

**MEDICARE GROUP Q.S.C.
DOHA – QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW
REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2011**

MEDICARE GROUP Q.S.C.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the six month period ended June 30, 2011

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QR. 80334

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Board of Directors
Medicare Group Q.S.C.
Doha – Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Medicare Group Q.S.C. (the “Company”), as at June 30, 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the six month period then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. 34: “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard No.34: “Interim Financial Reporting”.

For Deloitte & Touche

**Doha – Qatar
July 31, 2011**

**Midhat Salha
License No. 257**

MEDICARE GROUP Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2011

	<u>Notes</u>	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
ASSETS			
Current assets			
Cash and bank balances	3	44,237,507	35,831,319
Accounts receivable		73,338,983	70,474,239
Inventories		14,222,471	19,029,053
Prepayments and other debit balances		1,795,416	1,118,992
Assets of disposal group classified as held for sale	4	685,215	2,367,539
Total current assets		<u>134,279,592</u>	<u>128,821,142</u>
Non-current assets			
Investments	5	43,812,839	42,759,502
Property, plant and equipment	6	636,350,781	642,506,685
Total non-current assets		<u>680,163,620</u>	<u>685,266,187</u>
Total assets		<u>814,443,212</u>	<u>814,087,329</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2011

	<u>Notes</u>	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities			
Borrowings		68,010	4,989,856
Accounts payable		14,508,447	16,913,759
Retention payable		14,763,251	14,763,251
Accruals and other credit balances	7	33,035,935	24,469,061
Total current liabilities		62,375,643	61,135,927
Non-current liabilities			
Employees' end of service benefits		16,289,850	14,298,018
Total liabilities		78,665,493	75,433,945
Shareholders' equity			
Share capital		281,441,000	281,441,000
Legal reserve		7,320,210	7,320,210
Fair value reserve		(2,408,155)	(3,461,491)
Revaluation surplus		424,290,599	424,290,599
Proposed dividends		--	28,144,100
Retained earnings		25,134,065	918,966
Total shareholders' equity		735,777,719	738,653,384
Total liabilities and shareholders' equity		814,443,212	814,087,329

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on their behalf by the following on July 31, 2011.

Sheikh Thani Bin Abdullah Al-Thani
Chairman

Abdulwahed Al Mawlawi
Managing Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six month period ended June 30, 2011

	For the six month period ended June 30,	
	2011	2010
	(Reviewed)	(Reviewed)
	QR.	QR.
Continued operations		
Operating income	148,562,998	115,767,305
Operating costs	(81,492,126)	(66,444,462)
Gross Profit	67,070,872	49,322,843
Income from deposits with Islamic banks	261,390	130,066
Other income	4,737,898	5,761,384
General and administrative expenses	(35,061,470)	(25,636,009)
Depreciation of property, plant and equipment	(12,376,141)	(11,909,546)
Finance cost	(417,450)	(704,793)
Profit for the period from continued operations	24,215,099	16,963,945
Discontinued Operations		
Profit for the period from discontinued operations	--	2,444,698
Net profit for the period	24,215,099	19,408,643
Attributable to:		
Owners of the parent	24,215,099	16,963,945
Non-controlling interest	--	2,444,698
	24,215,099	19,408,643
Earnings per share attributable to owners of the parent	0.86	0.60

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended June 30, 2011

	For the six month period ended June 30,	
	2011	2010
	(Reviewed)	(Reviewed)
	QR.	QR.
Net profit for the period	24,215,099	19,408,643
Other comprehensive income		
Change in fair value of investments	1,053,336	(2,091,650)
Total comprehensive income for the period	25,268,435	17,316,993
Attributable to:		
Owners of the parent	25,268,435	14,872,295
Non-controlling interest	--	2,444,698
	25,268,435	17,316,993

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended June 30, 2011

	Share capital	Legal reserve	Fair value reserve	Revaluation surplus	Proposed dividends	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2010 (Audited)	281,441,000	2,762,986	(7,814,394)	426,503,099	--	(13,025,143)	689,867,548	3,515,317	693,382,865
Total comprehensive income for the period	--	--	(2,091,650)	--	--	16,963,945	14,872,295	2,444,698	17,316,993
Balance as at June 30, 2010 (Reviewed)	281,441,000	2,762,986	(9,906,044)	426,503,099	--	3,938,802	704,739,843	5,960,015	710,699,858
Balance as at January 1, 2011 (Audited)	281,441,000	7,320,210	(3,461,491)	424,290,599	28,144,100	918,966	738,653,384	--	738,653,384
Dividends paid	--	--	--	--	(28,144,100)	--	(28,144,100)	--	(28,144,100)
Total comprehensive income for the period	--	--	1,053,336	--	--	24,215,099	25,268,435	--	25,268,435
Balance as at June 30, 2011 (Reviewed)	281,441,000	7,320,210	(2,408,155)	424,290,599	--	25,134,065	735,777,719	--	735,777,719

