

**MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

31 MARCH 2018

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2018

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Review report on the interim condensed consolidated financial statements to the shareholders of Mouwasat Medical Services Company (A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mouwasat Medical Services Company, A Saudi Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2018, and the related interim condensed consolidated statement of income and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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" endorsed in the Kingdom of Saudi Arabia. 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 that are endorsed in the Kingdom of Saudi Arabia 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young



Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437



23 Sha'ban 1439 H
9 May 2018

Alkhobar

Mouwasset Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER
COMPREHENSIVE INCOME

For the three-month ended 31 March 2018

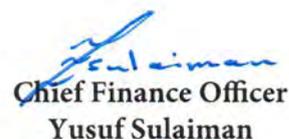
	Notes	Three-month period ended 31 March	
		2018 SR (Unaudited)	2017 SR (Unaudited)
REVENUE			
Operating revenue, net		376,936,250	310,819,774
Sales		61,572,708	52,150,205
		438,508,958	362,969,979
DIRECT COSTS			
Cost of operations		(177,614,674)	(152,442,151)
Cost of sales		(44,901,201)	(37,161,437)
		(222,515,875)	(189,603,588)
		215,993,083	173,366,391
GROSS PROFIT			
EXPENSES			
Selling and distribution		(48,871,859)	(39,523,821)
General and administration		(50,917,739)	(40,677,526)
		(99,789,598)	(80,201,347)
		116,203,485	93,165,044
OPERATING INCOME			
Share in results of an associate		805,719	1,103,021
Other income		2,151,563	2,368,340
Finance costs		(658,954)	(1,614,838)
		118,501,813	95,021,567
INCOME BEFORE ZAKAT			
Zakat	6	(6,312,700)	(5,743,820)
		112,189,113	89,277,747
NET INCOME FOR THE PERIOD			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		112,189,113	89,277,747
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
- Shareholders of the Company		106,006,567	85,114,867
- Non-controlling interest		6,182,546	4,162,880
		112,189,113	89,277,747
EARNINGS PER SHARE			
Basic and diluted earnings per share attributable to the shareholders of the Company	7	2.12	1.70



Managing Director
Mohammed Al Saleem



Authorized Board Representative
Mohammed Al Saleem



Chief Finance Officer
Yusuf Sulaiman

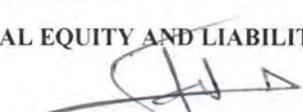
The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 SR (Unaudited)	31 December 2017 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		1,665,762,768	1,633,978,036
Goodwill		16,371,000	16,371,000
Other intangible assets		12,877,422	12,646,681
Investment in an associate		13,667,466	12,861,747
Advances to contractors		76,925,190	29,376,673
TOTAL NON-CURRENT ASSETS		1,785,603,846	1,705,234,137
CURRENT ASSETS			
Inventories		115,170,948	121,797,910
Accounts receivable		501,807,682	348,727,621
Advances, prepayments and other receivables		74,498,577	61,848,837
Term deposit		-	40,000,000
Cash and cash equivalent		279,299,298	201,792,146
TOTAL CURRENT ASSETS		970,776,505	774,166,514
TOTAL ASSETS		2,756,380,351	2,479,400,651
EQUITY AND LIABILITIES			
EQUITY			
Share capital		500,000,000	500,000,000
Statutory reserve		203,705,887	203,705,887
Retained earnings		906,708,646	788,059,447
Other reserve		(1,423,746)	(1,423,746)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		1,608,990,787	1,490,341,588
Non-controlling interests		91,471,505	82,186,211
TOTAL EQUITY		1,700,462,292	1,572,527,799
NON-CURRENT LIABILITIES			
Term loans	5	529,939,366	461,086,157
Employees' end-of-service benefits		68,881,613	67,466,862
TOTAL NON-CURRENT LIABILITIES		598,820,979	528,553,019
CURRENT LIABILITIES			
Trade payables		154,376,688	117,249,852
Accruals and other payables		117,208,387	122,075,851
Current portion of term loans	5	94,582,647	102,705,574
Zakat provision	6	39,341,290	36,288,556
Contract liabilities	2	51,588,068	-
TOTAL CURRENT LIABILITIES		457,097,080	378,319,833
TOTAL LIABILITIES		1,055,918,059	906,872,852
TOTAL EQUITY AND LIABILITIES		2,756,380,351	2,479,400,651


