

Medicare Group Q.S.C.

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2015

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 condensed statement of financial position of Medicare Group Q.S.C. (the "Company") as of 30 June 2015 and the related interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes.

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

Scope of review

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

Conclusion

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



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

Date: 14 July 2015
Doha
State of Qatar



Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	<i>30 June 2015 QR Unaudited</i>	<i>30 June 2014 QR Unaudited</i>
	Note	
Operating income	306,377,298	253,769,125
Operating costs	<u>(160,544,295)</u>	<u>(131,761,147)</u>
GROSS PROFIT	145,833,003	122,007,978
Income from deposits with an Islamic bank	600,603	920,839
Other income	9,931,507	7,748,322
General and administrative expenses	(48,218,712)	(38,980,404)
Depreciation of property and equipment	(11,737,836)	(10,656,502)
Finance cost	<u>(388,358)</u>	<u>-</u>
PROFIT FOR THE PERIOD	<u>96,020,207</u>	<u>81,040,233</u>
BASIC AND DILUTED EARNINGS PER SHARE (expressed in Qatari Riyals per share)	4	
	<u>3.41</u>	<u>2.88</u>

The attached notes 1 to 14 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	<i>30 June 2015 QR Unaudited</i>	<i>30 June 2014 QR Unaudited</i>
PROFIT FOR THE PERIOD	96,020,207	81,040,233
Other comprehensive income		
Net gain on financial investments at fair value through other comprehensive income and available-for-sale financial assets	<u>1,952,146</u>	<u>7,393,274</u>
Other comprehensive income for the period	<u>1,952,146</u>	<u>7,393,274</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>97,972,353</u>	<u>88,433,507</u>

The attached notes 1 to 14 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) QR	31 December 2014 (Audited) QR
ASSETS			
Non-current assets			
Property and equipment	5	698,541,758	584,894,699
Financial investments at fair value through other comprehensive income		39,999,396	38,874,013
Available-for-sale financial assets		<u>22,456,520</u>	<u>20,152,922</u>
		<u>760,997,674</u>	<u>643,921,634</u>
Current assets			
Inventories		33,976,702	31,291,026
Assets of a disposal group classified as held for sale	6	-	-
Accounts receivable and prepayments		196,026,097	177,455,038
Cash and bank balances	8	<u>90,899,529</u>	<u>186,639,501</u>
		<u>320,902,328</u>	<u>395,385,565</u>
TOTAL ASSETS		<u>1,081,900,002</u>	<u>1,039,307,199</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		281,441,000	281,441,000
Legal reserve		42,813,329	42,813,329
Fair value reserve		8,186,823	6,234,677
Revaluation surplus		409,645,511	409,645,511
Retained earnings		<u>140,732,905</u>	<u>185,433,198</u>
Total equity		<u>882,819,568</u>	<u>925,567,715</u>
Non-current liability			
Interest bearing loan		54,701,547	-
Employees' end of service benefits	9	<u>38,989,704</u>	<u>34,702,629</u>
		<u>93,691,251</u>	<u>34,702,629</u>
Current liabilities			
Accounts payable and accruals		92,239,834	79,036,855
Interest bearing loan	9	<u>13,149,349</u>	<u>-</u>
		<u>105,389,183</u>	<u>79,036,855</u>
Total liabilities		<u>199,080,434</u>	<u>113,739,484</u>
TOTAL EQUITY AND LIABILITIES		<u>1,081,900,002</u>	<u>1,039,307,199</u>

Abdulla Bin Thani Bin Abdulla Al-Thani
Chairman

Khalid Mohammad Al-Emadi
Chief Executive Officer

The attached notes 1 to 14 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 2015

	Share capital QR	Legal reserve QR	Fair value reserve QR	Revaluation surplus QR	Retained earnings QR	Total QR
Balance at 1 January 2015 (Audited)	281,441,000	42,813,329	6,234,677	409,645,511	185,433,198	925,567,715
Profit for the period	-	-	-	-	96,020,207	96,020,207
Other comprehensive income for the period	-	-	1,952,146	-	-	1,952,146
Total comprehensive income for the period	-	-	1,952,146	-	96,020,207	97,972,353
Dividends paid (Note 7)	-	-	-	-	(140,720,500)	(140,720,500)
Balance at 30 June 2015 (Unaudited)	281,441,000	42,813,329	8,186,823	409,645,511	140,732,905	882,819,568
Balance at 1 January 2014 (Audited)	281,441,000	24,661,275	(264,459)	413,312,869	89,799,418	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 paid (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

The attached notes 1 to 14 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 2015

