

Medicare Group Q.S.C.

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2014

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MEDICARE GROUP Q.S.C.

Introduction

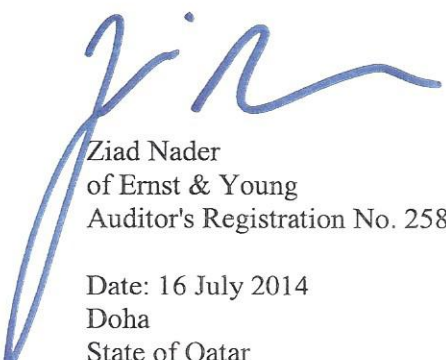
We have reviewed the accompanying interim statement of financial position of Medicare Group Q.S.C. (the "Company") as at 30 June 2014 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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



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

Date: 16 July 2014
Doha
State of Qatar

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

	30 June 2014 QR Unaudited	30 June 2013 QR Unaudited
Operating income	253,769,125	212,428,378
Operating costs	<u>(131,761,147)</u>	<u>(119,500,724)</u>
GROSS PROFIT	122,007,978	92,927,654
Income from deposits with an Islamic bank	920,839	278,702
Other income	7,748,322	4,107,451
General and administrative expenses	(38,980,404)	(36,685,113)
Depreciation of property and equipment	<u>(10,656,502)</u>	<u>(15,332,992)</u>
PROFIT FOR THE PERIOD	<u>81,040,233</u>	<u>45,295,702</u>
BASIC AND DILUTED EARNINGS PER SHARE (expressed in Qatari Riyals per share)	4	1.61
	<u>2.88</u>	

The attached notes 1 to 13 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	<i>30 June 2014 QR Unaudited</i>	<i>30 June 2013 QR Unaudited</i>
PROFIT FOR THE PERIOD	81,040,233	45,295,702
Other comprehensive income		
Net gain on financial investments at fair value through other comprehensive income and available-for-sale financial assets	<u>7,393,274</u>	<u>3,630,757</u>
Other comprehensive income for the period	<u>7,393,274</u>	<u>3,630,757</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>88,433,507</u></u>	<u><u>48,926,459</u></u>

The attached notes 1 to 13 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2014

	<i>Notes</i>	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
ASSETS			
Non-current assets			
Property and equipment	5	589,131,324	589,413,528
Financial investments at fair value through other comprehensive income		36,616,206	35,972,509
Available-for-sale financial assets		16,334,410	4,501,914
		<u>642,081,940</u>	<u>629,887,951</u>
Current assets			
Inventories		25,383,671	27,941,796
Assets of a disposal group classified as held for sale	6	685,215	685,215
Accounts receivable and prepayments		112,608,913	97,797,841
Cash and bank balances		129,098,282	155,577,757
		<u>267,776,081</u>	<u>282,002,609</u>
TOTAL ASSETS		<u>909,858,021</u>	<u>911,890,560</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		281,441,000	281,441,000
Legal reserve		24,661,275	24,661,275
Fair value reserve		3,422,692	(264,459)
Revaluation surplus		413,312,869	413,312,869
Retained earnings		89,263,313	5,367,118
Proposed cash dividends	7	-	84,432,300
Total equity		<u>812,101,149</u>	<u>808,950,103</u>
Non-current liability			
Employees' end of service benefits		30,117,036	28,002,446
Current liabilities			
Accounts payable and accruals		67,639,836	60,174,760
Retention payable		-	14,763,251
		<u>67,639,836</u>	<u>74,938,011</u>
Total liabilities		<u>97,756,872</u>	<u>102,940,457</u>
TOTAL EQUITY AND LIABILITIES		<u>909,858,021</u>	<u>911,890,560</u>

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Abdulla Bin Tham Bin Abdulla Al-Thani
Chairman

