

**MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2013**

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2013

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AUDITORS' REPORT

To the stockholders
Mouwasat Medical Services Company
Dammam, Saudi Arabia

Scope of Audit

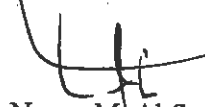
We have audited the consolidated balance sheet of Mouwasat Medical Services Company ("the Company"), a Saudi Joint Stock Company, and its subsidiaries (collectively "the Group") as of December 31, 2013 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended and notes 1 to 21 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013 and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Group and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.



Nasser M. Al-Sagga
License No. 322
17 Rabi' II, 1435
February 17, 2014




MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2013

	Note	2013 SR	2012 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	180,240,988	157,672,275
Short term investments		100,000,000	70,000,000
Accounts receivable and prepayments	4	233,423,321	221,741,557
Inventories	5	67,214,106	62,622,067
Total current assets		580,878,415	512,035,899
Non-current assets			
Investment in an associate	6	8,063,542	7,662,825
Property and equipment	7	868,496,909	688,027,189
Intangible assets	8	17,409,069	17,450,046
Total non-current assets		893,969,520	713,140,060
TOTAL ASSETS		1,474,847,935	1,225,175,959
LIABILITIES, STOCKHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS			
Current liabilities			
Short term loan	11	77,962,964	50,000,000
Current portion of long term loans	11	56,709,224	46,273,146
Accounts payable and accruals	9	149,396,022	121,235,475
Total current liabilities		284,068,210	217,508,621
Non-current liabilities			
Long term loans	11	206,918,941	162,839,563
End-of-service indemnities		35,766,756	31,216,207
Total non-current liabilities		242,685,697	194,055,770
Stockholders' equity and non-controlling interests			
Share capital	1	500,000,000	500,000,000
Statutory reserve		99,552,204	79,432,184
Retained earnings		188,974,191	109,294,014
Proposed dividends	12	100,000,000	75,000,000
Total stockholders' equity		888,526,395	763,726,198
Non-controlling interests	13	59,567,633	49,885,370
Total stockholders' equity and non-controlling interests		948,094,028	813,611,568
TOTAL LIABILITIES, STOCKHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		1,474,847,935	1,225,175,959


Managing Director
Mohd Sulaiman Al Saleem


Authorized Board Representative
Mohd Sulaiman Al Saleem


Chief Finance Officer
Mahmoud Soliman

The accompanying notes form an integral part of these consolidated financial statements

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2013

	Note	2013 SR	2012 SR
Revenues			
Operating revenues		733,930,857	632,239,918
Trading sales		168,304,797	164,274,241
Total revenues		902,235,654	796,514,159
Direct costs			
Cost of operations		(326,736,196)	(309,595,302)
Cost of sales		(119,701,206)	(114,210,630)
Total direct costs		(446,437,402)	(423,805,932)
Gross profit		455,798,252	372,708,227
Expenses			
Selling and distribution expenses	15	(140,252,903)	(98,924,160)
General and administrative expenses	16	(92,737,830)	(87,213,137)
Amortization of intangible assets	8	(559,191)	(529,215)
Total expenses		(233,549,924)	(186,666,512)
Operating income		222,248,328	186,041,715
Other income	17	11,539,970	8,668,043
Finance charges	11	(1,399,673)	(1,130,998)
Income before non-controlling interest and zakat		232,388,625	193,578,760
Non-controlling interests	13	(17,522,263)	(13,433,660)
Net income before zakat		214,866,362	180,145,100
Zakat	10	(13,666,165)	(8,550,543)
NET INCOME		201,200,197	171,594,557
Earnings per share			
Earnings per share from net income		4.02	3.43
Earnings per share from continuing main operations		3.79	3.26
Earnings per share from other operations		0.23	0.17
Weighted average number of shares outstanding		50,000,000	50,000,000


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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2013

