Medicare Group Q.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2013

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDICARE GROUP Q.S.C.

Report on the financial statements

We have audited the accompanying financial statements of Medicare Group Q.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2013, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity'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 entity'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 present fairly, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDICARE GROUP Q.S.C. (CONTINUED)

Report on other legal and regulatory requirements

Furthermore, in our opinion proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 13 February 2014
Doha

STATEMENT OF INCOME
For the year ended 31 December 2013

	Notes	*2013* QR	*2012* QR
Operating income		**417,785,227**	346,890,321
Operating costs	3	**(221,981,277)**	(201,404,413)
GROSS PROFIT		**195,803,950**	145,485,908
Income from deposits with an Islamic bank		**1,517,160**	595,633
Other income	4	**12,916,862**	12,446,007
General and administrative expenses	5	**(92,752,195)**	(82,286,607)
Depreciation of property and equipment	8	**(28,015,814)**	(31,427,512)
PROFIT FOR THE YEAR		**89,469,963**	44,813,429
BASIC AND DILUTED EARNINGS PER SHARE (expressed in Qatari Riyals per share)	6	**3.18**	1.59

The attached notes 1 to 28 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	***2013 QR***	*2012 QR*
Profit for the year		**89,469,963**	44,813,429
Other comprehensive income			
Net gain on financial investments at fair value through other comprehensive income	7	**6,060,935**	3,284,493
Other comprehensive income for the year		**6,060,935**	3,284,493
Total comprehensive income for the year		**95,530,898**	48,097,922

STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Notes	2013 QR	2012 QR
ASSETS			
Non-current assets			
Property and equipment	8	**589,413,528**	604,651,161
Financial investments at fair value through other comprehensive income	9	**35,972,509**	47,681,891
Available-for-sale financial assets	10	**4,501,914**	-
		629,887,951	652,333,052
Current assets			
Inventories	11	**27,941,796**	18,094,510
Assets of a disposal group classified as held for sale	12	**685,215**	685,215
Accounts receivable and prepayments	13	**97,797,841**	77,458,146
Cash and bank balances	14	**155,577,757**	105,777,245
		282,002,609	202,015,116
TOTAL ASSETS		**911,890,560**	854,348,168
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**281,441,000**	281,441,000
Legal reserve	16	**24,661,275**	15,714,279
Fair value reserve		**(264,459)**	1,460,898
Revaluation surplus		**413,312,869**	416,985,443
Retained earnings		**5,367,118**	54,334
Proposed cash dividends	17	**84,432,300**	50,659,380
Total equity		**808,950,103**	766,315,334
Non-current liability			
Employees' end of service benefits	18	**28,002,446**	23,895,008
Current liabilities			
Accounts payable and accruals	19	**60,174,760**	49,374,575
Retention payable		**14,763,251**	14,763,251
		74,938,011	64,137,826
Total liabilities		**102,940,457**	88,032,834
TOTAL EQUITY AND LIABILITIES		**911,890,560**	854,348,168

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Abdulla Bin Thani Bin Abdulla Al-Thani	Khalid Mohammed Al-Emadi
Chairman	Chief Executive Officer

The attached notes 1 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Revaluation surplus QR*	*Retained earnings QR*	*Proposed cash dividends QR*	*Total equity QR*
Balance at 1 January 2013	281,441,000	15,714,279	1,460,898	416,985,443	54,334	50,659,380	766,315,334
Profit for the year	-	-	-	-	89,469,963	-	89,469,963
Other comprehensive income	-	-	6,060,935	-	-	-	6,060,935
Total comprehensive income	-	-	6,060,935	-	89,469,963	-	95,530,898
Transfer to legal reserve	-	8,946,996	-	-	(8,946,996)	-	-
Transfer of depreciation of revalued assets	-	-	-	(3,672,574)	3,672,574	-	-
Transfer relating to disposal of financial investments at fair value through other comprehensive income	-	-	(7,786,292)	-	7,786,292	-	-
Contribution to social and sports fund (Note 20)	-	-	-	-	(2,236,749)	-	(2,236,749)
Cash dividends paid to shareholders (Note 17)	-	-	-	-	-	(50,659,380)	(50,659,380)
Proposed cash dividends (Note 17)	-	-	-	-	(84,432,300)	84,432,300	-
Balance at 31 December 2013	**281,441,000**	**24,661,275**	**(264,459)**	**413,312,869**	**5,367,118**	**84,432,300**	**808,950,103**