Managing Director

Mohammed Al Saleem


Authorized Board Representative

Mohammed Al Saleem


Chief Finance Officer

Yusuf Sulaiman

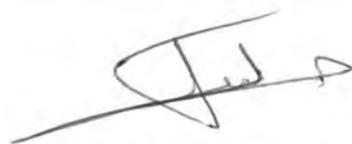
The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Mouwasat Medical Services Company (A Saudi Joint Stock Company) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2018

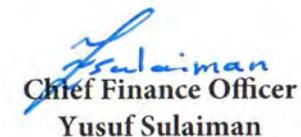
	<i>Attributable to the shareholders of the Company</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Other reserve</i>	<i>Total</i>		
	SR	SR	SR	SR	SR		
Balance at 1 January 2018 (audited)	500,000,000	203,705,887	788,059,447	(1,423,746)	1,490,341,588	82,186,211	1,572,527,799
Impact of IFRS 9 and IFRS 15 adoption (note 2)	-	-	12,642,632	-	12,642,632	3,102,748	15,745,380
Balance at 1 January 2018 (after amendment)	500,000,000	203,705,887	800,702,079	(1,423,746)	1,502,984,220	85,288,959	1,588,273,179
Total comprehensive income for the period	-	-	106,006,567	-	106,006,567	6,182,546	112,189,113
Balance at 31 March 2018 (Unaudited)	500,000,000	203,705,887	906,708,646	(1,423,746)	1,608,990,787	91,471,505	1,700,462,292
Balance at 1 January 2017 (audited)	500,000,000	170,032,563	606,687,709	-	1,276,720,272	77,546,777	1,354,267,049
Total comprehensive income for the period	-	-	85,114,867	-	85,114,867	4,162,880	89,277,747
Balance at 31 March 2017 (Unaudited)	500,000,000	170,032,563	691,802,576	-	1,361,835,139	81,709,657	1,443,544,796



**Managing Director
Mohammed Al Saleem**



**Authorized Board Representative
Mohammed Al Saleem**



**Chief Finance Officer
Yusuf Sulaiman**

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2018

	<i>Three-month period ended 31 March</i>	
	2018	2017
	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Income before zakat	118,501,813	95,021,567
Adjustments to reconcile income before zakat to net cashflows:		
Depreciation	24,355,678	21,842,594
Amortization of other intangible assets	695,278	376,783
Share in results of an associate	(805,719)	(1,103,021)
Employees' end-of-service benefits, net	1,414,751	1,669,090
Finance costs	658,954	1,614,838
Gains on disposal of property and equipment	(75,624)	(77,102)
	<u>144,745,131</u>	<u>119,344,749</u>
Working capital adjustments:		
Accounts receivable	(88,337,341)	(22,114,728)
Advances, prepayments and other receivables	(12,649,740)	(30,901,830)
Inventories	6,626,962	(1,287,139)
Trade payables	37,126,836	5,991,009
Accruals and other payables	(4,867,464)	1,753,797
Contract liabilities	2,590,728	-
Cash from operations	<u>85,235,112</u>	<u>72,785,858</u>
Finance costs paid	(658,954)	(1,614,838)
Zakat paid	(3,259,966)	-
Net cash from operating activities	<u>81,316,192</u>	<u>71,171,020</u>
INVESTING ACTIVITIES		
Term deposits	40,000,000	30,000,000
Purchase of property and equipment	(56,240,571)	(75,985,238)
Proceeds from disposal of property and equipment	175,785	198,650
Additions to intangible assets	(926,019)	(828,666)
Advances to contractors	(47,548,517)	(3,107,850)
Net cash used in investing activities	<u>(64,539,322)</u>	<u>(49,723,104)</u>
FINANCING ACTIVITIES		
Proceeds from term loans	85,483,979	115,000,000
Repayments of term loans	(24,753,697)	(37,350,896)
Repayments of short term loans	-	(352,500)
Net cash used in financing activities	<u>60,730,282</u>	<u>77,296,604</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>77,507,152</u>	<u>98,744,520</u>
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	<u>201,792,146</u>	<u>124,902,512</u>
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	<u>279,299,298</u>	<u>223,647,032</u>
NON-CASH TRANSACTIONS:		
Increase in impairment loss against accounts receivable on adoption of IFRS 9	<u>36,500,434</u>	-
Adjustment to contract liabilities on adoption of IFRS 15	<u>48,997,340</u>	-
Transfer from advances to contractors to property and equipment	<u>3,364,231</u>	<u>4,416,864</u>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Managing Director
Mohammed Al Saleem