	Note	Share capital SR	Statutory reserve SR	Retained earnings SR	Proposed dividends SR	Total SR
January 1, 2012		250,000,000	62,272,728	281,258,913	75,000,000	668,531,641
Increase in share capital	1	250,000,000	-	(250,000,000)	-	-
Net income for 2012		-	-	171,594,557	-	171,594,557
Transfer to statutory reserve		-	17,159,456	(17,159,456)	-	-
Dividends paid		-	-	-	(75,000,000)	(75,000,000)
Proposed dividends	12	-	-	(75,000,000)	75,000,000	-
Directors' remuneration	18	-	-	(1,400,000)	-	(1,400,000)
December 31, 2012		500,000,000	79,432,184	109,294,014	75,000,000	763,726,198
Net income for 2013		-	-	201,200,197	-	201,200,197
Transfer to statutory reserve		-	20,120,020	(20,120,020)	-	-
Dividends paid		-	-	-	(75,000,000)	(75,000,000)
Proposed dividends	12	-	-	(100,000,000)	100,000,000	-
Directors' remuneration	18	-	-	(1,400,000)	-	(1,400,000)
December 31, 2013		500,000,000	99,552,204	188,974,191	100,000,000	888,526,395



Managing Director
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Mahmoud Soliman

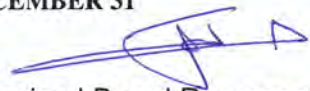
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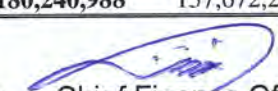
MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	2013 SR	2012 SR
OPERATING ACTIVITIES		
Income before non-controlling interests and zakat	232,388,625	193,578,760
Adjustments for:		
Depreciation	39,842,859	38,665,119
Amortization of intangible assets	559,191	529,215
Share of income from an associate	(3,533,803)	(3,301,074)
End-of-service indemnities, net	4,550,549	4,016,761
Finance charges	1,399,673	1,130,998
Loss (gain) on disposal of property and equipment	94,962	(1,519,054)
Changes in operating assets and liabilities:		
Accounts receivables and prepayments	(11,681,764)	(38,248,281)
Inventories	(4,592,039)	(4,014,802)
Accounts payables and accruals	25,203,841	11,845,064
Cash from operations	284,232,094	202,682,706
Finance charges paid	(1,399,673)	(1,130,998)
Zakat paid	(12,109,459)	(8,818,482)
Net cash from operating activities	270,722,962	192,733,226
INVESTING ACTIVITIES		
Short term investment	(30,000,000)	(70,000,000)
Purchase of property and equipment	(220,829,285)	(202,591,705)
Additions to intangible assets	(518,214)	(813,172)
Proceeds from disposal of property and equipment	421,744	3,009,500
Dividends received from an associate	3,133,086	2,927,465
Net cash used in investing activities	(247,792,669)	(267,467,912)
FINANCING ACTIVITIES		
Proceeds from short term loan	90,300,154	50,000,000
Proceeds from long term loans	161,538,600	98,000,000
Repayment of short term loans	(62,337,190)	-
Repayment of long term loans	(107,023,144)	(27,386,358)
Dividends paid	(75,000,000)	(75,000,000)
Change in non-controlling interests	(7,840,000)	(5,880,000)
Net cash (used in) from financing activities	(361,580)	39,733,642
Net change in cash and cash equivalents	22,568,713	(35,001,044)
Cash and cash equivalents, January 1	157,672,275	192,673,319
CASH AND CASH EQUIVALENTS, DECEMBER 31	180,240,988	157,672,275


Managing Director
Mohd Sulaiman Al Saleem


Authorized Board Representative
Mohd Sulaiman Al Saleem


Chief Finance Officer
Mahmoud Soliman

The accompanying notes form an integral part of these consolidated financial statements

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. ORGANIZATION AND ACTIVITIES

Mouwasat Medical Services Company ("the Company") is registered in Saudi Arabia under commercial registration number 2050032029 dated 12 Ramadan 1417 corresponding to 22 January 1997 with the share capital of SR 250 million divided into 25 million shares of SR 10 each.

The shareholders at their extra ordinary General Assembly Meeting held in April 2012 approved the increase in share capital of the Company from SR 250 million to SR 500 million by capitalizing part of the retained earnings through distribution of one bonus share for every existing share held. The revised share capital of the Company is SR 500 million consists of 50 million shares of SR 10 each.

