MEDICARE GROUP Q.S.C.
DOHA – QATAR

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT

QR. 99 - 8

INDEPENDENT AUDITOR'S REPORT

To The Shareholders
Medicare Group Q.S.C.
Doha – Qatar

Report on the financial statements

We have audited the accompanying financial statements of Medicare Group Q.S.C. (the "Group"), which comprise the statement of financial position as at December 31, 2010 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Medicare Group Q.S.C. as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. 5 of 2002 and the Group's Articles of Association. We are also of the opinion that proper books of account were maintained by the Group and the contents of the directors' report are in agreement with the Group's financial statements. We have also obtained all the information and explanation which we considered necessary for the purpose of our audit and to the best of our knowledge and belief and according to the information given to us, there were no contraventions during the year of the above mentioned Law or the Group's Articles of Association which would have a material effect on the financial position of the Group or its financial performance.

For **Deloitte & Touche**

Doha – Qatar
March 13, 2011

Midhat Salha
License No. 257

MEDICARE GROUP Q.S.C.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2010

	Note	**2010**	2009
		QR.	QR.
ASSETS			
Current Assets			
Cash and bank balances	5	**35,831,319**	10,244,938
Accounts receivable	6	**70,474,239**	38,568,826
Inventories	8	**19,029,053**	17,745,986
Prepayments and other debit balances	9	**1,118,992**	1,728,478
Assets of disposal group classified as held for sale	15	**2,367,539**	10,053,226
Total Current Assets		**128,821,142**	78,341,454
Non-Current Assets:			
Investments	10	**42,759,502**	39,406,599
Property and equipment	11	**642,506,685**	648,938,810
Total Non-Current Assets		**685,266,187**	688,345,409
Total Assets		**814,087,329**	766,686,863

	Notes	**2010**	2009
		QR.	QR.
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Accounts payable	12	**16,913,759**	13,716,023
Retention payable	13	**14,763,251**	14,763,251
Borrowings	14	**4,989,856**	8,974,495
Accruals and other credit balances	16	**24,469,061**	17,159,916
Liabilities associated with assets of disposal group held for sale	15	**--**	2,641,832
Total Current Liabilities		**61,135,927**	57,255,517
Non-Current Liabilities			
Borrowings	14	**--**	4,922,748
Employees' end of service benefits	17	**14,298,018**	11,125,733
Total Non-Current Liabilities		**14,298,018**	16,048,481
Total Liabilities		**75,433,945**	73,303,998
Shareholders Equity			
Share capital		**281,441,000**	281,441,000
Legal reserve	18	**7,320,210**	2,762,986
Fair value reserve	10	**(3,461,491)**	(7,814,394)
Revaluation surplus		**424,290,599**	426,503,099
Proposed dividends		**28,144,100**	--
Retained Earnings /Accumulated losses		**918,966**	(13,025,143)
Equity Attributable to Parent Shareholders		**738,653,384**	689,867,548
Non controlling interest		**--**	3,515,317
Total Shareholders' Equity		**738,653,384**	693,382,865
Total Liabilities and Shareholders' Equity		**814,087,329**	766,686,863

These financial statements were approved by the Board of Directors and signed on their behalf by the following on March 13, 2011.

……………………………………......
Sheikh Thani Bin Abdullah Al-Thani
Chairman

…………………………….
Abdulwahed Al Mawlawi
Managing Director

MEDICARE GROUP Q.S.C.

STATEMENT OF INCOME

For the year ended December 31, 2010

	Notes	**2010**	2009
		QR.	QR.
Continued operations			
Operating income		**246,089,043**	189,895,324
Operating costs	19	**(148,172,470)**	(135,202,714)
Gross Profit		**97,916,573**	54,692,610
Income from deposits with Islamic banks		**316,133**	139,187
Other income	20	**12,630,898**	9,969,406
General and administrative expenses	21	**(40,018,975)**	(43,262,832)
Depreciation expenses	11	**(23,682,319)**	(22,646,961)
Finance cost		**(1,457,610)**	(801,838)
Profit for the year from continued operations		**45,704,700**	(1,910,428)
Discontinued Operations			
(Loss) /Profit for the year from discontinued operations	15	**(132,461)**	2,794,994
		45,572,239	884,566
Attributable to:			
Parent shareholders		**45,572,239**	89,572
Non controlling interest		**--**	794,994
Net Profit for the Year		**45,572,239**	884,566
Earnings per share			
Basic and diluted Earnings Per Share attributable to parent shareholders	22	**1.62**	0.003