.....
Khalid Mohammad Al-Emadi
Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Share capital QR	Legal reserve QR	Fair value reserve QR	Revaluation surplus QR	Retained earnings QR	Proposed cash dividends QR	Total QR
Balance at 1 January 2014 (Audited)	281,441,000	24,661,275	(264,459)	413,312,869	5,367,118	84,432,300	808,950,103
Profit for the period	-	-	-	-	81,040,233	-	81,040,233
Other comprehensive income for the period	-	-	7,393,274	-	-	-	7,393,274
Total comprehensive income for the period	-	-	7,393,274	-	81,040,233	-	88,433,507
Transfer of disposal gain on Financial investments at fair value through other comprehensive income	-	-	(3,706,123)	-	3,706,123	-	-
Dividends for 2013 (Note 7)	-	-	-	-	-	(84,432,300)	(84,432,300)
Balance at 30 June 2014 (Unaudited)	281,441,000	24,661,275	3,422,692	413,312,869	90,113,474	-	812,951,310

	Share capital QR	Legal reserve QR	Fair value reserve QR	Revaluation surplus QR	Retained earnings QR	Proposed cash dividends QR	Total QR
Balance at 1 January 2013 (Audited)	281,441,000	15,714,279	1,460,898	416,985,443	54,334	50,659,380	766,315,334
Profit for the period	-	-	-	-	45,295,702	-	45,295,702
Other comprehensive income for the period	-	-	3,630,757	-	-	-	3,630,757
Total comprehensive income for the period	-	-	3,630,757	-	45,295,702	-	48,926,459
Transfer of disposal gain on Financial investments at fair value through other comprehensive income	-	-	(6,633,564)	-	6,633,564	-	-
Dividends for 2012 (Note 7)	-	-	-	-	-	(50,659,380)	(50,659,380)
Balance at 30 June 2013 (Unaudited)	281,441,000	15,714,279	(1,541,909)	416,985,443	51,983,600	-	764,582,413

The attached notes 1 to 13 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	<i>Notes</i>	<i>30 June 2014 (Unaudited) QR</i>	<i>30 June 2013 (Unaudited) QR</i>
OPERATING ACTIVITIES		81,040,233	45,295,702
Profit for the period			
Adjustment for:			
Profit on disposal of available-for-sale investments		(1,310,291)	-
Depreciation of property and equipment		10,656,502	15,332,992
Provision for employees' end of service benefits		3,491,942	4,123,765
Impairment allowance for bad and doubtful debts		10,194,413	6,952,195
Impairment loss on available-for-sale investments		582,344	-
Income from deposits with an Islamic bank		(920,839)	(278,702)
Dividend income		(2,496,100)	(2,359,610)
		<hr/>	<hr/>
Operating profit before working capital changes		101,238,204	69,066,342
Working capital changes:			
Inventories		2,558,125	(567,592)
Accounts receivable and prepayments		(24,587,695)	(37,642,378)
Accounts payable and accruals		6,614,915	11,027,326
Retention payable		(14,763,251)	-
		<hr/>	<hr/>
Cash from operating activities		71,060,298	41,883,698
Employees' end of service benefits paid		(1,377,352)	(1,097,679)
		<hr/>	<hr/>
Net cash from operating activities		69,682,946	40,786,019
INVESTING ACTIVITIES			
Purchase of property and equipment		(10,374,298)	(4,667,002)
Net movement in term deposits		30,100,000	(30,100,000)
Purchase of available-for-sale investments		(29,389,101)	-
Proceeds from disposal of available-for-sale investments		18,141,608	-
Income from deposits with an Islamic bank received		503,049	133,042
Proceeds from disposal of financial investments at fair value through other comprehensive income		6,892,521	14,149,328
Dividend income		2,496,100	2,359,610
		<hr/>	<hr/>
Net cash from investing activities		18,369,879	(18,125,022)
FINANCING ACTIVITY			
Dividends paid	7	(84,432,300)	(50,659,380)
		<hr/>	<hr/>
Net cash used in financing activity		(84,432,300)	(50,659,380)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,620,525	(27,998,383)
Cash and cash equivalents at 1 January		25,477,757	75,777,245
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	29,098,282	47,778,862

The attached notes 1 to 13 form part of these interim condensed financial statements.

