financial statements are prepared under the historical cost basis except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Reference to the Conceptual Framework – *Amendments to IFRS 3*
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Consolidated Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Definition of Accounting Estimates - ***Amendments to IAS 8***
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Amendments to IAS 1: ***Classification of Liabilities as Current or Non-current***
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Disclosure of Accounting Policies - ***Amendments to IAS 1 and IFRS Practice Statement 2***
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the consolidated financial statements of the Parent Company and subsidiary (investee which is controlled by the Parent Company) including special purpose entities as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2.4 BASIS OF CONSOLIDATION (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises, the related assets (including goodwill), liabilities, non-controlling interest and other component of equity while any resultant gain or loss is recognised in consolidated statement of income. Any investment retained is recognised at fair value.

The principal subsidiary of the Group included in the consolidated financial statements as at 31 March 2023 is as follows:

Name of the subsidiary	*Country of incorporation*	***Effective equity interest as at 31 March***		***Principal Activities***
		2023	*2022*	
Maidan Capital for Buying and Selling Shares and Real Estate Company W.L.L.	Kuwait	99%	99%	Shares and Real Estate Trading

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group identifies contracts with customers, when applicable; identifies the performance obligations; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that despite the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

The Group has concluded that it is the principal in all of its revenue arrangements since it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Patients revenue
Patients revenue primarily comprises fees charged for inpatient and outpatient services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Patient revenues is recognised at a point in time, when (or as) the Group satisfies performance obligations, generally when services are rendered to its customers. Patients revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for providing services to a customer. Unbilled revenue is recorded for the service where the patients are not discharged, and invoice is not raised for the service.

Pharmacy sales
Revenue from pharmacy sales is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Other income
Other income is recognised when it is received or when the right to receive payment is established.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

National Labour Support Tax (NLST)

The Group calculates the NLST in accordance with Law No. 19 of 2000 and the Ministry of Finance Resolution No. 24 of 2006 at 2.5% of taxable profit for the year.

Zakat

Zakat is calculated at 1% of the profit for the year in accordance with the requirements of the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

Kuwait Foundation for the Advancement of Sciences (KFAS)

The Group calculated the contribution to Kuwait Foundation for the Advancement of Sciences in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that Directors' fees and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (if any).

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

▸ Building on leasehold land	20 years lease period
▸ Furniture and decoration	5 years
▸ Tools and equipment	5 years
▸ Medical equipment	5-10 years
▸ Motor vehicles	5-10 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

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 consolidated statement of income when the asset is derecognised.

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

Leases

Right-of-use assets

The Group 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 remeasurement 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 Group 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 Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities (continued)

In addition, the carrying amount of lease liabilities is remeasured 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 Group 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 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.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental revenues arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging 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 revenues. Contingent rents are recognised as revenue in the period in which they are earned.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of income reflects the Group’s share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the consolidated statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the group. When necessary adjustments are made to bring the accounting policies inline with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as ‘Impairment loss on associate’ in the consolidated statement of income.

Inventories

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 and is measured on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary courses of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGUs fair value less costs to sell and its value in use. Recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount by recognising impairment loss in the consolidated statement of income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of income.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets' or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions 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 consolidated statement of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial instruments
Financial assets
Initial recognition and measurement policy
The Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets.

Business model assessment
The Group determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The Group's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)
The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs, as well as, a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers:
- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cashflows that are unrelated to a basic lending arrangement do not give rise to contractual cashflows that are solely payment of principal and interest. In such cases, the financial asset is measured at fair value through profit or loss.

The Group has determined the classification and measurement of its financial assets as follows:

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)
Initial recognition and measurement policy (continued)

Financial assets at amortised cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes account receivables, amounts due from related parties, term deposits and cash and cash equivalents.

Account receivables and amount due from related parties
Account receivables and amount due from related parties are carried at undiscounted original invoiced amount less any expected credit losses.

Cash and cash equivalents
Cash and cash equivalents consist of bank balances, cash in hand and bank overdrafts, term deposits with an original maturity of three months or less. Cash and cash equivalents and term deposits are carried at amortised cost using effective interest rate.

Financial assets at FVOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Investments in equity instruments at FVOCI 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 recognised in other comprehensive income and accumulated in the cumulative changes in fair values reserve. The cumulative gain or loss will not be reclassified to consolidated statement of income on disposal of the equity investments, instead, they will be transferred to retained earnings.

Gain and losses on these financial assets are never recycled to consolidated statement of income. Dividends on these investments in equity instruments are recognised in consolidated statement of income when the Group's right to receive the dividends is established, except when the Group benefits from such proceeds as recovery of part of cost of the financial asset, in which case, such gain are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial assets (continued)
Initial recognition and measurement policy (continued)

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition except under circumstances in which the Group acquires, disposes of, or terminates a business line.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective profit rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by Group. A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)
Financial liabilities
Initial recognition and measurement
All financial liabilities are recognised at fair value, in case payables, net of directly attributable transaction costs.