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2011

	Note	For the six month period ended June 30,	
		2011 (Reviewed) QR.	2010 (Reviewed) QR.
OPERATING ACTIVITIES			
Net cash from operating activities		34,989,801	28,423,467
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(6,220,238)	(10,508,310)
Proceeds from disposal of investment		--	770,000
Net cash used in investing activities		(6,220,238)	(9,738,310)
FINANCING ACTIVITIES			
Borrowings		(4,921,846)	(4,593,727)
Dividends paid		(15,024,079)	--
Finance cost paid		(417,450)	(704,793)
Net cash used in financing activities		(20,363,375)	(5,298,520)
Net increase in cash and cash equivalents		8,406,188	13,386,637
Cash and cash equivalents at the beginning of the period		35,831,319	11,804,176
Cash and cash equivalents at the end of the period	3	44,237,507	25,190,813

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

MEDICARE GROUP Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

1. INCORPORATION AND ACTIVITIES

Medicare Group (Q.S.C) (the “Company”) 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 interim condensed consolidated financial statements for the six month period ended June 30, 2011 comprise the financial statements of the Company and those of its 50% owned subsidiary, Specialised Center for Ophthalmology and E.N.T W.L.L. (classified as held for sale), (collectively called the “Group”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting” and the historical cost convention. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2010, except for the adoption of certain revised standards which are effective as of January 1, 2011. Adoption of these standards did not have any material effect on the financial position or performance of the Group other than certain presentation changes. These interim condensed consolidated financial statements should be read in conjunction with the 2010 annual consolidated financial statements and notes attached thereto.

These interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six month period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

3. CASH AND BANK BALANCES

	June 30, 2011 (Reviewed)	December 31, 2010 (Audited)
	QR.	QR.
Cash on hand	231,653	151,675
Current accounts	11,730,852	565,292
Savings accounts	23,175,002	8,220,352
Fixed deposits	9,100,000	26,894,000
	<u>44,237,507</u>	<u>35,831,319</u>

Fixed deposits carry profit rate at 1.6% - 2% per annum, and have original maturities of three months.

4. DISCONTINUED OPERATIONS

In 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.

MEDICARE GROUP Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

4. DISCONTINUED OPERATIONS (CONTINUED)

In 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 (net of payment received during liquidation) amounting to QR 685,215 million as assets of a disposal group as of June 30, 2011 (2010: QR. 2.3 million). This is the minimum recoverable amount based on management best estimates.

5. INVESTMENTS

Investments at fair value through other comprehensive income include:

	June 30, 2011 (Reviewed)	December 31, 2010 (Audited)
	QR.	QR.
Investments in quoted shares	<u><u>43,812,839</u></u>	<u><u>42,759,502</u></u>

6. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2011 (Reviewed)	December 31, 2010 (Audited)
	QR.	QR.
Opening net book value	642,506,685	648,938,810
Additions	6,220,238	17,250,194
Depreciation	(12,376,142)	(23,682,319)
Closing net book value	<u><u>636,350,781</u></u>	<u><u>642,506,685</u></u>

7. ACCRUALS AND OTHER CREDIT BALANCES

	June 30, 2011 (Reviewed)	December 31, 2010 (Audited)
	QR.	QR.
Notes payable	98,729	--
Unclaimed dividends	14,024,834	904,813
Accrued staff costs	5,931,855	5,385,423
Accrued expenses	8,103,107	12,069,050
Deferred income	4,877,410	3,470,469
Social and sport activities fund	--	1,139,306
Accrued Board of Directors Remuneration	--	1,500,000
	<u><u>33,035,935</u></u>	<u><u>24,469,061</u></u>

MEDICARE GROUP Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2011

8. CONTINGENT LIABILITIES

	June 2011 (Reviewed) QR.	December 2010 (Audited) QR.
Letters of guarantees	<u>66,567</u>	<u>65,710</u>

In the normal course of the Company's business, the Company is subject to legal cases filed against it by third parties. It is management opinion that these cases will not result in any material losses to the Company.

9. SEGMENT ANALYSIS

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

The Group operates only in the state of Qatar.

10. COMPARATIVE FIGURES

Certain prior period / year figures have been reclassified where necessary to conform to current period's presentation.