		<i>30 June 2015 (Unaudited) QR</i>	<i>30 June 2014 (Unaudited) QR</i>
OPERATING ACTIVITIES		96,020,207	81,040,233
Profit for the period			
Adjustment for:			
Profit on disposal of available-for-sale investments		(414,334)	(1,310,291)
Depreciation of property and equipment	5	11,737,836	10,656,502
Provision for employees' end of service benefits		5,791,907	3,491,942
Provision for obsolete and slow moving inventories		2,274,246	-
Finance costs		388,358	-
Bad debts written off		1,673,825	-
Impairment allowance for bad and doubtful debts		8,921,642	10,194,413
Impairment loss on available-for-sale investments		766,689	582,344
Income from deposits with an Islamic bank		(600,603)	(920,839)
Dividend income		(2,738,034)	(2,496,100)
		<hr/>	<hr/>
Operating profit before working capital changes		123,821,739	101,238,204
Working capital changes:			
Inventories		(4,959,922)	2,558,125
Accounts receivable and prepayments		(29,086,184)	(24,587,695)
Accounts payable and accruals		13,202,979	6,614,915
Retention payable		-	(14,763,251)
		<hr/>	<hr/>
Cash from operating activities		102,978,612	71,060,298
Employees' end of service benefits paid		(1,504,832)	(1,377,352)
Finance cost paid		(388,358)	-
		<hr/>	<hr/>
Net cash flows from operating activities		101,085,422	69,682,946
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(125,384,895)	(10,374,298)
Net movement in term deposits		115,063,010	30,100,000
Purchase of available-for-sale investments		(8,348,899)	(29,389,101)
Proceeds from disposal of available-for-sale investments		6,519,709	18,141,608
Income from deposits with an Islamic bank received		520,261	503,049
Proceeds from disposal of financial investments at fair value through other comprehensive income		-	6,892,521
Dividend income received		2,738,034	2,496,100
		<hr/>	<hr/>
Net cash flows (used in) from investing activities		(8,892,780)	18,369,879
FINANCING ACTIVITIES			
Dividends paid	7	(140,720,500)	(84,432,300)
Net movement in interest bearing loan	9	67,850,896	-
		<hr/>	<hr/>
Net cash flows used in financing activities		(72,869,604)	(84,432,300)
NET INCREASE IN CASH AND CASH EQUIVALENTS		19,323,038	3,620,525
Cash and cash equivalents at 1 January		26,576,491	25,477,757
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	45,899,529	29,098,282

The attached notes 1 to 14 form part of these interim condensed financial statements.

Medicare Group Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 14 July 2015.

2 BASIS OF PREPARATION

The interim condensed financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 2014. In addition, the results for the six months ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The following amended accounting standards became effective in 2015 and have been adopted by the Company in preparation of these interim condensed financial statements as applicable. Whilst they did not have any impact on these interim condensed financial statements, they may require additional disclosures in the annual financial statements for the year ended 31 December 2015.

Defined Benefits Plans:	Employee Contributions (Amendments to IAS 19)
Annual improvements:	2010-2012 Cycle
Annual improvements:	2011-2013 Cycle

Standards issued but not yet effective

The following new standards have been issued but are not yet effective. The Company is currently evaluating the impact of these new standards and intend to adopt these standards, if applicable, when they become effective.

<i>Topic</i>	<i>Effective date</i>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38: Clarifications of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27: Equity method in Separate Financial Statements	1 January 2016
Amendments IFRS 11 Joint Arrangement: Accounting for Acquisition	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments	1 January 2018

Medicare Group Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 2015 (Unaudited)</i>	<i>30 June 2014 (Unaudited)</i>
Profit for the period (QR)	<u>96,020,207</u>	<u>81,040,233</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>3.41</u>	<u>2.88</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 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Net book value, beginning balance	584,894,699	589,413,528
Additions	125,384,895	17,159,904
Depreciation charge for the period/year	<u>(11,737,836)</u>	<u>(21,678,733)</u>
Net book value, ending balance	<u>698,541,758</u>	<u>584,894,699</u>

6 ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	<i>30 June 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Assets of a disposal group classified as held for sale	685,215	685,215
Provision for impairment	<u>(685,215)</u>	<u>(685,215)</u>
	<u>-</u>	<u>-</u>

In 2009, the shareholders' of the Maghrabi Specialised Center for Ophthalmology and E.N.T. (the "Subsidiary Company"), in their extra-ordinary general assembly, had 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.

In 2010, the Subsidiary Company appointed a liquidator to manage the liquidation process, and was placed legally under liquidation. In 2011, the Company received an amount of QR 1,682,324 as part of the net recoverable amount from the investment. The remaining balance has been impaired as at reporting date, since recovery of this amount is doubtful.

Medicare Group Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

7 DIVIDENDS

At the Annual General Meeting held on 16 March 2015, the shareholders of the Company approved a cash dividend of QR 5 per share relating to the year 2014. The dividend distribution amounted to QR 140,720,500 (2013: at the Annual General Meeting held on 16 April 2014, the shareholders approved a cash dividend of QR 3 per share relating to the year 2013. The dividend distribution amounted to QR 84,432,300).