The Group's financial liabilities include lease liabilities, accounts payable and accruals and amounts due to related parties.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as described below:

Account payables and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When 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 consolidated statement of income.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Employees' end of service benefits
The Group provides end of service benefits to all of 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. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group also makes contributions to Public Authority for Social Security scheme, calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognized when the Group 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.

Contingencies
Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Segment information
A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments. The segment information is presented in Note 20.

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

- Expected to be realised or intended to 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 Group classifies all other liabilities as non-current

Foreign currencies
Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates. The Group has used judgment and estimates principally in, but not limited, to the following:

Estimates and assumptions
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 Group 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Classification of financial assets
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for segmentation of customers with similar loss patterns (i.e., product type, customer type etc.). The provision matrix is initially based on Group's historical observed default rates. The Group adjusts the historically observed loss rates with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical oserved default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be a representative of customer's actual default in the future.

Expected credit losses on amounts due from related parties

The determination of ECLs on amounts due from related parties requires significant judgments in applying the related accounting requirements, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for measurement of ECL; and
- Establishing the number and relative weightings of forward-looking adjustments.

Information about significant judgments and estimates made by the Group in the above areas are stated in risk management policies in Note 20.1.

Useful lives of property and equipment

The 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.

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant decline in the market value beyond that which would be expected from the passage of time or normal use;
- significant changes in the technology and regulatory environments; and
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Leases - Estimating the incremental borrowing rate

The Group 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 rate of interest that the Group 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 Group 'would have to pay', which requires estimation. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates,

2.6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

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, based on historical selling prices.

Impairment of investment in an associate
Estimation of impairment of an associate is made when there is an indicator for this impairment. The assessment is made for the entire carrying amount of the Group's investments in associate including goodwill, accordingly, impairment testing of goodwill is not tested separately. Impairment and reversal of those losses are recognized in the consolidated statement of income.

3 REVENUE

Set out below is the disaggregation of the Group's revenue from customers based on type of services:

	2023	*2022*
	KD	*KD*
Outpatient revenue	**45,934,783**	45,792,700
Inpatient revenue	**19,539,063**	19,143,159
Pharmacy sales	**13,454,201**	12,039,046
Less: discount	**(6,327,902)**	(6,158,154)
	72,600,145	70,816,751
Geographical markets:		
Kuwait	**72,600,145**	70,816,751
Services performed at a point in time	**72,600,145**	70,816,751

4 COST OF REVENUE

	2023	*2022*
	KD	*KD*
Staff costs (Note 6)	**24,295,456**	23,716,331
Cost of inventories recognised as an expense	**10,139,020**	9,279,708
Depreciation on property and equipment (Note 6)	**1,352,597**	1,572,598
Depreciation on right of use assets (Note 9)	**624,217**	697,865
Visiting doctor and consultancy fees	**3,022,950**	3,055,074
Disposable items	**2,790,642**	2,862,618
Other operating costs	**1,417,691**	1,536,672
	43,642,573	42,720,866

5 OTHER INCOME

	2023 KD	*2022 KD*
Services income	**126,888**	25,768
Rental income	**150,818**	123,724
Dividend income	**184,685**	91,293
Finance income	**858,509**	332,700
Gain on derecognition of right-of-use assets and lease liabilities (Note 9)	**21,357**	13,574
Miscellaneous income	**251,967**	447,676
	1,594,224	1,034,735

6 PROFIT FOR THE YEAR

The profit for the year is stated after charging:

	2023 KD	*2022 KD*
Staff costs included in:		
Cost of revenue (Note 4)	**24,295,456**	23,716,331
Administrative expenses	**2,895,202**	2,637,729
	27,190,658	26,354,060
Depreciation on property and equipment included in:		
Cost of revenue (Note 4)	**1,352,597**	1,572,598
Administrative expenses	**387,849**	68,057
	1,740,446	1,640,655
Repair and maintenance expense included in administrative expenses	**4,043,594**	4,284,349
Marketing and distribution expense included in administrative expenses	**1,584,660**	828,582
Legal expenses included in administrative expenses	**478,955**	**1,049,396**
Rent expense included in administrative expenses (Note 9) *	**383,781**	314,802

*These related to short term lease contracts of the Group for year ended 31 March 2023.

7 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year less treasury shares. Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year less treasury shares plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 March, the Group had no outstanding dilutive potential shares.