	Share capital QR	*Legal reserve QR*	*Fair value reserve QR*	*Revaluation surplus QR*	*Retained earnings QR*	*Proposed cash dividends QR*	*Total equity QR*
Balance at 1 January 2012	281,441,000	11,232,936	(1,823,595)	420,638,021	7,849,386	30,958,510	750,296,258
Profit for the year	-	-	-	-	44,813,429	-	44,813,429
Other comprehensive income	-	-	3,284,493	-	-	-	3,284,493
Total comprehensive income	-	-	3,284,493	-	44,813,429	-	48,097,922
Transfer to legal reserve	-	4,481,343	-	-	(4,481,343)	-	-
Transfer of depreciation of revalued assets	-	-	-	(3,652,578)	3,652,578	-	-
Contribution to social and sports fund (Note 20)	-	-	-	-	(1,120,336)	-	(1,120,336)
Cash dividends paid to shareholders (Note 17)	-	-	-	-	-	(30,958,510)	(30,958,510)
Proposed cash dividends (Note 17)	-	-	-	-	(50,659,380)	50,659,380	-
Balance at 31 December 2012	281,441,000	15,714,279	1,460,898	416,985,443	54,334	50,659,380	766,315,334

The attached notes 1 to 28 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	Notes	*2013* *QR*	*2012* *QR*
OPERATING ACTIVITIES			
Profit for the year		**89,469,963**	44,813,429
Adjustments for:			
Depreciation of property and equipment	8	**28,015,814**	31,427,512
Provision for employees' end of service benefits	18	**7,538,105**	7,431,147
Impairment allowance for bad and doubtful debts	13	**16,588,616**	17,477,677
Provision for obsolete and slow moving inventories	11	**753,724**	1,728,082
Gain on disposal of available-for-sale financial assets	4	**(840,387)**	-
Gain on disposal of property and equipment		**(29,918)**	(4,200)
Income from deposits with an Islamic bank		**(1,517,160)**	(595,633)
Dividend income	4	**(2,483,734)**	(2,359,610)
Operating profit before working capital changes:		**137,495,023**	99,918,404
Working capital changes:			
Inventories		**(10,601,010)**	(4,978,853)
Accounts receivable and prepayments		**(36,471,597)**	(11,793,732)
Accounts payable and accruals		**9,683,772**	2,009,831
Cash from operating activities		**100,106,188**	85,155,650
Paid contribution to social and sports fund		**(1,120,336)**	(978,182)
Employees' end of service benefits paid	18	**(3,430,667)**	(1,772,648)
Net cash from operating activities		**95,555,185**	82,404,820
INVESTING ACTIVITIES			
Purchase of property and equipment	8	**(12,792,091)**	(8,472,073)
Proceeds from disposal of property and equipment		**43,828**	4,200
Net movement in term deposits		**(100,100,000)**	(20,900,000)
Income from deposits with an Islamic bank		**1,060,445**	288,498
Purchase of available-for-sale financial assets		**(26,615,798)**	-
Proceeds from sale of available-for-sale financial assets		**40,724,589**	-
Dividend income received	4	**2,483,734**	2,359,610
Net cash used in investing activities		**(95,195,293)**	(26,719,765)
FINANCING ACTIVITY			
Dividends paid	17	**(50,659,380)**	(30,958,510)
Net cash used in financing activity		**(50,659,380)**	(30,958,510)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(50,299,488)**	24,726,545
Cash and cash equivalents at 1 January		**75,777,245**	51,050,700
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	**25,477,757**	75,777,245

The attached notes 1 to 28 form part of these financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

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

The Company's registered office address is P.O. Box 6401 Doha, State of Qatar. The Company is a listed entity in the Qatar Exchange.

The financial statements of the Company for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2014.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, available-for-sale financial assets and land and building which are carried at fair value.

The financial statements are presented in Qatari Riyals ("QR'), which is the Company's functional and presentational currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed in Note 27.