Authorized Board Representative
Mohammed Al Saleem

Chief Finance Officer
Yusuf Sulaiman

Mouwasat Medical Services Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018

1 CORPORATE INFORMATION

Mouwasat Medical Services Company ("the Company") is registered in Saudi Arabia under Commercial Registration number 2050032029 dated 12 Ramadan 1417H (corresponding to 21 January 1997). The Company was converted into a Saudi Joint Stock Company in accordance with Ministerial Resolution No. 1880 dated 4 Dhu-al-Hijja 1426H (corresponding to 4 January 2006).

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 accompanying interim condensed consolidated financial statements include the activities of the Company and its following subsidiaries (collectively referred to as "the Group"):

<u>Name of the entity</u>	<u>Country of incorporation</u>	<u>Percentage of ownership</u>	<u>Activities</u>
Eastern Medical Services Company Limited	Saudi Arabia	51%	Medical services
Specialized Medical Clinic Company Limited	Saudi Arabia	95%	Medical services

The interim condensed consolidated financial statements of the Group as at 31 March 2018 were authorised for issue in accordance with the Board of Directors resolution on 23 Sha'ban 1439H (corresponding to 9 May 2018).

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. In addition the results of the operations for the period ended 31 March 2018 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2018.

These interim condensed consolidated financial statements are prepared using historical cost convention using the accrual basis of accounting. For employees' end-of-service benefits, actuarial present value calculation is used. These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Group.

Changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Mouwasat Medical Services Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes to the Group's accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

The Group elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. The Group recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application i.e. 1 January 2018 which is allowable as per the standard. Accordingly, the information presented for the previous corresponding period has not been restated.

The Group generates its revenue from sale of goods and operations. The goods and services are sold both on their own in separately identified contracts with customers and together as a bundled package of goods and/or services.

(a) Sale of goods

The Group's contracts with customers for the sale of medicines and drugs generally include one performance obligation. The Group has concluded that revenue from sale of medicines and drugs should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the medicines and drugs. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

(b) Operating revenues

For operating revenues the revenue is recognized when the treatment is provided and the invoice is generated (i.e. after satisfaction of performance obligation).

Some contracts includes variable considerations such as volume discount and prompt payment discount. Prior to the adoption of IFRS 15, management made its best estimate of the retroactive/discount adjustment based on its knowledge and experience about past and current events. Under IFRS 15, management will estimate variable consideration using the expected value method for volume discounts and single most likely amount method for prompt payment discount. Management shall apply one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Company will be entitled. In addition, management shall consider all the information (historical, current and forecast) that is reasonably available to the Company and shall identify a reasonable number of possible consideration amounts.

IFRS 9 Financial Instruments:

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied the exemption for not to restate the comparative information for prior periods.

(a) Classification and measurement

At transition date to IFRS 9, the Group has financial assets measured at amortised cost. The classification and measurement of the Group's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates to the new impairment requirements, as described further below.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes to the Group's accounting policies (continued)

IFRS 9 Financial Instruments (continued):

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The following tables show the adjustments recognised for individual line item affected by the changes on adoption of IFRS 15 and IFRS 9 as at 1 January 2018:

	<i>1 January</i> 2018 SR	<i>Adjustments resulting from adoption of</i>		<i>1 January</i> 2018 SR <i>(Amended)</i>
		IFRS 9 SR	IFRS 15 SR	
Accounts receivable	<u>348,727,621</u>	<u>(36,500,434)</u>	<u>101,243,154</u>	<u>413,470,341</u>
Contract liabilities	<u>-</u>	<u>-</u>	<u>48,997,340</u>	<u>48,997,340</u>
Retained earnings	<u>788,059,447</u>	<u>(37,076,635)</u>	<u>49,719,267</u>	<u>800,702,079</u>
Non-controlling interest	<u>82,186,211</u>	<u>576,201</u>	<u>2,526,547</u>	<u>85,288,959</u>

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, as described in note 2 above.