7 BASIC AND DILUTED EARNINGS PER SHARE (continued)

The information necessary to calculate basic earnings per share based on the weighted average number of shares outstanding during the year is as follows:

	2023 KD	*2022 KD*
Profit for the year attributable to the equity holders of the Parent Company	**12,156,939**	10,279,850
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares)	**248,734,324**	249,984,669
Basic and diluted earnings per share	**48.88 fils**	41.12 fils

8 PROPERTY AND EQUIPMENT

	Building on leasehold land KD	*Furniture and decoration KD*	*Tools and equipment KD*	*Medical equipment KD*	*Motor vehicles KD*	*Total KD*
Cost:						
As at 1 April 2022	28,800,115	2,707,039	4,601,479	11,678,099	-	47,786,732
Additions	-	397,510	258,601	823,836	71,560	1,551,507
As at 31 March 2023	**28,800,115**	**3,104,549**	**4,860,080**	**12,501,935**	**71,560**	**49,338,239**
Depreciation:						
As at 1 April 2022	17,595,638	2,423,225	4,430,448	10,907,255	-	35,356,566
Charge for the year	1,440,006	113,197	67,788	119,455	-	1,740,446
As at 31 March 2023	**19,035,644**	**2,536,422**	**4,498,236**	**11,026,710**	**-**	**37,097,012**
Net carrying amount						
As at 31 March 2023	**9,764,471**	**568,127**	**361,844**	**1,475,225**	**71,560**	**12,241,227**

	Building on leasehold land KD	*Furniture and decoration KD*	*Tools and equipment KD*	*Medical equipment KD*	*Total KD*
Cost:					
As at 1 April 2021	28,800,115	2,416,981	4,174,190	10,953,796	46,345,082
Additions	-	290,058	427,289	724,303	1,441,650
As at 31 March 2022	28,800,115	2,707,039	4,601,479	11,678,099	47,786,732
Depreciation:					
As at 1 April 2021	16,155,631	2,002,542	3,740,847	9,641,643	31,540,663
Charge for the year	1,440,007	69,438	76,530	54,680	1,640,655
Impairment loss*	-	351,245	613,071	1,210,932	2,175,248
As at 31 March 2022	17,595,638	2,423,225	4,430,448	10,907,255	35,356,566
Net carrying amount					
As at 31 March 2022	11,204,477	283,814	171,031	770,844	12,430,166

Building is constructed on leasehold land leased from the Government of Kuwait (Ministry of Finance) for a period of 20 years. The leasehold land is included under IFRS 16 Leases (Note 9).

Depreciation charged for the year has been allocated in the consolidated statement of income as disclosed in Note 6.

9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

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

	2023	*2022*
	KD	*KD*
As at 1 April	**1,585,620**	2,038,800
Addition	**1,094,721**	420,076
Amortisation	**(699,867)**	(713,870)
Derecognition *	**(265,109)**	(159,386)
Net carrying amount:		
As at 31 March	**1,715,365**	1,585,620

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

	2023	*2022*
	KD	*KD*
As at 1 April	**1,678,146**	2,137,231
Additions	**1,094,721**	420,076
Finance cost	**93,150**	100,296
Payments	**(788,287)**	(806,497)
Derecognition *	**(286,466)**	(172,960)
As at 31 March	**1,791,264**	1,678,146
Non-current portion	**1,208,894**	1,008,724
Current portion	**582,370**	669,422
	1,791,264	1,678,146

* Derecognition of the right of use asset and lease liability represents the cancelation of lease contract. The group has recorded a gain on derecognition amounting to KD 21,357, recognised in other income (Note 5)

Set out below, are the amounts recognised in the consolidated statement of income related to leases:

	2023	*2022*
	KD	*KD*
Depreciation on right of use assets (included in cost of revenue) (Note 4)	**624,217**	697,865
Depreciation on right of use assets (included in administrative expenses)	**75,650**	16,005
Finance costs on lease liabilities	**93,150**	100,296
Expenses related to short term leases (included in administrative expenses) (Note 6)	**383,781**	314,802
Gain on derecognition of right-of-use assets and lease liabilities (Included in other income) (Note 5)	**(21,357)**	(13,574)
Total amounts recognised in consolidated statement of income	**1,155,441**	1,115,394

10 INVESTMENT IN ASSOCIATE

The Company's interest in of Kuwait Medical Services Company K.S.C. (Closed) is accounted for using the equity method in the financial statements. The following table summarises the financial information of Kuwait Medical Services Company K.S.C. (Closed) as included in its own financial statements.