Changes in accounting policies and disclosures
Following are the new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2013.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment has no impact on the Company's financial position or performance.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. These amendments have no impact the Company's financial position or performance.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. This amendment has no impact on the Company's financial position or performance.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments have no impact the Company's financial position or performance.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCE's) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This amendment does not have any impact on the Company's financial position or performance.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company re-assessed its policies for measuring fair values. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Company.

The following improvements did not have any impact on the Company's financial position:

- IAS 1 Presentation of Financial Statements
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

- IAS 16 Property plant and equipment
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- IAS 32 Financial Instruments, Presentation
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Topic	*Effective date*
• Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
• IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32	1 January 2014
• IFRIC Interpretation 21 Levies (IFRIC 21)	1 January 2014
• IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39	1 January 2014

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies

Revenue

Medical services:
The revenue is recognized when the medical services are performed.

Profit from term deposits and saving accounts:
Profit is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable.

Rent:
Rental income is recognised when earned based on actual occupancy for the premises.

Dividend income:
Dividend income from investments is recognised when the Company's right to receive payment is established.

Property and equipment
Land and buildings held for use in the Company'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. In addition, part of the reserve is transferred over the period for which the asset is used by the Company. The amount of the reserve transferred is the difference between the depreciation charge based on the revalued carrying amount of the asset and the depreciation charge based on the asset's original cost. The transfer from revaluation reserve to retained earnings, whether on disposal or on a systematic basis over the life of the asset, is not made through profit or loss.

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 and capital work in progress are not depreciated. The rates of depreciation are based upon the following estimated useful lives:

Buildings	40 years
Office equipment	5 years
Medical equipment	7 years
Equipment & tools	5 years
Vehicles	5 years
Furniture & fixtures	4-5 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Financial assets at fair value through other comprehensive income (FVTOCI)
At initial recognition, the Company 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.

Available-for-sale financial assets
Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are recognised initially at fair value plus transaction costs. After initial recognition, available-for-sale financial assets are subsequently remeasured at fair value, with any resultant gain or loss directly recognised as a separate component of equity under other comprehensive income until the investment is sold, collected, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of income for that year. Interest earned on the investments is reported as interest income using the effective interest rate. Dividends earned on investments are recognised in the statement of income as "Dividend income" when the right to receive dividend has been established. All regular way purchases and sales of investment are recognised on the trade date when the Company becomes or commits to be a party to contractual provisions of the instrument.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models. For investment in funds, fair value is determined by reference to net asset values provided by the fund administrators.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the statement of income, is transferred from equity to the statement of income. Impairment losses on equity instruments recognised in the statement of income are not subsequently reversed. Reversals of impairment losses on debt instruments are reversed through the statement of income; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was 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 weighted average basis.

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

Assets of disposal group classified as held for sale
Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Assets (or disposal groups) classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Impairment of non financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Trade and other receivables
Accounts receivable are carried at original invoiced amounts less provision, if any for non-collectability of these receivables. An allowance for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

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.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Employees' end of service benefits and pension
The Company 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 Company is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Trade payable and accruals
Liabilities are recognised for amounts to be paid in future for goods or services received whether or not billed to the Company.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Impairment and uncollectibility 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, an impairment loss is recognised 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 future cash flows discounted at the current market rate of return for a similar financial asset.
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Foreign currency translation
Transactions in foreign currencies are recorded at the rate 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 end of the reporting date. All differences are taken to the statement of income.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if the right is not explicitly specified in an arrangement.

Company as lessor
Leases where the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Company as lessee
Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Summary of significant accounting policies (continued)

Fair values

The fair value of interest bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

3 OPERATING COSTS

	2013 QR	*2012 QR*
Staff costs	**125,339,547**	106,919,819
Medications and surgical costs (inventories recognised as cost of sales)	**66,028,965**	59,669,521
Community doctors expenses	**23,665,715**	26,799,977
Other direct cost	**3,216,067**	2,781,809
Utilities	**2,453,982**	3,014,826
Provision for obsolete and slow moving inventories (Note 11)	**753,724**	1,728,082
Fuel expenses	**523,277**	490,379
	221,981,277	201,404,413