4 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 50 million shares (31 December 2017: 50 million shares) of SR 10 each.

The Board of Directors at the meeting held on 12 Jumada I 1439 H (corresponding to 29 January 2018) resolved to increase the share capital to 100 million shares of SR 10 each, by capitalising SR 500,000,000 from retained earnings, which will be subject to the Extraordinary General Assembly approval in their next meeting. The legal formalities relating to increase in share capital have not yet been completed.

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

5 TERM LOANS

	<i>31 March</i> <i>2018</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2017</i> <i>SR</i> <i>(Audited)</i>
<i>Current</i>		
Medium term loan (a)	86,705,774	94,828,701
Loans from the Ministry of Finance (b)	7,876,873	7,876,873
	<u>94,582,647</u>	<u>102,705,574</u>
<i>Non-current</i>		
Medium term loan (a)	418,877,188	349,380,689
Loans from the Ministry of Finance (b)	111,062,178	111,705,468
	<u>529,939,366</u>	<u>461,086,157</u>

Ministry of finance loans:

- The Group obtained Islamic loans facilities from various commercial banks. These loans are secured by promissory notes and assignment of insurance and contract proceeds. The facilities are subject to commission at SIBOR plus 1.5% to 2%.
- The Group obtained loans facility of SR 147.3 million from Ministry of finance for expansions and building new hospitals. The loans are secured by a mortgage on the Group's plots of land and are repayable on equal annual installments. These loans do not carry any financial charges.

The Group is required to comply with certain covenant under the loan facility agreement mention above.

6 ZAKAT

Charge for the period

	<i>Three-month</i> <i>period ended 31 March (Unaudited)</i>	
	<i>2018</i>	<i>2017</i>
	<i>SR</i>	<i>SR</i>
Provision and charge for the period	<u>6,312,700</u>	<u>5,743,820</u>

The provision for the period is based on individual zakat base of the Company and its subsidiaries.

Movement in provision

The movement in zakat provision was as follows:

	<i>31 March</i> <i>2018</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2017</i> <i>SR</i> <i>(Audited)</i>
At the beginning of the period/ year	36,288,556	28,907,758
Charge for the period/ year	6,312,700	23,325,552
Paid during the period/ year	(3,259,966)	(15,944,754)
At the end of the period/ year	<u>39,341,290</u>	<u>36,288,556</u>

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

6 ZAKAT (continued)

Status of assessments

Zakat returns of the Company have been agreed with the General Authority of Zakat and Tax ("the GAZT") up to 2012. The zakat assessments for the years from 2013 to 2017 have been filed with the GAZT. However, the assessments have not yet been raised by GAZT.

Eastern Medical Services Company Limited

Zakat returns have been agreed with the GAZT up to 2012. The zakat assessments for the years from 2013 to 2017 have been filed with the GAZT. However, the assessments have not yet been raised by GAZT.

Specialized Medical Clinic Company Limited

Zakat assessments have been agreed with the General Authority for Zakat and Tax ("the GAZT") up to 2008. The zakat declarations for the years from 2009 to 2012 have been filed with the GAZT. However, the final assessments have not yet been raised by GAZT. The Company has not filed the Zakat declarations for the year 2013 and thereafter.

7 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the parent company by the weighted average number of outstanding shares during the period as follows:

	<i>Three-months period ended 31 March (Unaudited)</i>	
	<u>2018</u>	<u>2017</u>
Net income for the period attributable to the shareholders of the parent company (SR)	106,006,567	85,114,867
Weighted average number of outstanding shares during the period (share)	50,000,000	50,000,000
Basic and diluted earnings per share attributable to the shareholders of the parent company	<u>2.12</u>	<u>1.70</u>

Mouwasat Medical Services Company (A Saudi Joint Stock Company) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

8 RELATED PARTIES' TRANSACTIONS AND BALANCES

Related parties represent associated companies, shareholders, directors, affiliates and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

The following are the details of related parties transactions occurred during the period and resulting balances at period/ year end:

