

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
AUDITORS' REPORT (LIMITED REVIEW)
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND AUDITORS' REPORT
(LIMITED REVIEW)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

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

To the stockholders
Mouwasat Medical Services Company
Dammam, Kingdom of 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 March 31, 2015 and the related consolidated interim statements of income, cash flows and stockholders' equity for the three 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.


Waleed Moh'd Sobahi
License No. 378
30 Jumada II, 1436
April 19, 2015

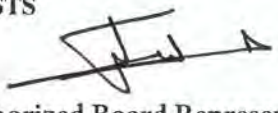


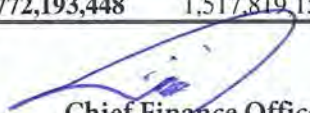
MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM BALANCE SHEET
AS OF MARCH 31, 2015

	2015 SR (Un-audited)	2014 SR (Un-audited)
ASSETS		
Current assets		
Cash and cash equivalents	337,719,537	275,607,207
Accounts receivable and prepayments	213,429,762	227,636,402
Inventories	79,746,895	73,653,684
Total current assets	630,896,194	576,897,293
Non-current assets		
Investment in an associate	8,743,603	8,530,030
Property and equipment	1,115,214,811	915,164,936
Intangible assets	17,338,840	17,226,900
Total non-current assets	1,141,297,254	940,921,866
TOTAL ASSETS	1,772,193,448	1,517,819,159
LIABILITIES, STOCKHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS		
Current liabilities		
Short term loans	24,172,243	78,595,155
Current portion of long term loans	104,675,042	64,070,392
Accounts payable and accruals	162,776,836	139,313,999
Total current liabilities	291,624,121	281,979,546
Non-current liabilities		
Long term loans	291,590,199	189,148,773
End-of-service indemnities	42,410,014	36,898,982
Total non-current liabilities	334,000,213	226,047,755
Stockholders' equity and non-controlling interests		
Share capital	500,000,000	500,000,000
Statutory reserve	129,156,535	105,346,222
Retained earnings	354,013,169	241,120,353
Proposed dividend (note 4)	100,000,000	100,000,000
Total stockholders' equity	1,083,169,704	946,466,575
Non-controlling interests	63,399,410	63,325,283
Total stockholders' equity and non-controlling interests	1,146,569,114	1,009,791,858
TOTAL LIABILITIES, STOCKHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS	1,772,193,448	1,517,819,159


Managing Director
Mohammed Al Saleem


Authorized Board Representative
Mohammed Al Saleem



Chief Finance Officer
Mahmoud Soliman


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

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	2015 SR (Un-audited)	2014 SR (Un-audited)
Revenues		
Operating revenues	218,590,153	196,665,771
Trading sales	52,066,006	46,874,281
Total revenues	270,656,159	243,540,052
Direct costs		
Cost of operations	(96,958,133)	(85,362,770)
Cost of sales	(37,820,525)	(33,997,117)
Total direct costs	(134,778,658)	(119,359,887)
Gross profit	135,877,501	124,180,165
Expenses		
Selling and distribution expenses	(45,753,913)	(36,885,979)
General and administrative expenses	(27,883,933)	(24,148,367)
Amortization of intangible assets	(183,572)	(182,169)
Total expenses	(73,821,418)	(61,216,515)
Operating income	62,056,083	62,963,650
Other income	2,873,092	2,587,742
Finance charges	(1,960,770)	(148,291)
Income before non-controlling interests and zakat	62,968,405	65,403,101
Non-controlling interests	(3,075,510)	(3,757,650)
Net income before zakat	59,892,895	61,645,451
Zakat	(3,968,043)	(3,705,271)
NET INCOME	55,924,852	57,940,180
Earnings per share (note 3)		
Earnings per share from net income	1.12	1.16
Earnings per share from continuing main operations	1.06	1.11
Earnings per share from other operations	0.06	0.05
Weighted average number of shares outstanding	50,000,000	50,000,000