4 OTHER INCOME

	2013 QR	*2012 QR*
Rental income	**5,642,656**	6,788,844
Dividend income	**2,483,734**	2,359,610
Catering income	**1,507,805**	1,578,228
Write back of prior year accruals	**1,772,677**	1,147,340
Gain on disposal of available-for-sale financial assets	**840,387**	-
Miscellaneous income	**669,603**	571,985
	12,916,862	12,446,007

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2013 ***QR***	*2012* *QR*
Staff costs	**49,296,818**	44,002,708
Impairment allowance for bad and doubtful debts (Note 13)	**16,588,616**	17,477,677
Board of Directors' remuneration	**5,228,376**	1,725,000
Maintenance and repairs	**4,120,245**	4,021,821
Outsourcing call centre and helpers	**3,459,792**	2,318,143
Advertisement and promotion	**2,968,159**	1,745,925
Security and cleaning	**2,443,058**	2,514,493
Legal and professional fees	**1,848,893**	1,758,492
Insurance	**1,613,203**	1,839,777
Telephone and fax	**1,295,567**	1,056,261
Charity	**1,000,000**	1,000,000
Bank charges	**695,753**	669,291
Recruitment	**672,265**	345,118
Governmental expenses	**430,275**	299,785
Medical waste	**412,947**	377,260
Printing and stationery	**318,659**	445,502
Travel expenses	**210,655**	618,593
Others	**148,914**	70,761
	92,752,195	82,286,607

6 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

The following reflects the income and shares data used in the basic and diluted earnings per share computations:

	2013	*2012*
Net profit attributable to ordinary shareholders of the Company for basic earnings (in QR)	**89,469,963**	44,813,429
Weighted average number of ordinary shares outstanding during the year	**28,144,100**	28,144,100
Basic and diluted earnings per share (QR)	**3.18**	1.59

7 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2013 ***QR***	*2012* *QR*
Movements of other comprehensive income		
Financial investments at fair value through other comprehensive income		
Net movement in fair value reserve of financial investments	**6,060,935**	3,284,493
Total effect on other comprehensive income resulting from financial investments at fair value through other comprehensive income	**6,060,935**	3,284,493

8 PROPERTY AND EQUIPMENT

	Land *QR*	*Buildings* *QR*	*Office equipment* *QR*	*Medical equipment* *QR*	*Equipment & tools* *QR*	*Vehicles* *QR*	*Furniture & fixtures* *QR*	*Capital work in progress* *QR*	*Total* *QR*
Cost or valuation									
At 1 January 2013	249,920,490	323,226,740	20,446,147	104,722,009	28,942,479	1,349,860	8,068,282	5,616,724	742,292,731
Additions during the year	-	208,602	2,064,663	3,098,585	1,866,623	92,000	64,846	5,396,772	12,792,091
Disposals during the year	-	-	-	-	-	(159,000)	-	-	(159,000)
At 31 December 2013	249,920,490	323,435,342	22,510,810	107,820,594	30,809,102	1,282,860	8,133,128	11,013,496	754,925,822
Accumulated depreciation									
At 1 January 2013	-	24,242,004	9,768,230	75,067,840	20,732,098	937,600	6,893,798	-	137,641,570
Charge for the year	-	8,100,664	3,894,956	12,509,399	2,790,802	179,948	540,045	-	28,015,814
Related to disposals	-	-	-	-	-	(145,090)	-	-	(145,090)
At 31 December 2013	-	32,342,668	13,663,186	87,577,239	23,522,900	972,458	7,433,843	-	165,512,294
Net Book Value:									
At 31 December 2013	**249,920,490**	**291,092,674**	**8,847,624**	**20,243,355**	**7,286,202**	**310,402**	**699,285**	**11,013,496**	**589,413,528**