	2023 ***KD***	***2023*** ***KD***
Total assets	**30,723,005**	29,047,479
Total liabilities	**(24,812,895)**	(18,680,728)
Equity	**5,910,110**	10,366,751
Company's share in the equity – 25.22% *	**1,490,530**	2,606,596
Goodwill	**7,546**	2,409,494
	1,498,076	5,016,090

	2023 ***KD***	***2023*** ***KD***
Revenue	**30,723,005**	**29,047,479**
Loss for the year	**(4,255,965)**	**(7,362,408)**
Company's share of loss for the year -25.22% *	**(1,073,354)**	**(1,853,118)**

A reconciliation of the above summarised financial information to the carrying amount of the associates is set out below:

	2023 ***KD***
As at 1 March	**2,555,837**
Acquired*	**15,593**
Share of result	**(1,073,354)**
As at 31 December	**1,498,076**

11 INVESTMENT SECURITIES

	2023	*2022*
	KD	*KD*
Financial assets at fair value through other comprehensive income		
Quoted securities	**5,902,579**	3,545,372
Unquoted securities	**301,194**	291,442
	6,203,773	3,836,814

	2023	*2022*
	KD	*KD*
Financial assets at fair value through profit or loss		
Quoted securities	**2,742,401**	3,135,449
Unquoted securities	**243,489**	458,915
Managed portfolios *	**5,499,250**	-
Unquoted managed funds	**1,109,470**	-
	9,594,610	3,594,364

Investment securities is managed by a related party (Note 19).

* Managed portfolios represents cash in portfolio and is a discretionary portfolio. The fair value is equivalent to carrying value since its cash in nature.

As at 31 March 2023, financial assets at fair value through profit or loss amounting to KD 869,859 (2022: KD 1,295,825) are in related parties entities (Note 19).

As at 31 March 2023, financial assets at fair value through other comprehensive income amounting to KD 1,903,707 (2022: KD 1,190,695) are in related parties entities (Note 19).

The hierarchy of determining and disclosing the fair values by valuation technique is presented in Note 23.

12 INVENTORIES

	2023	*2022*
	KD	*KD*
Drugs and medicines	**1,223,183**	1,309,739
Medical consumables	**1,332,033**	1,219,843
	2,555,216	2,529,582

During the year ended 31 March 2023, none of the inventory is impaired (2022: Nil)

13 ACCOUNT RECEIVABLES AND PREPAYMENTS

	2023	*2022*
	KD	*KD*
Trade receivables	**29,648,997**	25,077,495
Less: allowance for expected credit losses	**(13,424,996)**	(10,669,996)
Trade receivables (net)	**16,224,001**	14,407,499
Prepayments	**178,010**	445,041
Advances to suppliers	**212,952**	60,923
Other receivables *	**1,301,420**	1,315,574
	17,916,383	16,229,037

* Other receivables include amount paid for investment amounting to KD 469,566. During the year group has booked a provision for expected credit loss on other receivables amounting to KD 464,850.

13 ACCOUNT RECEIVABLES AND PREPAYMENTS (continued)

As at 31 March 2023, trade receivables at nominal value of KD 13,424,996 (2022: KD 10,669,996) were impaired and fully provided for. Movements in the allowance for expected credit losses were as follows:

	2023 ***KD***	*2022* *KD*
As at 1 April	**10,669,996**	8,064,996
Allowance for expected credit loss	**2,755,000**	2,605,000
As at the end of the year	**13,424,996**	10,669,996

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

The aging of trade receivables is disclosed in Note 21.1.

As at 31 March 2023, other receivables at nominal value of KD 358,312 (2022: KD Nil) were impaired and fully provided for. Movements in the allowance for expected credit losses were as follows:

	2023 ***KD***
As at 1 April	**-**
Allowance for expected credit loss	**359,312**
As at the end of the year	**359,312**

14 CASH AND CASH EQUIVALENTS

	2023 ***KD***	*2022* *KD*
Cash on hand	**61,004**	92,710
Bank balances	**3,433,197**	4,820,923
Short term deposits	**28,234,136**	25,574,698
Cash and cash equivalents as per consolidated statement of financial position	**31,728,337**	30,488,331
Less: term deposits having maturities more than three months	**-**	(11,537,818)
Less: bank overdrafts	**(1,132,959)**	-
Cash and cash equivalents as per consolidated statement of cash flows	**30,595,378**	18,950,513

Short term deposits are made for varying periods ranging from one day and three months and carry an effective profit rate ranging from 3.87% to 5.55% (2022: 0.72% to 1.87%) per annum .

The bank overdrafts are unsecured, denominated in KD from local bank and charge an average interest rate of 1% over Central Bank of Kuwait discount rate per annum.

Bank balances amounting to KD 57,234 (2022: KD 24,557) are in the name of related parties who have confirmed in writing that they are holding the bank balances on behalf of the Group (Note 19).