At 30 June 2014

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Medicare Group Q.S.C, formerly known as Al Ahli Specialised Hospital Company Q.S.C., is a Qatari Public Shareholding Company incorporated on 30 December 1996 under commercial registration number 18895. The Company's registered office address is P.O. Box 6401, Doha, State of Qatar. The Company's main activity is to operate a specialised hospital and promote medical services in State of Qatar.

The interim condensed financial statements of the Company for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 16 July 2014.

2 BASIS OF PREPARATION

The interim condensed financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Financial Reporting Standards, IAS 34 – "Interim Financial Reporting" ("IAS 34").

The interim condensed financial statements are prepared in Qatari Riyals, which is the Company's functional and presentational currency.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2013. In addition, results for the six months ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

During the period, the Company has adopted the following standards effective for the annual period beginning on or after 1 January 2014.

The nature and the impact of each new standard/amendment is described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

At 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36**

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These disclosure requirements had no impact on the Company.

The following amendments to standards became effective in 2014, but did not have any impact on the accounting policies, financial position or performance of the Company.

<i>Standard/Interpretation</i>	<i>Content</i>
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
IFRIC 21	Levies

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>30 June 2014 (Unaudited) QR</i>	<i>30 June 2013 (Unaudited) QR</i>
Profit for the period (QR)	<u>81,040,233</u>	<u>45,295,702</u>
Weighted average number of ordinary shares outstanding during the period	<u>28,144,100</u>	<u>28,144,100</u>
Basic and diluted earnings per share (QR)	<u>2.88</u>	<u>1.61</u>

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

5 PROPERTY AND EQUIPMENT

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Net book value, beginning balance	589,413,528	604,651,161
Additions	10,374,298	12,792,091
Disposals (net)	-	(13,910)
Depreciation charge for the period/year	<u>(10,656,502)</u>	<u>(28,015,814)</u>
Net book value, ending balance	<u>589,131,324</u>	<u>589,413,528</u>

At 30 June 2014

6 ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During 2009, the extra-ordinary general assembly of a subsidiary company, Maghrabi Specialised Center for Ophthalmology and E.N.T. resolved to liquidate the subsidiary company. As at 31 December 2009, the Company's management estimated that the proceeds from the liquidation will exceed the carrying amount of the related net assets and accordingly, no impairment losses were recognised on the reclassification of this disposal group classified as held for sale.

During 2010, the subsidiary company appointed a liquidator to manage the liquidation process, and was placed legally under liquidation. During 2011, the Company received an amount of QR 1,682,324 as part of the net recoverable amount from the investment, and the remaining balance as of 30 June 2014 amounting to QR 685,215 (31 December 2013: QR 685,215) is disclosed in the interim statement of financial position under "Assets of a disposal group classified as held for sale". This is the minimum recoverable amount based on management's best estimate.

7 DIVIDENDS

At the Annual General Meeting held on 12 March 2014, the shareholders of the Company approved a cash dividend of QR 3 per share relating to the year 2013. The dividend distribution amounted to QR 84,432,300 (2013: at the Annual General Meeting held on 16 April 2014, the shareholders approved a cash dividend of QR 1.8 per share relating to the year 2012. The dividend distribution amounted to QR 50,659,380).

8 CASH AND CASH EQUIVALENTS

For the purpose of the interim statement of cash flows, cash and cash equivalents comprise of the following:

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Cash on hand	212,398	141,898
Cash at bank	28,885,884	25,335,859
Cash at bank	<u>100,000,000</u>	<u>130,100,000</u>
Total cash and bank balances	129,098,282	155,577,757
Less: Deposits with original maturity dates more than three months	<u>(100,000,000)</u>	<u>(130,100,000)</u>
Cash and cash equivalents	<u>29,098,282</u>	<u>25,477,757</u>

Deposits carry a profit rate of 1.75% per annum (30 June 2013: 1.75% per annum), and have an original maturity of one year.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2014

9 CONTINGENT LIABILITIES

Contingent liabilities

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

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Bank guarantees	<u>135,710</u>	<u>135,710</u>

Legal claims

- (i) As at 30 June 2014, various legal claims were initiated by patients against the Company in the form of malpractice compensation claims and other miscellaneous claims. In the opinion of the Company's lawyers it would be difficult to reliably estimate the compensation that may be awarded. However, the Company's lawyers believe, based on previous experience and available information, that the Company is unlikely to incur losses as a result of these claims. Moreover, the Company has adequate Malpractice insurance coverage in place to protect itself and its Doctors in the event of any judgment against them. No provision has been made in the interim condensed financial statements for these legal claims.