8 PROPERTY AND EQUIPMENT (continued)

	Land QR	*Buildings QR*	*Office equipment QR*	*Medical equipment QR*	*Equipment & tools QR*	*Vehicles QR*	*Furniture & fixtures QR*	*Capital work in progress QR*	*Total QR*
Cost or valuation									
At 1 January 2012	249,920,490	323,226,740	19,594,215	101,765,876	25,993,180	1,349,860	7,810,241	4,209,724	733,870,326
Additions during the year	-	-	851,932	2,956,133	2,998,967	-	258,041	1,407,000	8,472,073
Disposals during the year	-	-	-	-	(49,668)	-	-	-	(49,668)
At 31 December 2012	249,920,490	323,226,740	20,446,147	104,722,009	28,942,479	1,349,860	8,068,282	5,616,724	742,292,731
Accumulated depreciation									
At 1 January 2012	-	16,161,336	5,783,949	60,342,292	17,933,331	739,243	5,303,575	-	106,263,726
Charge for the year	-	8,080,668	3,984,281	14,725,548	2,848,435	198,357	1,590,223	-	31,427,512
Related to disposals	-	-	-	-	(49,668)	-	-	-	(49,668)
At 31 December 2012	-	24,242,004	9,768,230	75,067,840	20,732,098	937,600	6,893,798	-	137,641,570
Net Book Value:									
At 31 December 2012	249,920,490	298,984,736	10,677,917	29,654,169	8,210,381	412,260	1,174,484	5,616,724	604,651,161

8 PROPERTY AND EQUIPMENT (continued)

Note:

Revaluation of land and buildings
If the land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	2013 ***QR***	*2012* *QR*
Land		
Cost	**117,747,557**	117,747,557
Buildings		
Cost	**177,123,617**	177,123,617
Accumulated depreciation	**(31,018,589)**	(22,917,925)
Net carrying amount	**146,105,028**	154,205,692

9 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2013 ***QR***	*2012* *QR*
Investment in equity securities		
Quoted	**35,972,509**	47,681,891

10 AVAILABLE–FOR-SALE FINANCIAL ASSETS

	2013 ***QR'000***	*2012* *QR'000*
Investments in equity securities		
Quoted	**4,501,914**	**-**

11 INVENTORIES

	2013 ***QR***	*2012* *QR*
Main store - medical and other supplies	**13,517,470**	13,082,052
Pharmaceuticals inventory	**18,634,214**	8,468,622
	32,151,684	21,550,674
Less: Provision for obsolete and slow moving inventories	**(4,209,888)**	(3,456,164)
	27,941,796	18,094,510

Movement in the provision for obsolete and slow moving inventories is as follows:

	2013 ***QR***	*2012* *QR*
At 1 January	**3,456,164**	1,728,082
Provided during the year (Note 3)	**753,724**	1,728,082
At 31 December	**4,209,888**	3,456,164

12 ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In 2009, the shareholders' of the Maghrabi Specialised Center for Ophthalmology and E.N.T. (the "Subsidiary Company"), in their extra-ordinary general assembly, had resolved to liquidate the Subsidiary Company. As at 31 December 2009, the Company's management estimated that the proceeds from the liquidation will exceed the carrying amount of the related net assets and accordingly, no impairment losses were recognised on the reclassification of this disposal group classified as held for sale.

In 2010, the Subsidiary Company appointed a liquidator to manage the liquidation process, and was placed legally under liquidation. In 2011, the Company received an amount of QR 1,682,324 as part of the net recoverable amount from the investment, and the remaining balance as of 31 December 2013 amounting to QR 685,215 (31 December 2012: QR 685,215) is presented in the statement of financial position as "Assets of a disposal group classified as held for sale". This is the minimum recoverable amount based on management best estimates.

13 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013 ***QR***	*2012* *QR*
Trade accounts receivables (net)	**75,926,902**	70,699,991
Advances to suppliers	**4,708,096**	3,233,130
Refundable deposits	**739,874**	922,414
Staff receivables	**638,570**	1,145,540
Prepaid expenses	**602,024**	617,282
Others	**15,182,375**	839,789
	97,797,841	77,458,146

As at 31 December 2013, trade accounts receivable at nominal value of QR 48,083,876 (2012: QR 31,495,260) were impaired and fully provided for.