MEDICARE GROUP Q.S.C.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2010

	2010	2009
	QR.	QR.
Net Profit for the Year	**45,572,239**	884,566
Other Comprehensive Income		
Net movement in fair value of available for sale investments	**4,352,903**	(5,068,452)
Revaluation adjustment	**--**	(77,930,151)
Total Comprehensive Income (Loss) for the Year	**49,925,142**	(82,114,037)
Attributable to:		
Parent shareholders	**49,925,142**	(82,909,031)
Non controlling interest	**--**	794,994
Total Comprehensive Income (Loss) for the Year	**49,925,142**	(82,114,037)

MEDICARE GROUP Q.S.C.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2010

	Share Capital QR.	Legal Reserve QR.	Fair value Reserve QR.	Revaluation Surplus QR.	Proposed Dividends QR.	Retained Earnings QR.	Attributable to Shareholders of the Parent QR.	Non-controlling Interest QR.	Total QR.
Balance at January 1, 2009	281,441,000	2,754,029	(2,745,942)	504,433,250	--	(13,105,758)	772,776,579	2,720,323	775,496,902
Comprehensive loss for the year	--	--	(5,068,452)	(77,930,151)	--	89,572	(82,909,031)	794,994	(82,114,037)
Transfer to legal reserve	--	8,957	--	--	--	(8,957)	--	--	--
Balance at December 31, 2009	**281,441,000**	**2,762,986**	**(7,814,394)**	**426,503,099**	**--**	**(13,025,143)**	**689,867,548**	**3,515,317**	**693,382,865**
Movement in non-controlling interest account (Note 15)	--	--	--	--	--	--	--	(3,515,317)	(3,515,317)
Comprehensive profit for the year	--	--	4,352,903	--	--	45,572,239	49,925,142	--	49,925,142
Contribution to social and sport fund *	--	--	--	--	--	(1,139,306)	(1,139,306)	--	(1,139,306)
Transfer related to depreciation of revalued properties	--	--	--	(2,212,500)	--	2,212,500	--	--	--
Transfer to legal reserve	--	4,557,224	--	--	--	(4,557,224)	--	--	--
Proposed dividends	--	--	--	--	28,144,100	(28,144,100)	--	--	--
Balance at December 31, 2010	**281,441,000**	**7,320,210**	**(3,461,491)**	**424,290,599**	**28,144,100**	**918,966**	**738,653,384**	**--**	**738,653,384**

*In 2010 and in accordance with law number 13 of 2008, the Group has set aside an amount of QR 1.1 million for the support of sports, social, cultural and charitable activities which amount is equivalent to 2.5% of the net profit of the Group.

THE ACCOMPAYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2010

	Note	2010	2009
		QR.	QR.
Cash Flows from Operating Activities:			
Net profit for the year		**45,572,239**	884,566
Adjustments for:			
Depreciation of property and equipment		**23,682,319**	22,646,961
Provision for employees' end of service benefits		**5,316,545**	5,681,769
Provision for slow moving inventory		**1,500,000**	--
Provision for doubtful debts		**3,134,803**	1,455,000
		79,205,906	30,668,296
Accounts receivable		**(35,040,216)**	(12,635,704)
Due from related parties		**--**	(75,000)
Inventories		**(2,813,767)**	(5,823,853)
Prepayments and other debit balances		**609,486**	11,922
Due to related parties		**--**	(1,687,161)
Accounts payable		**3,197,736**	(2,033,121)
Accruals and other credit balances		**6,169,839**	5,977,178
Cash from operations		**51,328,984**	14,402,557
Employees' end of service benefits paid		**(2,144,260)**	(981,579)
Net Cash from Operating Activities		**49,184,724**	13,420,978
Cash Flows from Investing Activities:			
Acquisition of property and equipment		**(17,250,194)**	(20,097,227)
Proceeds from sale of investments		**1,000,000**	--
Net Cash used in Investing Activities		**(16,250,194)**	(20,097,227)
Cash Flows from Financing Activities:			
Borrowings		**(8,907,387)**	11,272,243
Net Cash (used in) / from Financing Activities		**(8,907,387)**	11,272,243
Net Increase in cash and cash equivalents		**24,027,143**	4,595,994
Cash and cash equivalents – beginning of year		**11,804,176**	7,208,182
Cash and cash equivalents - End of Year	**5**	**35,831,319**	11,804,176

THE ACCOMPAYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

The Medicare Group (Q.S.C) (the "Group"), formerly known as Al Ahli Specialized Hospital Company Q.S.C., is a Qatari Shareholding Company incorporated on December 30, 1996 under commercial registration number 18895. The Group's main activity is to operate a specialized hospital and promote medical services in Qatar.