15 EQUITY

a) Share capital

	2023	*2022*
	KD	*KD*
Authorised, issued and fully paid-up in cash 225,000,000 shares (2022: 250,000,000 shares) of 100 fils each.	**22,500,000**	25,000,000

On 23 August 2022, the shareholders at their extraordinary general assembly meeting (EGM) approved on the proposal made by Annual General Assembly of the shareholders of the Parent Company held on 23 August 2022 for a partial reduction amounting to KD 2,500,000 in share capital from KD 25,000,000 to KD 22,500,000 by way of cash distribution to the shareholders effective on 10 October 2022 after obtaining all necessary regulations approvals which was paid in December 2022.

b) Dividend

As at 31 March 2023, dividend payable amounting to KD 17,295 (2022: KD 21,617) are recorded within "account payables and accruals" in the consolidated statement of financial position.

c) Statutory reserve

In accordance with the Companies' Law, and the Group's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before contribution to KFAS, NLST, Zakat and board of directors' remuneration and after offsetting accumulated losses brought forward shall be transferred to the statutory reserve based on the recommendation of the Group's board of directors. The annual general assembly of the Group may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice, unless such reserve exceeds 50% of the issued share capital.

d) Treasury shares

	2023	*2022*
	KD	*KD*
Number of treasury shares	**-**	15,331
Percentage of capital	**-**	0.01%
Market value – KD	**-**	9,076
Weighted average market price – fils	**-**	0.59

An amount equivalent to the cost of purchase of treasury shares (unpledged) have been earmarked as non-distributable from reserve throughout the holding period of treasury shares.

During the year, the shareholders at their extraordinary general assembly meeting (EGM) approved, to reduce treasury shares amounting to KD 153 from KD 19,010. Further during the period, the Parent company sold the remaining treasury shares of KD 18,857 at Market value of KD 9,709 and the resulting loss on sale of treasury shares amounting to KD 9,301 have been recorded in the consolidated statement of changes in equity.

16 EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision for employees' end of service benefits is as follows:

	2023	*2022*
	KD	*KD*
As at the beginning of the year	**2,601,203**	2,405,903
Charge for the year	**641,810**	566,535
End of service benefits paid	**(505,992)**	(371,235)
As at the end of the year	**2,737,021**	2,601,203

17 ACCOUNT PAYABLES AND ACCRUALS

	2023	*2022*
	KD	*KD*
Trade payables	**4,822,821**	3,749,976
Staff payables*	**2,707,607**	2,307,702
Accrued expenses **	**8,922,196**	7,440,579
Other payables***	**3,818,926**	3,792,109
	20,271,550	17,290,366

* Included in staff payable an amount of KD 1,754,980 (2022: KD 1,166,295), which represent provision of bonus payable to staff

** Included in accrued expenses an amount of KD 2,222,405 (2022: KD 1,971,398), which represents doctor's commission payable.

*** Included in other payables an amount of KD 3,041,922 (2022: KD 2,591,992), which represents legal cases provision as a result of the Group operations.

18 CONTINGENT LIABILITIES

At the reporting date, the Group had contingent liabilities in respect of bank guarantee arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to KD 69,740 (2022: KD 69,740).

19 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. major shareholders, associated companies, directors and key management personnel of the Group, and other related parties such as the Ultimate Parent Company and companies in which those parties are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management. Details of significant related party transactions and balances are as follows:

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

	Ultimate Parent Company KD	*Intermediate Parent Company KD*	*Entities under common control KD*	*2023 KD*	*2022 KD*
Patients' revenue	**-**	**-**	**51,770**	**51,770**	35,505
Cost of revenues*	**-**	**-**	**784,884**	**784,884**	2,824,802
Administrative expenses**	**141,901**	**18,000**	**13,190**	**173,091**	918,241
Other income ***	**-**	**-**	**7,700**	**7,700**	7,200

*Included in cost of revenue an amount of KD 784,884 (2022: KD 1,750,000), which represents technical, financial, managerial and legal consultation rendered between the Parent Company and an entity under common control.

**Included in administrative expenses an amount of KD 129,901 (2022: KD 250,000), which represents supervision and maintenance fees for services, rendered between the Parent Company and other related parties.

*** Included in other income an amount of KD 7,700 (2022: KD 7,200), which represents for supervision fees for services rendered between the Parent company and other related parties.

19 RELATED PARTY TRANSACTIONS (continued)

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

	Shareholders KD	*Ultimate Parent Company KD*	*Intermediate Parent Company KD*	*Entities under common control KD*	***2023 KD***	*2022 KD*
Amount due from related parties	-	566,546	10,737,811	638,575	**11,942,932**	9,544,307
Financial assets at fair value through profit or loss	-	243,489	-	626,368	**869,857**	1,295,825
Financial assets at fair value through other comprehensive income	-	-	223,872	1,679,835	**1,903,707**	1,190,695
Dividend payable (included in other payable) - Note 15	17,295	-	-	-	**17,295**	21,167
Account payables and accruals	-	-	-	-	-	500,000
Amount due to related parties	-	-	65,919	6,668,332	**6,734,251**	6,970,615

Investment securities is managed by related party (Note 11).