The movement in the allowance for impairment of trade accounts receivables is as follows:

	2013 ***QR***	*2012* *QR*
At 1 January	**31,495,260**	14,017,583
Provision during the year (Note 5)	**16,588,616**	17,477,677
At 31 December	**48,083,876**	31,495,260

As at 31 December, the ageing of unimpaired financial assets is as follows:

		Neither past	*Past due but not impaired*				
	Total *QR*	*due nor impaired* *QR*	*< 30 days* *QR*	*30 – 90 Days* *QR*	*91 – 180 days* *QR*	*181 – 360 days* *QR*	*More than 360 days* *QR*
2013	**92,487,721**	**43,225,692**	**24,488,864**	**7,290,263**	**8,382,426**	**9,100,476**	**-**
2012	73,607,734	21,233,955	18,190,384	7,152,364	6,167,169	12,923,349	7,940,513

The Company's average credit period is 30-60 days after which trade accounts receivables are considered to be past due. Unimpaired receivables are expected on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority is, therefore, unsecured.

The Company's exposure, to credit and currency risks and impairment losses relating to financial assets is disclosed in Note 25.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise the following items:

	2013 ***QR***	*2012* *QR*
Cash on hand	**141,898**	196,980
Cash at bank	**25,335,859**	56,480,265
Short term deposits	**130,100,000**	49,100,000
Total cash and bank balances	**155,577,757**	105,777,245
Less: Deposits with original maturity dates more than three months	**(130,100,000)**	(30,000,000)
	25,477,757	75,777,245

Deposits carry profit rates at 1.75% per annum (2012: ranging from 1.5% to 1.8% per annum).

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

15 SHARE CAPITAL

	2013 ***No of shares***	*2012* *No of shares*
Authorised shares:		
Ordinary shares of QR 10 each	**28,144,100**	28,144,100
	No of shares	***QR***
Ordinary shares issued and fully paid up:		
At 31 December 2013	**28,144,100**	**281,441,000**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

16 LEGAL RESERVE

In accordance with the requirements of the Qatar Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association, a minimum of 10% of the profit for the year should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Articles of Association.

17 DIVIDENDS

Dividends paid and proposed

	QR
Declared, accrued and paid during the year:	
Final dividend for 2012, QR 1.8 per share	(50,659,380)
Proposed for approval at Annual General Assembly Meeting (not recognised as a liability as at 31 December)	
Dividend for 2013, QR 3 per share	**(84,432,300)**

18 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	2013 ***QR***	*2012* *QR*
At 1 January	**23,895,008**	18,236,509
Provided during the year	**7,538,105**	7,431,147
End of service benefits paid	**(3,430,667)**	(1,772,648)
At 31 December	**28,002,446**	23,895,008

The Company has provided for its estimated obligation for pension contributions for Qatari staff in accordance with the requirements of Qatari Retirement and Pension Law No. 24 of 2002. An amount of QR 193,344 as of 31 December 2013, (31 December 2012: QR 183,330) which is yet to be remitted to the Retirement and Pension Authority is included in accounts payable and accruals.

19 ACCOUNTS PAYABLE AND ACCRUALS

	2013 ***QR***	*2012* *QR*
Trade accounts payable	**20,097,261**	19,449,292
Accrued expenses	**29,427,426**	23,736,850
Unclaimed dividends	**7,207,774**	4,191,615
Provision for contribution to social and sports fund (Note 20)	**2,236,749**	1,120,336
Rent received in advance	**513,806**	488,549
Advances from customers	**498,400**	204,603
Payable to Retirement and Pension Authority (Note 18)	**193,344**	183,330
	60,174,760	49,374,575

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

20 CONTRIBUTION TO SOCIAL AND SPORTS FUND

According to Qatari Law No. 13 for the year 2008 and the related clarifications issued in January 2010, the Company is required to contribute 2.5% of its annual net profits to the state social and sports fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income. Hence, this is recognised in the statement of changes in equity.

During the year, the Company appropriated an amount of QR 2,236,749 (2012: QR 1,120,336) representing 2.5% of the net profit generated from operations.

21 CAPITAL COMMITMENTS AND CONTINGENCIES

Contingent liabilities
The Company had the following contingent liabilities from which it is anticipated that no material liabilities will arise.