10 SEGMENT INFORMATION

The Company's primary business segment is the provision of health care services and therefore has no other business segments. The Company operates only in the State of Qatar.

11 FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison of the carrying amounts and fair value of the Company's financial instruments as at 30 June 2014 and 31 December 2013:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Financial assets				
Bank balances	128,885,884	155,435,859	128,885,884	155,435,859
Trade and other receivables	107,671,225	92,487,721	107,671,225	92,487,721
Financial investments at fair value through other comprehensive income	36,616,206	35,972,509	36,616,206	35,972,509
Available-for-sale financial assets	16,334,410	4,501,914	16,334,410	4,501,914
Assets of a disposal group classified as held for sale	<u>685,215</u>	<u>685,215</u>	<u>685,215</u>	<u>685,215</u>
	<u>290,192,940</u>	<u>289,083,218</u>	<u>290,192,940</u>	<u>289,083,218</u>
Financial liabilities				
Trade and other payables	17,334,869	20,290,605	17,334,869	20,290,605
Retention payable	-	14,763,251	-	14,763,251
	<u>17,334,869</u>	<u>35,053,856</u>	<u>17,334,869</u>	<u>35,053,856</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2014

11 FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

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

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

As at 30 June 2014 and 31 December 2013, the Company held the following classes of financial instruments measured at fair value:

	<i>30 June 2014</i> <i>(Unaudited)</i> <i>QR</i>	<i>Level 1</i> <i>QR</i>	<i>Level 2</i> <i>QR</i>	<i>Level 3</i> <i>QR</i>
Financial investments at fair value through other comprehensive income	36,616,206	36,616,206	-	-
Available-for-sale financial assets	16,334,410	16,334,410	-	-
	<u>52,950,616</u>	<u>52,950,616</u>	<u>-</u>	<u>-</u>
	<i>31 December</i> <i>2013</i> <i>(Audited)</i> <i>QR</i>	<i>Level 1</i> <i>QR</i>	<i>Level 2</i> <i>QR</i>	<i>Level 3</i> <i>QR</i>
Financial investments at fair value through other comprehensive income	35,972,509	35,972,509	-	-
Available-for-sale financial assets	4,501,914	4,501,914	-	-
	<u>40,474,423</u>	<u>40,474,423</u>	<u>-</u>	<u>-</u>

The Company does not hold credit enhancement or collateral to mitigate credit risk. The carrying amount of financial assets therefore represents the potential credit risk.

During the period/year ended 30 June 2014 and 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

12 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Transactions with related parties included in the interim statement of income are as follows:

	<i>30 June</i> <i>2014</i> <i>(Unaudited)</i> <i>QR</i>	<i>31 December</i> <i>2013</i> <i>(Audited)</i> <i>QR</i>
Interest income	<u>920,839</u>	<u>278,702</u>
Rental income	<u>63,000</u>	<u>63,000</u>
Bank charges	<u>(18,618)</u>	<u>(3,516)</u>

Medicare Group Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2014

12 RELATED PARTY DISCLOSURES (CONTINUED)

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

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Bank balances	<u>27,899,718</u>	<u>22,126,886</u>
Short term deposits	<u>100,000,000</u>	<u>130,100,000</u>
Interest receivables	<u>417,790</u>	<u>456,715</u>

Compensation of directors and other key management personnel

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

	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2013 (Audited) QR</i>
Salaries and allowances	<u>1,809,000</u>	<u>2,284,750</u>
Employees' end of service benefits	<u>73,200</u>	<u>75,625</u>
	<u>1,882,200</u>	<u>2,360,375</u>

13 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation in the current period's financial statements. However, such reclassifications did not have any effect on the net profit, total assets and equity of the comparative year.