Cash and cash equivalents include bank balances amounting to KD 57,234 (2022: KD 24,557) are in the name of related parties who have confirmed in writing that they are holding the bank balances on behalf of the Group (Note 14).

Amount due from/ to related parties are interest free and are receivable/ payable on demand.

For the year ended 31 March 2023, the Group has recorded allowance for expected credit loss of KD 935,500 (2022: 740,300) relating to amounts due from related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operates.

Movement of expected credit losses on amount due from related parties is as follows:

	2023 KD	*2022 KD*
As at 1 April	**740,300**	1,991,564
Expected credit loss	**195,200**	-
Reversal for expected credit losses on related parties	-	(1,251,264)
As at the end of the year	**935,500**	740,300

The information about the credit quality of amount due from related parties as at reporting date is disclosed in Note 21.1 For the year ended 31 March 2023.

Key management personnel compensation:
The remuneration of directors and other members of key management during the year are as follow:

	2023 KD	*2022 KD*
Salaries and short-term benefits	**286,800**	155,100
Employees’ end of service benefits	**20,329**	12,929
Directors’ remuneration	**10,000**	5,000
	317,129	173,029

19 RELATED PARTY TRANSACTIONS (continued)

The board of directors of the Parent Company had proposed directors' remuneration of KD 15,000 for the year ended 31 March 2023 subject to the approval of the shareholders' approval in the annual general assembly meeting (AGM). Further, the shareholders of the Parent Company in the AGM held on 23 August 2022, had not approved proposed directors' remuneration of KD 5,000 for the year ended 31 March 2022 and had been reversed and adjusted against current year's provision.

20 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on activities and nature of services provided and has two reportable segments. The Group does not have material inter-segment transactions. The segment information is presented on the same basis as that used for internal reporting purposes by the chief operating decision maker. The two reportable segments are as follows:

Clinics	Clinics provide services relating to oral health care, diagnosis, consultations and treatment to outpatients with specialty in dental treatment.
Hospital	Hospital provides services relating to medical diagnosis, health care, consultations, surgical and treatment to both outpatients and inpatients with various specialties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Geographically, all the revenues and results of the Group are from activities mainly in the State of Kuwait. Also, all the assets and liabilities of the Group are located in the State of Kuwait.

Segment revenues includes patients' revenue and pharmacy sales.

2023	***Clinics KD***	***Hospital KD***	***Capital KD***	***Total KD***
Segment revenue	**6,989,567**	**65,610,578**	**-**	**72,600,145**
Segment results	**317,268**	**14,840,422**	**(2,257,054)**	**12,900,636**
Total assets	**8,236,167**	**62,014,126**	**25,145,626**	**95,395,919**
Total liabilities	**7,658,278**	**24,978,767**	**30,000**	**32,667,045**
Other disclosures:				
Capital expenditure (Note 8)	**711,860**	**768,087**	**-**	**1,479,947**
Depreciation (Note 8 and Note 9)	**827,862**	**1,612,451**	**-**	**2,440,313**

2022	*Clinics KD*	*Hospital KD*	*Capital KD*	*Total KD*
Segment revenue	7,833,006	62,983,745	-	70,816,751
Segment results	953,757	12,522,046	(2,551,770)	10,924,033
Total assets	8,553,746	51,636,089	22,604,223	82,794,058
Total liabilities	7,096,929	20,982,497	460,904	28,540,330
Other disclosures:				
Capital expenditure (Note 8)	450,420	991,230	-	1,441,650
Depreciation (Note 8 and Note 9)	789,733	1,564,792	-	2,354,525
Impairment loss on property and equipment (Note 9)	-	2,175,248	-	2,175,248
Impairment loss on associate (Note 10)	-	2,409,494	-	2,409,494

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. These are monitored through strategic planning process. No change has been made in risk management approach and policies during the year ended 31 March 2023.

The Group is mainly exposed to credit risk, liquidity risk and exposure to market risk which is limited to interest rate risk and equity price risk as the Group mainly deals in Kuwaiti dinars. The Group's management is responsible for overseeing and management of these risks. The Group's management reviews and agrees policies for managing each of these risks which is summarised below:

21.1 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 Group's exposure to credit risk from trade receivables, amount due from related parties and bank balances arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Outstanding customer receivables are regularly monitored. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, trading history with the Group and existence of previous financial difficulties.

As at 31 March 2023, the Group has approximately 43 insurance companies (2022: 38 insurance companies) and accounting for approximately 91% (2022: 89%) of trade receivables.