	2013	*2012*
	QR	*QR*
Bank guarantees	**135,710**	65,710

Legal claims

(i) During 2008, the contractor of the Company's hospital building has filed a legal case against the Company in order to recover the retentions payable from the Company. The Company delayed the retention payments to the contractor due to the delay in completion of the construction of the hospital building. The claim made by the contractor amounted to QR 17,620,913 and an additional claim of QR 10,000,000. The court appointed an expert to evaluate the claim made by the contractor. As of the reporting date, the legal proceedings are under progress and the court has ordered the parties to serve next hearing on 17 February 2014. The Company's lawyer confirmed that it would be difficult to reliably estimate the compensation payable to the contractor. However, as at 31 December 2013 the Company has recognized QR 14,763,251 (31 December 2012: QR 14,763,251) as retention payable to the contractor in the Company's financial statements and no additional provision has been made in the financial statements.

(ii) As at 31 December 2013, various legal claims were initiated by patients against the Company in the form of malpractice compensation claims and other miscellaneous claims. In the opinion of the Company's lawyers it would be difficult to reliably estimate the compensation that may be awarded. However, the Company's lawyers believe, based on previous experience and available information, that the Company is unlikely to incur losses as a result of these claims. Moreover, the Company has adequate Malpractice insurance coverage in place to protect itself and its Doctors in the event of any judgment against them. No provision has been made in the financial statements.

Commitments under lease agreements
The Company has entered into operating leases for certain staff accommodations. These leases have a life of 1 to 2 years.

The future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2013	*2012*
	QR	*QR*
Within one year	**4,362,000**	3,086,000
After one year but not more than two years	**517,500**	789,000
	4,879,500	3,875,000

Capital commitments
The management has authorised future capital expenditure amounting to QR 6,260,799 as of 31 December 2013 (2012: QR Nil).

22 SEGMENT INFORMATION

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

The Company operates only in the State of Qatar.

23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements:

	Carrying amounts		*Fair values*	
	2013 ***QR***	*2012* *QR*	***2013*** ***QR***	*2012* *QR*
Financial assets				
Bank balances	**155,435,859**	105,580,265	**155,435,859**	105,580,265
Trade and other receivables	**92,487,721**	73,607,734	**92,487,721**	73,607,734
Financial assets at fair value through other comprehensive income	**35,972,509**	47,681,891	**35,972,509**	47,681,891
Available-for-sale financial assets	**4,501,914**	-	**4,501,914**	-
Assets of a disposal group classified as held for sale	**685,215**	685,215	**685,215**	685,215
Financial liabilities				
Trade and other payables	**20,290,605**	19,632,622	**20,290,605**	19,632,622
Retention payable	**14,763,251**	14,763,251	**14,763,251**	14,763,251

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The carrying amounts of bank balances, trade and other receivables, assets of a disposal group classified as held for sale, trade and other payables and retention payable approximate their fair values largely due to the short-term maturities of these instruments.

- The fair value of quoted investments is based on price quotations at the end of the reporting period.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair values are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial assets

	2013 ***QR***	***Level 1*** ***QR***	***Level 2*** ***QR***	***Level 3*** ***QR***
Financial assets at fair value through other comprehensive income	**35,972,509**	**35,972,509**	**-**	**-**
Available-for-sale financial assets	**4,501,914**	**4,501,914**	**-**	**-**
	40,474,423	**40,474,423**	**-**	**-**

	2012 *QR*	*Level 1* *QR*	*Level 2* *QR*	*Level 3* *QR*
Financial assets at fair value through other comprehensive income	47,681,891	47,681,891	-	-

24 RELATED PARTY DISCLOSURES

Related parties represent major shareholders and their affiliates, directors and key management personnel of the Company, and companies of which they are the principal owners. Terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of income are as follows:

	2013 ***QR***	*2012* *QR*
Interest income received	**1,517,160**	595,633
Rental income	**300,000**	126,000
Bank charges	**(29,717)**	(16,127)

Balances with related parties included in the statement of financial position are as follows:

	2013 ***QR***	*2012* *QR*
Bank balances	**22,126,886**	23,564,172
Short term deposits	**130,100,000**	49,100,000
Interest receivables	**456,715**	307,135

Compensation of directors and other key management personnel
The remuneration of directors and other members of key management during the year was as follows:

	2013 ***QR***	*2012* *QR*
Board of Directors' remuneration	**5,228,376**	1,725,000
Total key management staff benefits	**8,614,353**	6,949,700
	13,842,729	8,674,700

25 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Company's principal financial liabilities comprise trade and other payables, unclaimed dividends and retention payable. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables, financial assets at fair value through other comprehensive income, available-for-sale financial assets, assets of a disposal group classified as held for sale and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Management reviews and agrees policies for managing each of these risks which are summarised below:

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising return.