The Company through its multiple branches is engaged in the acquisition, management, operation and maintenance of hospitals, medical centers, drug stores, pharmacies and wholesale of medical equipment and drugs.

The Board of Directors in their meeting held dated September 24, 2012, decided to close the operations of Al Mouwasat Dispensary, Dammam effective from January 1, 2013.

The consolidated financial statements as of December 31, 2013 and 2012 include the financial statements of the Company and the following subsidiaries (collectively "the Group") registered in the Kingdom of Saudi Arabia:

	<u>Ownership (%)</u>
Eastern Medical Services Company Limited	51%
Specialized Medical Clinic Company Limited	95%

Eastern Medical Services Co. Ltd. is engaged in construction and operation of hospitals, dispensaries and special clinics. Specialized Medical Clinic Co. Ltd. is engaged in construction, management and operation of clinics (plastic surgery). Both subsidiaries operate in Saudi Arabia.

The Company's registered office is in Dammam, Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization of Certified Public Accountants ("SOCPA"). The following is a summary of significant accounting policies applied by the Group:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company as of December 31. Control is achieved where the Company has the power to govern the financial and operating policies of an investee company so as to obtain benefits from its activities.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

Income and expenses of subsidiaries acquired or disposed-off during the year, if any, are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total income of subsidiaries is attributed to the stockholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant intercompany transactions and balances between the Company and its subsidiaries have been eliminated in preparing the consolidated financial statements.

Use of estimate

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue recognition

Revenue is recognised when goods are delivered or services are rendered to customers.

Expenses

Selling and distribution expenses are those that specifically relate to marketing personnel, advertisements, promotion as well as bad debts expense. All other expenses, other than cost of operations, cost of sales, amortization of intangible assets and finance charges, are classified as general and administrative expenses. Allocation of joint costs between cost of operations, cost of sales, selling and distribution expenses and general and administrative expenses are made based on the factors determined by the management and applied consistently.

Cash and cash equivalents

Cash and cash equivalents consists of bank balances, cash on hand and murabaha deposits that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

Short term investment

Investments in deposits with original maturities of more than three months but less than twelve months are classified as short term investment.

Accounts receivable

Accounts receivable include billings made on credit which are outstanding at the consolidated balance sheet date, net of allowance for doubtful debts.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

Investment in an associate

An associate is an enterprise in which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee. Investment in an associate is accounted for using the equity method in the consolidated financial statements based on the latest available financial information. When fair values are not readily determinable, carrying amounts are considered to approximate fair values.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

Property and equipment

Property and equipment is stated at cost less accumulated depreciation except freehold land and capital work-in-progress which is stated at cost. Expenditure on maintenance and repairs is expensed while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated useful lives of the principal classes of assets are as follows:

	<u>Years</u>
Buildings	33
Tools and equipment	4 - 12.5
Furniture and fixtures	3 - 10
Motor vehicles	4

Borrowing costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the consolidated statement of income.

Intangible assets

These represent goodwill on acquisition of subsidiary and license costs of certain hospitals and dispensaries. Goodwill is not amortized but reviewed for any impairment in value on an annual basis. Intangible assets are amortized over the estimated period of benefit.

Impairment

At each consolidated balance sheet date, the Group reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as an income immediately.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods and services when risks and rewards attributable to goods are transferred to the Group or services are received, whether or not billed to the Group.

Zakat

The Company and its subsidiaries are subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accruals basis and charged to the consolidated statement of income. Zakat is computed on the higher of zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

End-of-service indemnities

End-of-service indemnities, required by labor law, are provided in the consolidated financial statements based on the employees' length of service.

Provision for obligations

A provision is recognized in the consolidated financial statements when the Group has a legal or constructive obligation 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.

Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

Dividends

Dividends recorded in the consolidated financial statements in the year of approval by the Annual General Meeting. Interim dividends are recorded as and when approved by the Board of Directors.

Foreign currency translation

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated balance sheet date. All differences are taken to consolidated statement of income.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Earnings per share

Earnings per share are computed by dividing the net income for the year by the weighted average number of shares outstanding during the year.