The financial statements of Medicare Group for the year ended December 31, 2009 comprise those of the Medicare Group (Q.S.C.) and its 50% previously owned subsidiary, Specialized Center for Ophthalmology W.L.L. (classified as held for sale) . As of December 31, 2010, the subsidiary is under liquidation – (Note 15).

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

(i) <u>Revised standards</u>

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
- IFRS 2 (Revised) — *Share-based Payment*
- IFRS 3 (Revised) — *Business combinations*
- IFRS 5 (Revised) — *Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) — *Operating Segments*
- IAS 1 (Revised) — *Presentation of Financial Statements.*
- IAS 7 (Revised) — *Statement of cashflows*

2.1 Standards and Interpretations effective in the current period (continued)

- IAS 17 (Revised) — *Leases*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) — *Investment in associates*
- IAS 31 (Revised) — *Investment in joint ventures*
- IAS 36 (Revised) — *Impairment of Assets*
- IAS 38 (Revised) — *Intangible Assets*
- IAS 39 (Revised) — *Financial Instruments : Recognition and Measurement*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(ii) Revised Interpretations

- IFRIC 9 — *Reassessment of Embedded Derivatives*
- IFRIC 16 — *Hedges of Net Investment in Foreign Operations*

(iii) Withdrawn Interpretations

- IFRIC 8 — *Scope of IFRS 2*
- IFRIC 11 — *Group and Treasury Share Transactions*

(iv) New Interpretations

- IFRIC 17 — *Distributions of Non-cash Assets to Owners*
- IFRIC 18 — *Transfers of Assets from Customers*

2.2 Standards and Interpretations in issue not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

(i) Revised Standards

Effective for periods beginning on or after February 1, 2010

- IAS 32 (Revised) — *Financial Instruments : Presentation*

2.2 Standards and Interpretations in issue not yet effective (continued)

Effective for periods beginning on or after July 1, 2010

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards.*
- IFRS 3 (Revised) — *Business combinations*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements*

Effective for annual periods beginning on or after January 1, 2011

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
- IFRS 7 (Revised) — *Financial Instruments disclosures*
- IAS 1 (Revised) — *Presentation of Financial Statements*
- IAS 24 (Revised) — *Related Party Disclosures*
- IAS 34 (Revised) — *Interim Financial Reporting.*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(ii) Revised Interpretations

Effective for annual periods beginning on or after January 1, 2011

- IFRIC 14 — *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

(iii) New Interpretations

Effective for annual periods beginning on or after July 1, 2010

- IFRIC 19 — *Extinguishing Financial Liabilities with Equity Instruments*

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Group in the period of initial application, other than certain presentation and disclosure changes

2.3 EARLY ADOPTION OF A NEW STANDARD

The Group has adopted IFRS 9 Financial Instruments (IFRS 9) in 2009 in advance of its effective date. The Group has chosen December 31, 2009 as its date of initial application (i.e. the date on which the Group has assessed its existing financial assets) as this is the first reporting period end since the Standard was issued on November 12, 2009.

IFRS 9 specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value.

Investments in equity instruments are classified and measured as at FVTPL except if the equity investment is not held for trading and is designated by the Group as at fair value through other comprehensive income (FVTOCI). If the equity investment is designated as at FVTOCI, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.

Management have reviewed and assessed all of the Group's existing financial assets as at the date of initial application of IFRS 9. As a result, the Group's equity instruments not held for trading have been designated as at FVTOCI.

The impact of adopting IFRS 9 has been a reclassification of available for sale investments to investment at fair value through other comprehensive income, as of December 31, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared under the historical cost convention except for available-for-sale investments, which are held at fair value, and land and buildings which are carried at the revalued amount.

Financial Assets

Prior to the early adoption of IFRS 9

Prior to the early adoption of IFRS 9, the Group's accounting policies in respect of its investments in debt and equity securities were as follows:

Available for sale Investments

The Group’s investments in equity securities are classified as available for sale investments and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the statement of income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is taken to the statement of income.