25 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk
The Company's exposure to the risk of changes in market interest rates primarily relates to the Company's financial assets and liabilities with floating interest rates. At reporting dates, the Company does not have any floating interest rate financial assets and liabilities. As a result, the Company is not exposed to any interest rate risk.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in currency exchange rates. Management is of the opinion that the Company's exposure to currency risk is minimal as there are no significant assets and liabilities that are denominated in foreign currencies as of the reporting date.

Equity price risk
The following table demonstrates the sensitivity of the fair value reserve to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Changes in equity indices QR	*Effect on equity QR*
2013		
Qatar Exchange (QE)	**+10%**	**4,047,442**
2012		
Qatar Exchange (QE)	+10%	4,768,189

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 Company's exposure to credit risk is as indicated by the carrying amount of its assets which consist principally of bank balances and trade and other receivables.

With respect to credit risk arising from the other financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments are as follows:

	2013 QR'000	*2012 QR'000*
Bank balances	**155,435,859**	105,580,265
Trade and other receivables	**92,487,721**	73,607,734
Assets of a disposal group classified as held for sale	**685,215**	685,215
	248,608,795	179,873,214

The Company monitors its exposure to credit risk on an ongoing basis and based on management's assessment and historic default rates, the Company believes that an impairment allowance of QR 48,083,876 (2012: QR 31,495,260) is sufficient against financial assets as at 31 December 2013. Financial assets include certain balances that are overdue but in management's view are not impaired as at the reporting date.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

25 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of the Company's owns reserves and bank facilities. The Company's terms of revenue require amounts to be paid within 30 to 60 days from the invoiced date.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

31 December 2013	***On demand QR***	***Less than 3 months QR***	***3 to 12 months QR***	***1 to 5 Years QR***	***Total QR***
Trade and other payables	**-**	**20,290,605**	**-**	**-**	**20,290,605**
Unclaimed dividends	**7,207,774**	**-**	**-**	**-**	**7,207,774**
Provision for contributing to social and sports fund	**-**	**2,236,749**	**-**	**-**	**2,236,749**
Retention payable	**14,763,251**	**-**	**-**	**-**	**14,763,251**
Total	**21,971,025**	**22,527,354**	**-**	**-**	**44,498,379**

31 December 2012	*On demand QR*	*Less than 3 months QR*	*3 to 12 months QR*	*1 to 5 Years QR*	*Total QR*
Trade and other payables	-	19,632,622	-	-	19,632,622
Unclaimed dividends	4,191,615	-	-	-	4,191,615
Provision for contributing to social and sports fund	-	1,120,336	-	-	1,120,336
Retention payable	14,763,251	-	-	-	14,763,251
Total	18,954,866	20,752,958	-	-	39,707,824

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 2013. Capital comprises share capital and retained earnings, and is measured at QR 286,808,118 as at 31 December 2013 (2012: QR 281,495,334).

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances, trade accounts receivables, financial investments at fair value through other comprehensive income, available-for-sale financial assets and other receivables. Financial liabilities consist of accounts payable, other payables and retention payable.

The fair values of financial instruments are not materially different from their carrying values.

27 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Use of estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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 may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of accounts receivable
An estimate of the collectible amount of accounts receivables 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.

At the reporting date, gross trade accounts receivable were QR 124,010,778 (2012: QR 102,195,251) and the allowance for impairment was QR 48,083,876 (2012: QR 31,495,260). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of income.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts 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.

At the reporting date, gross inventories were QR 32,151,684 (2012: QR 21,550,674) with provision for obsolete and slow moving inventories of QR 4,209,888 (2012: QR 3,456,164). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of income.

Useful lives of property and equipment
The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

28 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation in the current year's financial statements. However, such reclassifications did not have any effect on the net profit, total assets and equity of the comparative year.