Earnings per share from the continuing main operations are computed by dividing income excluding other income for the year by the weighted average number of shares outstanding during the year.

Earnings per share from other operations are computed by dividing the other income for the year by the weighted average number of shares outstanding during the year.

3. CASH AND CASH EQUIVALENTS

	2013 SR	2012 SR
Cash in hand	675,502	755,230
Bank balances	179,565,486	76,917,045
Murabaha deposits	-	80,000,000
	<u>180,240,988</u>	<u>157,672,275</u>

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

4. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013 SR	2012 SR
Trade receivable	180,546,828	174,868,393
Retention receivable	18,527,731	18,472,319
Prepaid expenses	10,661,403	10,364,888
Advances to suppliers	6,722,170	4,131,271
Due from related parties (note 18)	4,314,688	7,653,529
Other receivables	12,650,501	6,251,157
	233,423,321	221,741,557

5. INVENTORIES

	2013 SR	2012 SR
Surgical instruments and consumables	25,823,048	27,403,331
Pharmaceuticals, cosmetics and others	39,205,677	33,138,029
Spare parts	2,185,383	2,080,707
	67,214,108	62,622,067

Spare parts inventory primarily relates to property and equipment and accordingly, this inventory is expected to be utilized over a period exceeding one year.

6. INVESTMENT IN AN ASSOCIATE

The Group has 50% ownership interest in Advance Medical Project Company ("AMPC"), a limited liability company registered in the Kingdom of Saudi Arabia. The principal activity of AMPC is to operate Ophthalmology and ENT clinics. Since the fair value is not readily determinable, the carrying value of this investment is considered to be its fair value.

Details of the change in investment are given below:

	2013 SR	2012 SR
January 1	7,662,825	7,289,216
Share of income from an associate (note 17)	3,533,803	3,301,074
Dividends	(3,133,086)	(2,927,465)
December 31	8,063,542	7,662,825

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

7. PROPERTY AND EQUIPMENT

	Freehold land SR	Buildings SR	Tools, equipment, furniture, fixtures and motor vehicles SR	Capital work- in- progress SR	Total SR
Cost					
January 1, 2013	184,718,057	370,301,442	384,737,927	146,851,776	1,086,609,202
Additions	20,996,213	6,503,574	31,140,105	162,189,393	220,829,285
Transfers	-	27,546,256	4,497,589	(32,043,845)	-
Disposals	-	(231,500)	(16,947,292)	-	(17,178,792)
December 31, 2013	205,714,270	404,119,772	403,428,329	276,997,324	1,290,259,695
Depreciation					
January 1, 2013	-	142,855,698	255,726,315	-	398,582,013
Charge for the year	-	10,621,085	29,221,774	-	39,842,859
Disposals	-	(231,500)	(16,430,586)	-	(16,662,086)
December 31, 2013	-	153,245,283	268,517,503	-	421,762,786
Net book value					
December 31, 2013	205,714,270	250,874,489	134,910,826	276,997,324	868,496,909
December 31, 2012	184,718,057	227,445,744	129,011,612	146,851,776	688,027,189

Capital work-in-progress mainly represents the cost incurred for construction of new hospitals in Riyadh and Khobar, and extension of hospitals in Dammam and Jubail. Finance charges amounting to SR 7.6 million (2012: SR 6.7 million) were capitalized during the year at the rate of 7.86% (2012: 9.97%).

Certain property and equipment were pledged as security against Ministry of Finance loans (note 11).

8. INTANGIBLE ASSETS

	Goodwill SR	License costs SR	Total SR
Cost			
January 1, 2013	16,371,000	7,080,812	23,451,812
Additions	-	518,214	518,214
Adjustment	-	(861,253)	(861,253)
December 31, 2013	16,371,000	6,737,773	23,108,773
Amortization			
January 1, 2013	-	6,001,766	6,001,766
Charge for the year	-	559,191	559,191
Adjustment	-	(861,253)	(861,253)
December 31, 2013	-	5,699,704	5,699,704
Net book value			
December 31, 2013	16,371,000	1,038,069	17,409,069
December 31, 2012	16,371,000	1,079,046	17,450,046