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Amounts of transaction</i>		<i>Balance</i>	
			<i>Three-month period ended 31 March (Unaudited)</i>		<i>31 March</i>	<i>31 December</i>
			<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
			<i>SR</i>	<i>SR</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
					<i>SR</i>	<i>SR</i>
<i>a) Amounts due from related parties:</i>						
Advance Medical Project Company ("AMPC")	Associate	Revenue	679,146	2,472,466		
		Other services	74,680	59,106		
		Purchases and services	1,513,020	1,427,075	437,285	468,797
					437,285	468,797
<i>b) Amounts due to related parties:</i>						
Al-Mouwasat International Company	Affiliate	Purchases and services	6,511,977	3,632,748	3,002,724	3,691,700
AdVision Media Solution	Affiliate	Purchases and services	7,280,958	10,261,418	7,243,858	2,598,660
Magrabi Hospitals & Centers Company Ltd.	Affiliate	Expenses	635,759	616,882		
		Revenue	739,059	1,167,667	2,369,022	1,644,678
Gilan Company For Restaurants	Affiliate	Rental income	-	148,333	-	-
					12,615,604	7,935,038

Compensation of key management personnel of the Group:

	<i>2018</i>	<i>2017</i>
	<i>SR</i>	<i>SR</i>
Salaries and allowances	1,977,750	1,977,750
Incentives and other benefits	2,540,681	2,332,069
	4,518,431	4,309,819

Prices and terms of payment of the above transactions are approved by the Group's management.

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

9 SEGMENTAL INFORMATION

Operating segments:

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

In-patient – Services to customers with overnight stay at hospital

Out-patient – Services to customers without overnight stay at hospital

Pharmaceuticals – Goods, such as medicines and healthcare products

The Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the interim condensed consolidated financial statements.

	<i>In-patient</i> SR	<i>Out-patient</i> SR	<i>Pharmaceuticals</i> SR	<i>Total</i> SR
<i>For the three-month period ended 31 March 2018</i>				
Revenue	195,238,404	181,697,846	61,572,708	438,508,958
Gross profit	103,240,870	96,080,706	16,671,507	215,993,083
<i>Unallocated income (expenses)</i>				
Selling and distribution expenses				(48,871,859)
General and administration expenses				(50,917,739)
Share in results of an associate				805,719
Finance costs				(658,954)
Other income				2,151,563
Income before zakat				118,501,813
Zakat				(6,312,700)
Net income for the period				112,189,113
	<i>In-patient</i> SR	<i>Out-patient</i> SR	<i>Pharmaceuticals</i> SR	<i>Total</i> SR
<i>For the three-month period ended 31 March 2017</i>				
Revenue	145,982,682	164,837,092	52,150,205	362,969,979
Gross profit	73,445,858	82,931,765	16,988,768	173,366,391
<i>Unallocated income (expenses)</i>				
Selling and distribution expenses				(39,523,821)
General and administration expenses				(40,677,526)
Share in results of an associate				1,103,021
Finance costs				(1,614,838)
Other income				2,368,340
Income before zakat				95,021,567
Zakat				(5,743,820)
Net income for the period				89,277,747

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment revenue in the three-month ended 31 March 2018 and 2017.

Mouwasat Medical Services Company (A Saudi Joint Stock Company)
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2018

9 SEGMENTAL INFORMATION (continued)

Operating segments (continued):

	<i>In-patient</i> SR	<i>Out-patient</i> SR	<i>Pharmaceuticals</i> SR	<i>Total</i> SR
<i>As at 31 March 2018</i>				
Total assets	1,405,753,979	1,047,424,533	303,201,839	2,756,380,351
Total liabilities	485,722,307	390,689,682	179,506,070	1,055,918,059
<i>As at 31 December 2017</i>				
Total assets	1,264,494,332	942,172,247	272,734,072	2,479,400,651
Total liabilities	417,161,512	335,542,955	154,168,385	906,872,852

Geographical segments:

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

10 CAPITAL COMMITMENTS

The board of directors have authorised future capital expenditure amounting to SR 418.8 million (31 December 2017: SR 472.7 million) relating to certain expansion projects.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial assets consist of bank balances and cash, accounts receivable and some other current assets. Financial liabilities consist of term loans, accounts payable and some other current liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts.

12 SUBSEQUENT EVENTS

On 16 Sha'ban 1439 H (corresponding to 2 May 2018), the general assembly resolved to distribute cash dividend of SR 3 per share amounting to SR 150 million on account of 2017.