



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
AUDITORS' REPORT (LIMITED REVIEW)
FOR THE THREE MONTHS AND NINE MONTHS ENDED
SEPTEMBER 30, 2013**

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND AUDITORS' REPORT
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2013

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AUDITORS' REPORT (LIMITED REVIEW) ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the stockholders
Mouwasat Medical Services Company
Dammam, Saudi Arabia

Scope of Review


We have reviewed the consolidated interim balance sheet of Mouwasat Medical Services Company ("the Company"), a Saudi Joint Stock Company, and its subsidiaries as of September 30, 2013 and the related consolidated interim statement of income for the three months and nine months then ended, consolidated interim statements of shareholders' equity and cash flows for the nine months then ended, and notes 1 to 6 which form an integral part of these consolidated interim financial statements as prepared by the Company and presented to us with all the necessary information and explanations. These consolidated interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standard of auditing applicable to interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review Results

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia.

Deloitte & Touche
Bakr Abulkhair & Co.


Nasser M. Al-Sagga
License No. 322
22 Dhu al-Hijjah, 1434
October 27, 2013



MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM BALANCE SHEET
AS OF SEPTEMBER 30, 2013

	Note	September 30, 2013 SR (Un-audited)	September 30, 2012 SR (Un-audited)
ASSETS			
Current assets			
Cash and cash equivalents		131,933,996	83,452,260
Short term investment		100,000,000	50,000,000
Accounts receivable and prepayments		217,163,132	216,012,484
Inventories		69,271,361	65,740,939
Total current assets		518,368,489	415,205,683
Non-current assets			
Investment in an associate		8,063,542	7,289,216
Property and equipment		810,069,998	665,306,447
Intangible assets		17,575,968	17,331,825
Total non-current assets		835,709,508	689,927,488
TOTAL ASSETS		1,354,077,997	1,105,133,171
LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS			
Current liabilities			
Short term loans		82,977,414	50,000,000
Current portion of long term loans		94,459,223	30,487,913
Accounts payable and accruals		113,703,069	113,473,615
Total current liabilities		291,139,706	193,961,528
Non-current liabilities			
Long term loans		133,831,007	111,690,231
End-of-service indemnities		34,325,726	30,182,490
Total non-current liabilities		168,156,733	141,872,721
Shareholders' equity and non-controlling interests			
Share capital	1	500,000,000	500,000,000
Statutory reserve		94,510,619	75,175,845
Retained earnings		244,999,926	147,386,966
Total shareholders' equity		839,510,545	722,562,811
Non-controlling interests		55,271,013	46,736,111
Total shareholders' equity and non-controlling interests		894,781,558	769,298,922
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		1,354,077,997	1,105,133,171

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

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Managing Director
Mohd Sulaiman Al Saleem

Authorized Board Representative
Mohd Sulaiman Al Saleem

Chief Finance Officer
Mahmoud Soliman

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

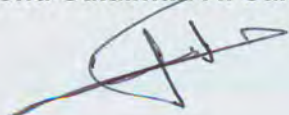
CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2013

	From July 1 to September 30		From January 1 to September 30	
	2013	2012	2013	2012
	SR	SR	SR	SR
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Revenues				
Operating revenues	172,613,875	149,510,699	536,503,789	464,133,044
Trading sales	39,016,532	37,768,202	123,091,400	119,341,676
Total revenues	211,630,407	187,278,901	659,595,189	583,474,720
Direct costs				
Cost of operations	(77,549,374)	(75,755,217)	(239,115,074)	(224,525,130)
Cost of sales	(29,746,810)	(27,516,074)	(88,854,759)	(87,340,494)
Total direct costs	(107,296,184)	(103,271,291)	(327,969,833)	(311,865,624)
Gross profit	104,334,223	84,007,610	331,625,356	271,609,096
Selling and distribution expenses	(32,847,229)	(25,411,255)	(98,109,335)	(65,364,752)
General and administrative expenses	(22,498,187)	(21,384,056)	(66,089,311)	(63,541,559)
Amortization of intangible assets	(165,952)	(131,085)	(392,292)	(393,255)
Total expenses	(55,511,368)	(46,926,396)	(164,590,938)	(129,299,566)
Operating income	48,822,855	37,081,214	167,034,418	142,309,530
Other income	3,893,706	2,717,437	8,030,177	4,869,574
Finance charges	(268,249)	(248,014)	(1,196,204)	(921,696)
Income before non-controlling interests and zakat	52,448,312	39,550,637	173,868,391	146,257,408
Non-controlling interests	(5,055,426)	(2,405,058)	(13,225,643)	(10,284,400)
Net income before zakat	47,392,886	37,145,579	160,642,748	135,973,008
Zakat	(3,281,121)	(1,710,390)	(9,858,401)	(6,941,838)
NET INCOME	44,111,765	35,435,189	150,784,347	129,031,170
Earnings per share (note 3)				
Earnings per share from net income	0.88	0.71	3.02	2.58
Earnings per share from continuing main operations	0.80	0.66	2.86	2.48
Earnings per share from other operations	0.08	0.05	0.16	0.10
Weighted average number of shares outstanding	50,000,000	50,000,000	50,000,000	50,000,000