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MOUWASAT MEDICAL SERVICES COMPANY
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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	2015 SR (Un-audited)	2014 SR (Un-audited)
OPERATING ACTIVITIES		
Income before non-controlling interests and zakat	62,968,405	65,403,101
Adjustments for:		
Depreciation	11,948,107	9,774,998
Amortization of intangible assets	183,572	182,169
Share of income from an associate	(1,073,055)	(723,318)
End-of-service indemnities, net	1,572,066	1,132,226
Finance charges	1,960,770	148,291
Gain on disposal of property and equipment	(8,000)	(176,450)
Changes in operating assets and liabilities:		
Accounts receivables and prepayments	6,450,603	5,786,919
Inventories	(3,940,658)	(6,439,578)
Accounts payables and accruals	(2,337,679)	(13,787,294)
Cash from operations	77,724,131	61,301,064
Finance charges paid	(1,960,770)	(148,291)
Net cash from operating activities	75,763,361	61,152,773
INVESTING ACTIVITIES		
Short term investment	100,000,000	100,000,000
Purchase of property and equipment	(29,529,878)	(56,451,755)
Additions to intangible assets	(465,960)	-
Proceeds from disposal of property and equipment	94,000	185,180
Dividend received from an associate	859,482	256,830
Net cash from investing activities	70,957,644	43,990,255
FINANCING ACTIVITIES		
Proceeds from short term loan	6,522,930	5,516,755
Proceeds from long term loans	35,000,000	-
Repayment of short term loan	(1,434,374)	(4,884,564)
Repayment of long term loans	(30,655,260)	(10,409,000)
Net cash from (used in) financing activities	9,433,296	(9,776,809)
Net change in cash and cash equivalents	156,154,301	95,366,219
Cash and cash equivalents, January 1	181,565,236	180,240,988
CASH AND CASH EQUIVALENTS, MARCH 31	337,719,537	275,607,207


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MOUWASAT MEDICAL SERVICES COMPANY
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CONSOLIDATED INTERIM STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015

	Share capital SR	Statutory reserve SR	Retained earnings SR	Proposed dividends SR	Total SR
January 1, 2014 (audited)	500,000,000	99,552,204	188,974,191	100,000,000	888,526,395
Net income for the period	-	-	57,940,180	-	57,940,180
Transfer to statutory reserve	-	5,794,018	(5,794,018)	-	-
March 31, 2014 (un-audited)	500,000,000	105,346,222	241,120,353	100,000,000	946,466,575
January 1, 2015 (audited)	500,000,000	123,564,050	303,680,802	100,000,000	1,027,244,852
Net income for the period	-	-	55,924,852	-	55,924,852
Transfer to statutory reserve	-	5,592,485	(5,592,485)	-	-
March 31, 2015 (un-audited)	500,000,000	129,156,535	354,013,169	100,000,000	1,083,169,704


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MOUWASAT MEDICAL SERVICES COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015

1. ORGANIZATION AND ACTIVITIES

Mouwasaat 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 share capital of the Company is 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 consolidated interim financial statements as of March 31, 2015 and 2014 include the financial statements of the Company and the following subsidiaries (collectively "the Group") registered in the Kingdom of Saudi Arabia:

<u>Name of entity</u>	<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 skin care and clinics (Plastic Surgery). Both subsidiaries operate in Saudi Arabia.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principles of consolidation

The consolidated interim financial statements include the interim financial statements of the Company and subsidiaries controlled by the Company as of March 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.

Income and expenses of subsidiaries acquired or disposed-off during the year, if any, are included in the consolidated interim 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.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

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

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. 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 interim 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.

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 improvement is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method.

MOUWASAT MEDICAL SERVICES COMPANY
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

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

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 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 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 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
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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

End-of-service indemnities

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

Provision for obligations

A provision is recognized in the consolidated interim 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 interim 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 interim balance sheet date. All differences are taken 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.

Earnings per share from the continuing main operations are computed by dividing 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.

4. PROPOSED DIVIDENDS

The Board of Directors at their meeting held on 7 Rabi'II, 1436 corresponding to January 27, 2015 proposed a cash dividend of SR 2.0 per share amounting to SR 100 million for the year ended December 31, 2014 which was subsequently approved by the shareholders in General Assembly Meeting held on 12 Jumada II, 1436 corresponding April 1, 2015.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2015

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 which was subsequently approved by the shareholders in the General Assembly Meeting held on 2 Jumada II, 1435 corresponding to April 2, 2014.

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. 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
2015 (un-audited)				
For the three months ended				
March 31				
Revenues	93,001,246	125,588,907	52,066,006	270,656,159
Gross profit	51,749,492	69,882,528	14,245,481	135,877,501
As of March 31				
Property and equipment	557,607,406	412,629,480	144,977,925	1,115,214,811
Total assets	886,096,724	655,711,576	230,385,148	1,772,193,448
Total liabilities	287,787,194	231,481,004	106,356,136	625,624,334
2014 (un-audited)				
For the three months ended				
March 31				
Revenues	87,242,023	109,423,748	46,874,281	243,540,052
Gross profit	49,374,626	61,928,375	12,877,164	124,180,165
As of March 31				
Property and equipment	420,975,871	329,459,377	164,729,688	915,164,936
Total assets	698,196,813	546,414,897	273,207,449	1,517,819,159
Total liabilities	233,692,558	182,889,828	91,444,915	508,027,301

Geographical segments:

The entire 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.