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

9. ACCOUNTS PAYABLE AND ACCRUALS

	2013 SR	2012 SR
Trade payables	62,703,953	54,587,300
Accrued expenses	39,789,552	36,338,937
Zakat payable (note 10)	15,762,892	14,206,186
Due to related parties (note 18)	1,752,358	1,860,070
Other liabilities	29,387,267	14,242,982
	149,396,022	121,235,475

10. ZAKAT

The principal elements of the zakat base are as follows:

	2013 SR	2012 SR
Non-current assets	891,621,577	700,805,715
Non-current liabilities	224,924,547	174,772,034
Opening stockholders' equity	763,726,198	668,531,641
Net income before zakat	212,989,592	178,798,520
Spare parts	1,387,465	644,335
Dividends paid	(75,000,000)	(75,000,000)

The above represents the Company's unconsolidated elements. Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in zakat provision is as follows:

	2013 SR	2012 SR
January 1	14,206,186	14,474,125
Provision for the year	14,882,991	14,206,186
Payments during the year	(12,109,459)	(8,818,482)
Excess provision for prior years	(1,216,826)	(5,655,643)
December 31	15,762,892	14,206,186

The charge for the year is as follows:

	2013 SR	2012 SR
Zakat for current year	14,882,991	14,206,186
Excess provision for prior years	(1,216,826)	(5,655,643)
	13,666,165	8,550,543

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

Outstanding assessments

Zakat returns have been filed and paid for all years through 2012 and zakat certificates have been received. Final zakat assessments for the Company have been received up to 2007 from the DZIT. In 2012, the Company received its final assessment for 2008 from the DZIT which showed an additional zakat due of SR 0.5 million. The Company filed an appeal against the assessment received with the Preliminary Objection Committee ("POC") for the year 2008 and the additional zakat claimed by the DZIT has been provided for. In 2013, the Company paid additional zakat and received final assessment for the year 2008.

Further, in 2013, the Company received assessments for the years from 2009 to 2011 which showed additional zakat due of SR 0.9 million. The Company paid such additional dues during the year and received final assessments for the years from 2009 to 2011.

11. TERM LOANS

	2013 SR	2012 SR
Ministry of Finance	86,340,831	26,375,454
Commercial banks	177,287,334	182,737,255
	263,628,165	209,112,709
Less: current portion	(56,709,224)	(46,273,146)
Non-current portion	206,918,941	162,839,563

Ministry of Finance loans:

The balance consists of long term loans obtained by the Group from the Ministry of Finance which are repayable in varying annual installments. These loans are commission free and are secured by a mortgage over the property of hospitals in Dammam, Riyadh and Qateef (note 7).

Commercial bank loans:

The Group obtained certain long term loan facilities from various local commercial banks for acquisition, construction and upgrading of hospitals. These loans are secured by promissory notes issued by the Company and assignment of certain receivables. These loans carry finance charges at the prevailing market rates. The loans' terms vary from 2.5 to 8.5 years and are repayable in varying monthly installments.

The facility agreements with commercial banks contain certain covenants, which include among other things, require maintenance of certain financial ratios and restriction on distribution of dividends by a subsidiary.

Aggregate maturities of the long term loans at December 31, 2013 were as follows:

	SR
2014	56,709,224
2015	61,989,555
2016	40,043,223
2017	23,293,223
Thereafter	81,592,940
	263,628,165

Installments due in 2014 are shown as current liabilities in the consolidated balance sheet.

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Bank facilities

The Company obtained bank facilities ("the Facilities") from local banks in the form of short term Islamic Murabaha, working capital loans, letters of credit and guarantee, and long term loans to finance the construction of new and expansion of existing hospitals and staff accommodations. The Facilities carry commission at the prevailing market rates. The Facilities are secured by promissory notes, property and equipment, and deposits of collection from a customer.

12. PROPOSED DIVIDENDS

The Board of Directors at their meeting held on 13 Safar, 1435 corresponding to December 16, 2013 proposed a cash dividend of SR 2.0 per share amounting to SR 100 million for the year ended December 31, 2013 for the approval of the shareholders in General Assembly Meeting (the shareholders at the General Assembly meeting held on 21 Jumada I, 1434 corresponding to April 2, 2013, approved the recommendation of the Board of Director to distribute a cash dividend of SR 1.5 per share amounting to SR 75 million for the year 2012).