With respect to trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The provision rates are based on days past due and customer segments with similar loss patterns (i.e., product and customer type etc.). The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due more than 365 days are not subject to enforcement activity and there is no possibility to recover these amounts in the near future. The maximum exposure to credit risk at the reporting date is the carrying value of each trade receivable. The Group does not have a policy to obtain collaterals against trade receivables.

The table below provides the information about the credit exposure on the Group's trade receivables using provision matrix.

	Days past due				
	<90 Days	***90-180 days***	***180 – 365 days***	***>365 days***	***Total***
2023	***KD***	***KD***	***KD***	***KD***	***KD***
Estimated total gross carrying amount at default	**9,990,670**	**6,210,220**	**3,011,285**	**10,436,822**	**29,648,997**
Expected credit loss	**851,715**	**985,070**	**1,151,351**	**10,436,860**	**13,424,996**
Expected credit loss rate	**9%**	**16%**	**38%**	**100%**	**45%**

	Days past due				
	<90 days	*90-180 days*	*180 – 365 days*	*>365 days*	*Total*
2022	*KD*	*KD*	*KD*	*KD*	*KD*
Estimated total gross carrying amount at default	9,304,224	4,894,351	2,253,771	8,625,149	25,077,495
Expected credit loss	874,283	564,910	605,654	8,625,149	10,669,996
Expected credit loss rate	9%	12%	27%	100%	43%

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.1 Credit risk (continued)

Other receivables

As at the reporting date, the majority of the Group's counterparty exposure has a low risk of default and does not include any past-due amounts.

Amount due from related parties

i. Definition of default

The Group considers a financial asset to be in default and therefore in stage 3 (credit impaired) for ECL calculations when:

- The counter party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realisation of due amounts from sale of assets or assignment to cash flows etc.;
- The counter party is considered as credit impaired based on qualitative assessment by the management;
- For the balances due on demand, the counter party does not have current ability to fulfil the full repayment immediately.

Amount due from related parties (continued)

The Group considers amounts due from related parties as 'cured' (i.e. no longer be in default) and therefore reclassified out of stage 3 when it no longer meets any of the default criteria. These financial instruments are required to complete a moratorium period of at least one year (from the day these do not meet the criteria of default) before these are cured into stage 2 or stage 1 accordingly.

ii. Significant increase in credit risk

The Group monitors the amounts due from related parties subject to ECLs in order to determine whether these are subject to 12 months ECL or lifetime ECL. This is based on the Group's assessment whether there has been a significant increase in credit risk since initial recognition of these instruments. With respect to amounts due from related parties that are receivable on demand, the Group monitors the financial condition of the counter parties primarily focusing on the available liquid assets that could be utilised in repayment of these outstanding amounts. In case the counter party does not have adequate liquid resources, the Group assumes there has been a significant increase in credit risk with respect to these counter parties and accordingly, these are migrated to stage 2.

iii. Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at an appropriate discount rate relevant for amounts due from related parties. Cash shortfall represents the difference between cash flows due to the Group and the cash flows that are expected to be received. With respect to amounts due from related parties that are due on demand, the Group does not expect the impact of discounting the future cash flow shortfalls to be material as these are expected to be settled in a short period of time. The Group estimates the elements of ECL (i.e. PD, LGD and EAD) using appropriate credit risk assumptions with relevant forward-looking adjustments. The Group adjusts the PD with relevant forward-looking adjustments relating to the forecast market conditions that could impact the extent of defaults by the Group's counter parties.

Set out below is the information about the credit quality of the amount due from related parties:

	Amount due from related parties
	Stage 2
2023	***KD***
Estimated total gross carrying amount at default	**12,878,432**
Estimated credit loss	**935,500**
Expected credit loss rate	**7%**

	Amount due from related parties
	Stage 2
2022	*KD*
Estimated total gross carrying amount at default	10,284,607
Estimated credit loss	740,300
Expected credit loss rate	7%

Bank balances and term deposits

The credit risk on bank balances and term deposits is considered negligible, since the counterparties are reputable banks and financial institutions.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities when they fall due. The Group limits its liquidity risk by monitoring on regular basis that sufficient funds are available to meet future commitments. The Group's terms of revenue require amounts to be paid within 120 days from the date of rendering of service. Trade payables are normally settled within 90 to 120 days from the date of purchase.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March based on contractual undiscounted payment obligations:

2023	***On demand KD***	***Within 3 months KD***	***3 - 12 months KD***	***More than 1 years KD***	***Total KD***
Account payables and accruals	**17,295**	**10,126,354**	**10,104,209**	**-**	**20,247,858**
Amount due to related parties	**6,734,251**	**-**	**-**	**-**	**6,734,251**
Lease liabilities	**-**	**190,364**	**488,834**	**1,339,668**	**2,018,866**
Bank overdrafts	**1,132,959**	**-**	**-**	**-**	**1,132,959**
	7,884,505	**10,316,718**	**10,593,043**	**1,339,668**	**30,133,934**