Subsequent to the adoption of IFRS 9

Effective on the date of initial application of IFRS 9, the Group's accounting policies in respect of its investments in debt and equity securities were as follows:

Financial assets at FVTOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income (“FVTOCI”). Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions

The financial statements of the Group are presented in Qatari Riyals, which is the functional currency of the Group. Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated into Qatari Riyals at the rates of exchange ruling at that date and exchange differences are recognized in the statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks and deposits with original maturities of less than three months.

Accounts receivable

Accounts receivable are stated at original invoice amount, being the fair value of services or goods provided less provision for any uncollectible amounts. The Group's terms of credit varies for each type of service and customer. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Accounts payable and other credit balances

Liabilities are recognized for amounts to be paid in future for goods or services received whether or not billed to the Group.

Property and equipment

Land and buildings held for use in the Group's operations are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity under revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation is charged on straight line basis on all property and equipment at rates calculated to write off the cost of each asset over its estimated useful life. Land is not depreciated. The rates of depreciation are based upon the following estimated useful lives:

Buildings	40 years
Computers and Office Equipment	5-10 years
Medical Equipment	10 years
Electrical Equipment and Tools	5- 8 years
Vehicles	4 - 7 years
Furniture and Fixtures	4-10 years

Depreciation methods applied and estimated useful lives used are re-estimated at each reporting date.

Impairment of tangible assets

The carrying amounts of the Group's assets are reviewed at each reporting date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognised. Impairment losses are recognised in the statement of income.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost is determined on First in First out basis.

Net realizable value is based on estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of a past transaction or event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Employees' benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Qatar Labor Law and the employees' contracts and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment and uncollectability of financial assets:

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income.

Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;
(b) For assets carried at cost, impairment is the difference between cost and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.
(c) For assets carried at amortized cost, impairment is the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Revenue recognition

Medical Services:

The revenue is recognized when the medical services are performed.

Income on fixed deposits and saving accounts:

Income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable.

Rent:

Rental income is recognized when earned based on actual occupancy for the property.

Dividend income:

Dividend income from investments is recognized when the Group’s right to receive payment is established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Borrowing costs are recognized in the period in which they are incurred with unpaid amounts included under “accruals and other credit balances’’.

All other borrowing costs are recognised in statement of income in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described as follows:

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

5. CASH AND BANK BALANCES

	2010	2009
	QR.	QR.
Cash on hand	**151,675**	233,450
Current accounts	**8,785,644**	10,011,488
Saving accounts	**26,894,000**	--
Total	**35,831,319**	10,244,938

Cash and cash equivalents as presented in the statement of cash flows comprise:

Cash and bank balances	**35,831,319**	10,244,938
Cash and bank balances related to assets of a disposal group	**--**	1,559,238
Cash and cash equivalent	**35,831,319**	11,804,176

6. ACCOUNTS RECEIVABLE

Accounts receivable as at December 31, comprise the following:

	2010	2009
	QR.	QR.
Accounts receivable	**83,811,632**	48,771,416
Less: Provision for doubtful debts	**(13,337,393)**	(10,202,590)
	70,474,239	38,568,826

The average credit period for collection of receivables from rendering medical services is 30 to 60 days. No interest is charged on the overdue accounts receivable. The Group provides fully for doubtful debts for all receivables over 1 year old and all receivables under legal cases. Receivables other than the above are reviewed individually and a provision is made based to the management's best estimate of the receivables collectability based on management’s past experience.

Ageing of neither past due nor impaired	**2010**	2009
	QR.	QR.
Less than 60 days	**29,370,943**	11,173,616

Ageing of past due but not impaired	**2010**	2009
	QR.	QR.
61-180 days	**36,010,636**	15,694,434
Over 181 days	**5,092,660**	11,700,776
Total	**41,103,296**	27,395,210

Ageing of past due and impaired	**2010**	2009
	QR.	QR.
More than 365 days	**13,337,393**	10,202,590

Movement in the provision for doubtful debts	**2010**	2009
	QR.	QR.
Balance at the beginning of the year	**10,202,590**	8,747,590
Additional provision during the year	**3,134,803**	1,455,000
Balance at the end of the year	**13,337,393**	10,202,590

7. RELATED PARTIES

Related parties represent shareholders and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

a) Related party transactions:

	2010	2009
	QR.	QR.
Finance charges	**1,457,610**	801,836
Other expenses	**904,558**	895,487

b) Compensation of key management personnel:

	2010	2009
	QR.	QR.
Short term benefits	**1,374,052**	1,530,000
Long term benefits	**100,000**	384,984

Included in general and administrative expenses is an amount of QR 1.5 million which represents remuneration of the members of the board of directors for the year 2010.