13. NON-CONTROLLING INTERESTS

As of December 31, 2013 and 2012, non-controlling interests represent minority shareholders' interest of 49% in the Eastern Medical Services Company Limited and 5% in Specialized Medical Clinic Company Limited.

14. SEGMENTAL INFORMATION

Business segments:

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's revenues, gross profit, property and equipment, total assets and total liabilities, by business segment, are as follows:

	In-patient SR	Out-patient SR	Pharmaceuticals SR	Total SR
2013				
For the year ended December 31				
Revenues	335,918,298	398,012,559	168,304,797	902,235,654
Gross profit	186,371,967	220,822,694	48,603,591	455,798,252
As of December 31				
Property and equipment	399,508,578	312,658,887	156,329,444	868,496,909
Total assets	678,430,050	530,945,257	265,472,628	1,474,847,935
Total liabilities	242,306,797	189,631,407	94,815,703	526,753,907
2012				
For the year ended December 31				
Revenues	274,536,245	357,703,673	164,274,241	796,514,159
Gross profit	140,101,311	182,543,304	50,063,612	372,708,227
As of December 31				
Property and equipment	302,731,964	227,048,973	158,246,252	688,027,189
Total assets	539,077,423	404,308,067	281,790,469	1,225,175,959
Total liabilities	181,088,333	135,816,249	94,659,809	411,564,391

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2013

Geographical segments:

The entire Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

15. SELLING AND DISTRIBUTION EXPENSES

	2013 SR	2012 SR
Employees' related costs	24,857,391	24,191,583
Doubtful debts	108,440,138	69,192,471
Advertising and promotions	6,955,374	5,540,106
	140,252,903	98,924,160

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2013 SR	2012 SR
Employees' related costs	49,714,782	48,383,160
Depreciation	7,968,572	7,732,877
Management incentives (note 18)	5,079,858	5,147,837
Repair and maintenance	3,886,023	3,046,021
Executive directors' salaries (note 18)	2,985,000	2,985,000
Support services	2,731,205	2,365,297
Rental	2,655,595	2,304,587
Water and electricity	2,531,584	2,283,616
Others	15,185,211	12,964,742
	92,737,830	87,213,137

17. OTHER INCOME

	2013 SR	2012 SR
Share of income from an associate (note 6)	3,533,803	3,301,074
Services provided to an affiliate	367,405	288,815
(Loss) gain on disposal of property and equipment	(94,962)	1,519,054
Other income	7,733,724	3,559,100
	11,539,970	8,668,043

18. RELATED PARTY TRANSACTIONS

The significant transactions and the related approximate amounts are as follows:

	2013 SR	2012 SR
Purchases and other services	17,231,311	17,220,375
Management incentives (note 16)	5,079,858	5,147,837
Executive directors' salaries (note 16)	2,985,000	2,985,000
Directors' remuneration	1,400,000	1,400,000

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Amounts due from and due to related parties are shown in notes 4 and 9 respectively.

19. CONTINGENCIES AND COMMITMENTS

	2013	2012
	SR	SR
Letters of credit, guarantees and promissory note	<u>22,458,427</u>	<u>5,000,000</u>
Capital commitments	<u>411,159,316</u>	<u>302,175,410</u>

Capital commitments are subject to approval of the Board of Directors.

20. RISK MANAGEMENT

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market rates. The Group is subject to commission rate risk on its commission bearing liabilities, which comprise term loans.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by monitoring outstanding receivables. Adequate allowances are made for debts considered doubtful. At the balance sheet date, no significant credit risk was identified by the management.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group limits its liquidity risk by ensuring that bank facilities are available. The Group's invoicing terms require amounts to be paid within 60 to 120 days of the date of the invoice. Trade payables are normally settled within 60 to 90 days of the date of purchase.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year. As Saudi Riyal is pegged to US Dollar, balances in US Dollars are not considered to represent significant currency risk.

21. FAIR VALUE

The fair values of the Group's financial assets and liabilities approximate their carrying amounts.