2022	*On demand KD*	*Within 3 months KD*	*3 - 12 months KD*	*More than 1 years KD*	*Total KD*
Account payables and accruals	26,617	8,885,676	8,378,073	-	17,290,366
Amount due to related parties	6,970,615	-	-	-	6,970,615
Lease liabilities	-	184,755	554,266	1,101,253	1,840,274
	6,997,232	9,070,431	8,932,339	1,101,253	26,101,255

21.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in market prices. Market risks arise for open positions in interest rate, currency and equity product, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

21.3.1 Interest rate risk

Interest rate risk arises from the possibility that the change in interest rate will affect the fair value or cash flows of financial instruments. The Group is exposed to interest rate risk on its interest-bearing assets (term deposits and bank overdrafts) which mature or reprice in the short term, not longer than twelve months.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonable change in interest rates, with all variables held constant.

	Increase/decrease in basis points	***Effect on profit for the year KD***
2023		
KD	**+/-100**	**271,012**
2022		
KD	+/-100	255,747

The increase in the basis points will have favourable impact on the consolidated statement of income.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.3 Market risk (continued)

21.3.2 Equity price risk

Equity price risk arises from the change in fair values of the equity investment. The unquoted equity price risk arises exposures arises from the Group's investment portfolio. The Group manages this through diversification of investment in terms of industrial concentration and by placing limits on individual and total equity investments.

The effect on Group's results and equity as a result of a change in the fair value of the financial assets at financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at 31 March 2023 due to 5% change in Kuwait Stock Exchange, with all variables held constant is as follows:

	Changes in indices (+/-)	***2023 KD***	*2022 KD*
Effect on consolidated statement of comprehensive income	5%	**295,129**	191,841
Effect on consolidated statement of income	5%	**137,120**	179,718

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table provides the fair value measurement hierarchy of the Group's assets carried at fair value

2023	*Level 1 KD*	*Level 3 KD*	*Total KD*
Financial assets at fair value through other comprehensive income	**5,902,579**	**301,194**	**6,203,773**
Financial assets at fair value through profit or loss	**2,742,401**	**6,852,209**	**9,594,610**

2022	*Level 1 KD*	*Level 3 KD*	*Total KD*
Financial assets at fair value through other comprehensive income	3,545,372	291,442	3,836,814
Financial assets at fair value through profit or loss	3,135,449	458,915	3,594,364

No transfers have been made between the levels of the fair value hierarchy during the current period.

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

2023	*Opening KD*	*Gain (loss) recorded in consolidated statement of income/ consolidated statement of comprehensive income KD*	*Net purchases, (sales) and settlements KD*	*Closing KD*
Financial assets at fair value through other comprehensive income	**291,442**	**9,752**	**-**	**301,194**
Financial assets at fair value through profit or loss	**458,915**	**(302,511)**	**6,695,805**	**6,852,209**
2022				
Financial assets at fair value through other comprehensive income	76,537	134,040	80,865	291,442
Financial assets at fair value through profit or loss	144,315	98,330	216,270	458,915

The fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Group classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments
The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses the reported market multiples valuation techniques to estimate the fair value for these positions, adjusted for factors specific to the investee such as the effect for lack of marketability. Discount for lack of marketability (DLOM) represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or re-priced immediately based on market movement in interest rate.

Description of significant unobservable inputs to valuation

	Valuation techniques	*Significant unobservable inputs*	*Range*	*Sensitivity of the input to fair value*
Unquoted equity securities	▶ Multiples approach	DLOM *	20% - 30%	Increase (decrease) in the discount would decrease (increase) the fair value.

* Discount for lack of marketability (DLOM) represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or re-priced immediately based on market movement in interest rate.

23 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Group 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 March 2023 and 31 March 2022. Capital comprises share capital and retained earnings and is measured at KD 56,896,119 (2022: KD 48,538,545).

24 SUBSEQUENT EVENTS

Capital Reduction
The Board of Directors of the Parent Company in their meeting held on 7th June 2023 proposed a partial reduction amounting to KD 2,250,000 in share capital from KD 22,500,000 to KD 20,250,000 by way of cash distribution to the shareholders. This proposal is subject to the approval of the shareholders at the extraordinary general assembly meeting (EGM) after obtaining all necessary regulatory approvals.

Proposed dividend
The Board of Directors of the Parent Company has proposed a cash dividend of 5% amounting to KD 1,125,000 for the year ended 31 March 2023 (2022: Nil) of the paid up share capital. This proposal is subject to the approval of the ordinary general assembly of the shareholders of the Parent Company and requisite consent of the relevant authorities.