8. INVENTORIES

	2010	2009
	QR.	QR.
Main store- Medical and other supplies	**13,986,533**	9,724,505
Pharmaceutical inventory	**6,770,602**	8,549,563
Total	**20,757,135**	18,274,068
Less: Provision for obsolete and slow moving items	**(1,728,082)**	(528,082)
Net	**19,029,053**	17,745,986

9. PREPAYMENTS AND OTHER DEBIT BALANCES

	2010	2009
	QR.	QR.
Refundable deposits	**880,664**	811,664
Due from staff	**100,198**	67,054
Prepaid expenses	**55,355**	165,039
Others	**82,775**	684,721
Total	**1,118,992**	1,728,478

10. INVESTMENTS

	2009
	QR.
Available for sale	
At January 1,	44,475,051
Additions	--
Disposals	--
Changes in fair value	(5,068,452)
Transferred to investments at FVTOCI	(39,406,599)
	--

On December 31, 2009 (the date of initial application), the Group adopted IFRS 9 Financial Instruments (IFRS 9) in advance of its effective date. The management has irrevocably designated its investments previously held as available for sale investments as financial assets at fair value though other comprehensive income. As of December 31, 2010, those were as follows:

FVTOCI Investments

	2010	2009
	QR.	QR.
At January 1,	**39,406,599**	--
Disposals	**(1,000,000)**	--
Changes in fair value	**4,352,903**	--
Transferred from Available for sale investments	**--**	39,406,599
	42,759,502	39,406,599

At December 31, investments available for sale / investments held at FVTOCI comprised the following:

	2010	2009
	QR.	QR.
Quoted shares	**42,759,502**	38,406,599
Un-quoted shares	**--**	1,000,000
	42,759,502	39,406,599

11. PROPERTY AND EQUIPMENT

	Land	Buildings	Office Equipment	Medical Equipment	Equipment & Tools	Vehicles	Furniture & Fixtures	Capital Work In progress	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost/ Revaluation									
As at January 1, 2009	282,292,275	379,041,350	3,892,286	90,000,172	19,291,386	872,000	7,218,604	--	782,608,073
Additions during the year	--	143,000	6,742,665	5,810,347	3,982,667	597,233	130,017	2,691,298	20,097,227
Revaluation adjustment	(32,371,785)	(45,558,366)	--	--	--	--	--	--	(77,930,151)
Related to discontinued operations	--	--	(269,019)	(6,112,120)	(1,233,721)	(137,000)	(359,113)	--	(8,110,973)
Accumulated depreciation at revaluation	--	(10,399,244)	--	--	--	--	--	--	(10,399,244)
As at December 31, 2009	249,920,490	323,226,740	10,365,932	89,698,399	22,040,332	1,332,233	6,989,508	2,691,298	706,264,932
Additions during the year	--	--	8,290,707	5,789,372	1,109,641	17,627	538,421	1,504,426	17,250,194
As at December 31, 2010	**249,920,490**	**323,226,740**	**18,656,639**	**95,487,771**	**23,149,973**	**1,349,860**	**7,527,929**	**4,195,724**	**723,515,126**
Accumulated Depreciation									
As at January 1, 2009	--	--	1,404,507	33,359,222	9,963,375	400,899	3,248,557	--	48,376,560
Charge for the year	--	10,399,244	861,982	8,348,452	2,302,785	112,110	622,388	--	22,646,961
Related to Discontinued operations	--	--	(165,614)	(2,114,965)	(763,610)	(125,583)	(128,383)	--	(3,298,155)
Eliminated against gross cost of revalued assets	--	(10,399,244)	--	--	--	--	--	--	(10,399,244)
As at December 31, 2009	--	--	2,100,875	39,592,709	11,502,550	387,426	3,742,562	--	57,326,122
Charge for the year	--	8,080,668	1,743,010	9,865,725	3,100,381	158,980	733,555	--	23,682,319
As at December 31, 2010	**--**	**8,080,668**	**3,843,885**	**49,458,434**	**14,602,931**	**546,406**	**4,476,117**	**--**	**81,008,441**
Net Book Value:									
At December 31, 2010	**249,920,490**	**315,146,072**	**14,812,754**	**46,029,337**	**8,547,042**	**803,454**	**3,051,812**	**4,195,724**	**642,506,685**
At December 31, 2009	249,920,490	323,226,740	8,265,057	50,105,690	10,537,782	944,807	3,246,946	2,691,298	648,938,810

11. PROPERTY AND EQUIPMENT (CONTINUED)

Buildings with carrying value of QR. 14,250,000, (QR. 14,625,000 as of December 31, 2009) were financed by a local bank under a Muswama arrangement and were pledged to the bank as a security against the financing amount.