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

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Managing Director
Mohd Sulaiman Al Saleem



Authorized Board Representative
Mohd Sulaiman Al Saleem



Chief Finance Officer
Mahmoud Soliman

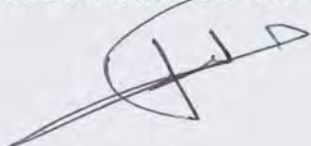


MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	Share capital SR	Statutory reserve SR	Retained earnings SR	Proposed dividends SR	Total SR
January 1, 2012 (audited)	250,000,000	62,272,728	281,258,913	75,000,000	668,531,641
Increase in share capital (note 1)	250,000,000	-	(250,000,000)	-	-
Net income for the period	-	-	129,031,170	-	129,031,170
Transfer to statutory reserve	-	12,903,117	(12,903,117)	-	-
Dividends paid (note 4)	-	-	-	(75,000,000)	(75,000,000)
September 30, 2012 (un-audited)	500,000,000	75,175,845	147,386,966	-	722,562,811
January 1, 2013 (audited)	500,000,000	79,432,184	109,294,014	75,000,000	763,726,198
Net income for the period	-	-	150,784,347	-	150,784,347
Transfer to statutory reserve	-	15,078,435	(15,078,435)	-	-
Dividends paid (note 4)	-	-	-	(75,000,000)	(75,000,000)
September 30, 2013 (un-audited)	500,000,000	94,510,619	244,999,926	-	839,510,545

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Chief Finance Officer
Mahmoud Soliman



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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	For the nine months ended September 30	
	2013	2012
	SR	SR
	(Un-audited)	(Un-audited)
OPERATING ACTIVITIES		
Net income before non-controlling interests and zakat	173,868,391	146,257,408
Adjustments for:		
Depreciation	29,365,050	28,680,495
Amortization of intangible assets	392,292	393,255
Share of income from an associate	(2,269,141)	(2,387,465)
End-of-service indemnities, net	3,109,519	2,983,044
Finance charges	1,196,204	921,696
Loss (gain) on disposal of property and equipment	186,458	(1,385,560)
Change in fair value of profit rate swap contract	-	(1,162,663)
Changes in operating assets and liabilities:		
Accounts receivable and prepayments	4,578,425	(32,519,208)
Inventories	(6,649,294)	(7,133,674)
Accounts payable and accruals	(6,161,250)	8,254,574
Cash from operations	197,616,654	142,901,902
Finance charges paid	(1,196,204)	(921,696)
Zakat paid	(11,229,557)	(8,818,483)
Net cash from operating activities	185,190,893	133,161,723
INVESTING ACTIVITIES		
Short term investments	(30,000,000)	(50,000,000)
Purchase of property and equipment	(151,899,647)	(169,886,333)
Additions to intangible assets	(518,214)	(558,991)
Proceeds from disposal of property and equipment	305,330	2,876,000
Dividends received from an associate	1,868,424	2,387,465
Net cash used in investing activities	(180,244,107)	(215,181,859)
FINANCING ACTIVITIES		
Proceeds from short term loans	77,553,353	50,000,000
Proceeds from long term loans	48,000,000	25,000,000
Repayment of short term loans	(44,575,939)	-
Repayment of long term loans	(28,822,479)	(21,320,923)
Dividends paid	(75,000,000)	(75,000,000)
Change in non-controlling interests	(7,840,000)	(5,880,000)
Net cash used in financing activities	(30,685,065)	(27,200,923)
Net change in cash and cash equivalents	(25,738,279)	(109,221,059)
Cash and cash equivalents, January 1	157,672,275	192,673,319
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	131,933,996	83,452,260

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

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Managing Director
Mohd Sulaiman Al Saleem