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 2015 (Unaudited) QR</i>	<i>30 June 2014 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Cash on hand	214,588	212,398	289,146
Cash at bank	45,684,941	28,885,884	26,287,345
Term deposits	<u>45,000,000</u>	<u>100,000,000</u>	<u>160,063,010</u>
Total cash and bank balances	90,899,529	129,098,282	186,639,501
Less: Deposits with original maturity dates more than three months	<u>(45,000,000)</u>	<u>(100,000,000)</u>	<u>(160,063,010)</u>
Cash and cash equivalents	<u>45,899,529</u>	<u>29,098,282</u>	<u>26,576,491</u>

Deposits carry a profit rate of 1.5% per annum (2014: 1.5% to 1.75% per annum), and have an original maturity of one year.

9 INTEREST BEARING LOAN

	<i>30 June 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Term loan	<u>67,850,896</u>	<u>-</u>
Presented in the statement of financial position as follows:		
Current portion	<u>13,149,349</u>	<u>-</u>
Non-current portion	<u>54,701,547</u>	<u>-</u>
	<u>67,850,896</u>	<u>-</u>

The term loan represents a facility of QR 70 million obtained from a Qatar based commercial bank to finance the purchase of a building for employee accommodation in Al Mansoura area, State of Qatar. The loan is repayable in 60 monthly instalments of QR 1,268,731 commencing from 30 May 2015. The loan carries interest at market rates. The term loan is secured by mortgage of the building purchased.

Medicare Group Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10 CONTINGENCIES AND COMMITMENTS

Contingent liabilities

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

	<i>30 June 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Bank guarantees	<u>541,710</u>	<u>135,710</u>

Legal claims

- (i) As at 30 June 2015, 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.

Commitments

Encumbrances and liens on property, plant and equipment are disclosed in Note 9.

11 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.

12 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 2015 and 31 December 2014:

	<i>Carrying amounts</i>		<i>Fair values</i>	
	<i>30 June 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>	<i>30 June 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Financial assets				
Bank balances	90,684,941	186,350,355	90,684,941	186,350,355
Trade and other receivables	196,026,097	177,455,038	196,026,097	177,455,038
Financial investments at fair value through other comprehensive income	39,999,396	38,874,013	39,999,396	38,874,013
Available-for-sale financial assets	<u>22,456,520</u>	<u>20,152,922</u>	<u>22,456,520</u>	<u>20,152,922</u>
	<u>349,166,954</u>	<u>422,832,328</u>	<u>349,166,954</u>	<u>422,832,328</u>
Financial liabilities				
Interest bearing loan	67,850,896	-	67,850,896	-
Trade and other payables	<u>92,239,834</u>	<u>79,036,855</u>	<u>92,239,834</u>	<u>79,036,855</u>
	<u>160,090,730</u>	<u>79,036,855</u>	<u>160,090,730</u>	<u>79,036,855</u>

Medicare Group Q.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

12 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 2015 and 31 December 2014, the Company held the following classes of financial instruments measured at fair value:

Financial assets

	<i>30 June 2015 (Unaudited) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Financial investments at fair value through other comprehensive income	39,999,396	39,999,396	-	-
Available-for-sale financial assets	22,456,520	22,456,520	-	-
	<u>62,455,916</u>	<u>62,455,916</u>	<u>-</u>	<u>-</u>

Non-financial assets

	<i>30 June 2015 (Unaudited) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Revalued land and buildings	660,887,225	-	-	660,887,225
	<u>660,887,225</u>	<u>-</u>	<u>-</u>	<u>660,887,225</u>

Financial assets

	<i>31 December 2014 (Audited) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Financial investments at fair value through other comprehensive income	38,874,013	38,874,013	-	-
Available-for-sale financial assets	20,152,922	20,152,922	-	-
	<u>59,026,935</u>	<u>59,026,935</u>	<u>-</u>	<u>-</u>

Non-financial assets

	<i>31 December 2014 (Audited) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Revalued land and buildings	545,315,235	-	-	545,315,235
	<u>545,315,235</u>	<u>-</u>	<u>-</u>	<u>545,315,235</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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

12 FINANCIAL INSTRUMENTS (CONTINUED)

During the period/year ended 30 June 2015 and 31 December 2014, 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.

13 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 2015 (Unaudited) QR</i>	<i>30 June 2014 (Unaudited) QR</i>
Interest income	<u>600,603</u>	<u>920,839</u>
Rental income	<u>222,282</u>	<u>63,000</u>
Loan interest	<u>(388,358)</u>	<u>-</u>
Bank charges	<u>(481,888)</u>	<u>(18,618)</u>

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

	<i>30 June 2015 (Unaudited) QR</i>	<i>31 December 2014 (Audited) QR</i>
Bank balances	<u>23,675,922</u>	<u>26,125,118</u>
Short term deposits	<u>45,000,000</u>	<u>160,063,010</u>
Interest bearing loan	<u>67,850,896</u>	<u>-</u>
Interest receivable	<u>80,342</u>	<u>501,809</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 2015 (Unaudited) QR</i>	<i>30 June 2014 (Unaudited) QR</i>
Board of Directors' remuneration	<u>4,271,508</u>	<u>4,271,508</u>
Total key management staff benefits	<u>2,192,900</u>	<u>1,882,200</u>
	<u>6,464,408</u>	<u>6,153,708</u>

14 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2014.