During 2009, the Group revalued its land and buildings and recognised a revaluation adjustment in shareholders' equity. For buildings, the accumulated depreciation at revaluation date amounting to QR. 10,399,244 (2008: QR. 20,080,242) was eliminated against the gross carrying amount of the revalued buildings.

12. ACCOUNTS PAYABLE

	2010	2009
	QR.	QR.
Trade accounts payable	**15,629,468**	13,716,023
Other payables	**1,284,291**	--
	16,913,759	13,716,023

13. RETENTION PAYABLE

This amount represents an outstanding balance of QR 14,763,251 payable to M/s Contracto for the construction of the hospital's building. This balance has been under dispute due to the delay in completing the construction work on time. This retention is under legal case and no decision has been taken by the court as of the reporting date.

14. BORROWINGS

Contract	**Due Date**	**2010** **QR.**	2009 QR.
Musawama loan (i)	September, 2010	**--**	1,125,000
Ijara (ii)	July, 2011	**2,859,403**	7,856,213
Ijara (iii)	September, 2011	**2,130,453**	4,916,030
		4,989,856	13,897,243

	2010	2009
	QR.	QR.
Presented in the statement of financial position as follows:		
Maturing in less than one year (current)	**4,989,856**	8,974,495
Maturing in more than one year (non-current)	**--**	4,922,748
	4,989,856	13,897,243

14. BORROWINGS (CONTINUED)

(i) Musawama Loan

The Group signed on October 12, 2004 a Musawama contract with an Islamic bank to finance the acquisition of 12 villas for an amount of QR 10,000,000. The contract is to be settled by payment of 60 equal monthly installments. The loan was fully settled in September 2010.

(ii) Ijara Loan

The Group signed on July 8, 2009 an Ijara contract with an Islamic bank to finance the acquisition of Medical equipment. The contract is to be settled by payment of 21 equal monthly installments and QR. 1,169,814 at the end of the contract date. These medical equipment are pledged to the above bank until the full amount of loan is settled.

(iii) Ijara Loan

The Group signed on September 10, 2009 an Ijara contract with an Islamic bank to finance the acquisition of Medical equipment. The contract is to be settled by payment of 21 equal monthly installments and QR. 661,004 at the end of the contract date. These medical equipment are pledged to the above bank until the full amount of loan is settled.

15. DISCONTINUED OPERATIONS

During 2009, the extra-ordinary general assembly of Maghrabi Specialised Center for Ophthalmology and E.N.T. resolved to liquidate the Subsidiary. As of December 31, 2009, management estimated that the proceeds from the liquidation will exceed the carrying amount of the related net assets and, accordingly, no impairment losses were recognized on the reclassification of these operations as held for sale.

During the year 2010, the Subsidiary appointed a liquidator to manage the liquidation process, and became legally under liquidation. As such, the Group reflected the net recoverable amount from the investment amounting to QR 2.3 million as assets of a disposal group, as of December 31, 2010. This is the minimum recoverable amount based on management best estimates.

16. ACCRUALS AND OTHER CREDIT BALANCES

	2010 **QR.**	2009 QR.
Notes payable	**--**	175,900
Payable to shareholders	**904,813**	904,813
Accrued staff costs	**5,385,423**	4,990,516
Accrued expenses	**12,069,050**	5,356,429
Deferred income	**3,470,469**	5,732,258
Social and sport activities fund	**1,139,306**	--
Accrued Board of Directors Remuneration	**1,500,000**	--
Total	**24,469,061**	17,159,916

17. EMPLOYEES' END OF SERVICE BENEFITS:

	2010	2009
	QR.	QR.
Balance – January 1,	**11,125,733**	7,132,623
Provided during the year	**5,316,545**	5,681,769
Paid during the year	**(2,144,260)**	(1,222,858)
Related to liabilities associated with assets of disposal group held for sale	**--**	(465,801)
Balance – December 31,	**14,298,018**	11,125,733

18. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law No. 5 of 2002, 10% of the net profit for the year is to be transferred to the legal reserve until this reserve equals 50% of the capital. This reserve is not available for distribution except in circumstances specified by the Law.