Authorized Board Representative
Mohd Sulaiman Al Saleem



Chief Finance Officer
Mahmoud Soliman



MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 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. The Company was converted into a closed Saudi Joint Stock Company in accordance with Ministerial Resolution number 1880 dated 4 Dhu al Hijja 1426 corresponding to January 4, 2006. The share capital of the Company was 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 by 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 consolidated financial statements include the financial statements of the Company and its following subsidiaries (collectively "the Group") registered in the Kingdom of Saudi Arabia and their financing and operating policies are controlled by the Company:

<u>Name of entity</u>	<u>Percentage of 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements have been prepared in accordance with generally accepted accounting standards issued by the Saudi Organization of Certified Public Accountants ("SOCPA") in the Kingdom of Saudi Arabia. The principal accounting policies are set out below:

Accounting convention

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

Principles of consolidation

The consolidated interim financial statements incorporate the interim financial statements of the Company and entities controlled by the Company prepared for nine months period ended September 30, 2013. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Use of estimates

The preparation of consolidated interim 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 interim 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 recognized when services are rendered or goods are delivered 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 as appropriate. 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.

Accounts receivable

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

Inventories

Inventories are stated at the lower of cost and market value after making due allowance for any obsolete or slow moving items. 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 interim financial statements based on the latest available financial information. When fair values are not readily determinable, carrying amounts are considered to approximate fair values.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. The cost of property and equipment other than freehold land and construction in progress is depreciated on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the principal classes of assets are as follows:

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

MOUWASAT MEDICAL SERVICES COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Expenditure for repair and maintenance are charged to the consolidated interim statement of income. Improvements that increase the value or materially extend the useful life of the related assets are capitalised.

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 interim statement of income.

Intangible assets

These represent goodwill on acquisition of subsidiary, license and pre-operating costs of certain hospitals and dispensaries. Goodwill is not amortized but reviewed for any impairment in value on an annual basis. Pre-operating costs are amortized over a maximum period of seven years and the costs of other intangible assets are amortized over the estimated period of benefit.

Impairment

At each consolidated interim balance sheet date, the Group reviews the carrying amounts of its non-current assets 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 interim statement of income. Zakat is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

End-of-service indemnities

Provision is made for amounts payable at the consolidated interim balance sheet date in accordance with the employees' contracts of employment.

MOUWASAT MEDICAL SERVICES COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Provision for obligations

A provision is recognized in the consolidated interim financial statements 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.

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 are recognized as a liability at the time of their approval by the General Assembly 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 interim balance sheet date. All differences are taken to consolidated interim statement of income.

Derivative financial instruments

The Group uses derivative financial instruments such as profit rate swaps to hedge its risks associated with commission rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are re-measured at fair value at subsequent reporting dates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to consolidated interim 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.

3. EARNINGS PER SHARE

Earnings per share are computed by dividing the net income for the period by the weighted average number of shares outstanding during the period. Outstanding number of shares at September 30, 2013 and 2012 were 50 million shares (note 1).

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

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

MOUWASAT MEDICAL SERVICES COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2013

4. DIVIDENDS

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 Directors to distribute a cash dividend of SR 1.5 per share for 50 million shares amounting to SR 75 million for the year ended December 31, 2012 (in April 2012, the shareholders approved the recommendation of the Board of Directors to distribute a cash dividend of SR 3 per share for 25 million shares amounting to SR 75 million for the year 2011).

5. 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. Transactions between the business segments are reported as recorded by the Group's transfer pricing system. 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 (Un-audited)				
For the nine months ended September 30, 2013				
Revenues	246,968,858	289,534,931	123,091,400	659,595,189
Gross profit	136,896,985	160,491,730	34,236,641	331,625,356
As of September 30, 2013				
Property and equipment	356,430,799	307,826,599	145,812,600	810,069,998
Total assets	595,794,319	514,549,639	243,734,039	1,354,077,997
Total liabilities	202,090,433	174,532,647	82,673,359	459,296,439
2012 (Un-audited)				
For the nine months ended September 30, 2012				
Revenues	200,725,698	263,407,346	119,341,676	583,474,720
Gross profit	103,624,308	135,983,606	32,001,182	271,609,096
As of September 30, 2012				
Property and equipment	292,734,837	219,551,128	153,020,482	665,306,447
Total assets	486,258,596	364,693,947	254,180,628	1,105,133,171
Total liabilities	147,767,070	110,825,302	77,241,877	335,834,249

Geographical segments:

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

6. RESULTS OF INTERIM PERIOD

The results of the interim period are not audited and therefore it may not give an accurate indication of the annual operating results.