19. OPERATING COST

	2010	2009
	QR.	QR.
Staff costs	**85,065,887**	83,661,296
Medications and surgical costs	**41,144,208**	46,703,141
Provision for doubtful debts	**3,134,803**	1,455,000
Provision for obsolete and slow moving inventory	**1,500,000**	--
Utilities	**2,989,407**	1,434,175
Community doctors expenses	**13,952,312**	1,469,664
Fuel expenses	**385,853**	479,438
Total	**148,172,470**	135,202,714

20. OTHER INCOME

	2010	2009
	QR.	QR.
Rental income	**4,326,220**	5,473,660
Dividend income	**2,295,457**	3,110,903
Others	**6,009,221**	1,384,843
Total	**12,630,898**	9,969,406

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
	QR.	QR.
Staff costs *	**30,015,436**	28,381,876
Advertisement and promotion	**2,066,049**	4,535,916
Security and cleaning	**2,505,445**	3,128,500
Maintenance and repairs	**746,794**	1,848,747
Telephone and fax	**764,149**	853,479
Recruitment	**254,572**	762,958
Insurance	**904,558**	992,188
Legal and professional fees	**989,290**	1,022,368
Printing and stationery	**115,643**	301,607
Bank charges	**538,619**	666,959
Travel expense	**78,939**	128,478
Governmental expenses	**179,799**	413,008
Hospitality	**280,075**	114,382
Others	**579,607**	112,366
Total	**40,018,975**	43,262,832

* Included in staff cost is the board of directors' remuneration for the year 2010 of QR 1.5 million (2009: Nil).

22. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2010	2009
Profit for the year attributable to parent shareholders (QR)	**45,572,239**	89,572
Weighted average number of shares outstanding	**28,144,100**	28,144,100
Basic and diluted earnings per share (QR)	**1.62**	0.003

There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share are equal to the basic earnings per share.

23. CONTINGENT LIABILITIES

The following bank guarantees given by the Group were outstanding at year end:

	2010	2009
	QR.	QR.
Letters of guarantee	**65,710**	443,989
Performance bond	**--**	899,668

24. SEGMENT ANALYSIS

The Group's primary business segment is the provision of health care services and therefore has no another business segments.

The Group operates only in the state of Qatar**.**

25. FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities:

Financial assets of the Group include cash and bank balances, accounts receivable, due from related parties and investments. Financial liabilities of the Group include loans, due to related parties and accounts payable.

Fair value of financial instruments
Investments are carried at fair value which is based on quoted market prices of securities. The fair value of other financial instruments approximates their carrying value.

26. RISK MANAGEMENT

a) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity.

The capital structure of the Group consists of equity comprising share capital, reserves and retained earnings.

The Group's risk management team reviews the capital structure on a quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

b) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk relating to its available-for-sale investments by maintaining a diversified portfolio and by continuous monitoring of developments in financial markets.

A 10% increase or decrease in market value of the Group's portfolio of FVTOCI investments is expected to result in an increase or decrease of QR. 4,275,950 in the assets and equity of the Group.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter financial difficulties in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at their fair value. The Group is not significantly exposed to liquidity risk as there is enough cash that can guarantee the settlement of its current liabilities. The Group has an access to bank facilities if required.

With the exception of borrowings, all financial liabilities are current in nature. The maturity of borrowings is disclosed in note 14.

26. RISK MANAGEMENT (CONTINUED)

d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group does not hedge its exposure to currency risk. However, management is of the opinion that the Group's exposure to currency risk is minimal as most of the Group's transactions and its financial assets and liabilities are either denominated in Qatari Riyals or in currencies pegged to the US Dollar.

e) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist primarily of bank balances and accounts receivable. Credit risk on bank balances is limited as it is placed with banks having good credit rating. Credit risk on accounts receivable is limited as they are spread over numerous counter parties and they are shown after review of their recoverability and are stated net of provision for doubtful debts. The Group's largest 5 customers account for 73% of the Group's total receivables (2009: 80%).

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation in the current year financial statements.