

**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, 2010**

MEDICARE GROUP Q.S.C.

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

For the six month period ended June 30, 2010

Independent auditor's review report --

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MEDICARE GROUP Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2010

		June 30, 2010	December 31, 2009
	Notes	(Reviewed)	(Audited)
		QR.	QR.
ASSETS			
Current assets			
Cash and bank balances	3	22,829,771	10,244,938
Accounts receivable		49,547,445	39,306,083
Inventories		20,361,024	17,745,986
Prepayments and other debit balances		1,613,844	1,728,478
Assets of disposal group classified as held for sale	4	12,310,986	10,053,226
Total current assets		106,663,070	79,078,711
Non-current assets			
Investments	5	36,544,949	39,406,599
Property, plant and equipment	6	647,405,062	648,938,810
Total non-current assets		683,950,011	688,345,409
Total assets		790,613,081	767,424,120

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, 2010

	June 30, 2010 (Reviewed) QR.	December 31, 2009 (Audited) QR.
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current liabilities		
Borrowings	8,330,939	8,974,495
Accounts payable	14,490,206	13,716,023
Retention payable	14,763,251	14,763,251
Accruals and other credit balances	7 25,452,085	17,897,173
Liabilities associated with assets classified as held for sale	4 2,789,273	2,641,832
Total current liabilities	65,825,754	57,992,774
Non-current liabilities		
Borrowings	972,577	4,922,748
Employees end of service benefits	13,114,892	11,125,733
Total non-current liabilities	14,087,469	16,048,481
Total liabilities	79,913,223	74,041,255
Shareholders' equity		
Share capital	281,441,000	281,441,000
Legal reserve	2,762,986	2,762,986
Fair value reserve	(9,906,044)	(7,814,394)
Revaluation surplus	426,503,099	426,503,099
Retained earnings	3,938,802	(13,025,143)
Equity attributable to parent shareholders	704,739,843	689,867,548
Non controlling interest	5,960,015	3,515,317
Total shareholders' equity	710,699,858	693,382,865
Total liabilities and shareholders' equity	790,613,081	767,424,120

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on their behalf by the following on August 15, 2010.

Sheikh Thani Bin Abdullah Al-Thani
Chairman

Abdulwahed Al Mawlawi
Managing Director

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MEDICARE GROUP Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the six month period ended June 30, 2010

	For the six month period ended June 30,	
	2010	2009
	(Reviewed)	(Reviewed)
	QR.	QR.
Continued operations		
Operating income	115,767,305	92,858,712
Operating costs	(66,444,462)	(61,686,338)
Gross Profit	49,322,843	31,172,374
Income from deposits with Islamic banks	130,066	58,193
Other income	6,226,217	4,011,625
General and administrative expenses	(26,100,842)	(26,617,930)
Depreciation of property, plant and equipment	(11,909,546)	(11,106,971)
Finance cost	(704,793)	(216,126)
Profit/(loss) for the period from continued operations	16,963,945	(2,698,835)
Discontinued Operations		
Profit for the period from discontinued operations	2,444,698	2,217,296
Net profit /(loss) for the period	19,408,643	(481,539)
Attributable to:		
Owners of the parent	16,963,945	(1,590,187)
Non-controlling interest	2,444,698	1,108,648
	19,408,643	(481,539)
Earnings/(loss) per share attributable to owners of the parent	0.60	(0.06)
Weighted average number of shares outstanding	28,144,100	28,144,100

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, 2010

	For the six month period ended June 30,	
	2010	2009
	(Reviewed)	(Reviewed)
	QR.	QR.
Net profit for the period	19,408,643	(481,539)
Other comprehensive income		
Change in fair value of investments	<u>(2,091,650)</u>	<u>(6,774,902)</u>
Total comprehensive income for the period	17,316,993	<u>(7,256,441)</u>
Attributable to:		
Owners of the parent	14,872,295	(8,365,089)
Non-controlling interest	<u>2,444,698</u>	<u>1,108,648</u>
	17,316,993	<u>(7,256,441)</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 CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended June 30, 2010

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Fair value reserve</u>	<u>Revaluation surplus</u>	<u>Retained earnings</u>	<u>Attributable to owners of the parent</u>	<u>Non- controlling interest</u>	<u>Total</u>
	QR.	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Balance as at January 1, 2009 (Audited)	281,441,000	2,754,029	(2,745,942)	504,433,250	(13,105,758)	772,776,579	2,720,323	775,496,902
Total comprehensive income for the period	--	--	(6,774,902)	-	(1,590,187)	(8,365,089)	1,108,648	(7,256,441)
Balance as at June 30, 2009 (Reviewed)	<u>281,441,000</u>	<u>2,754,029</u>	<u>(9,520,844)</u>	<u>504,433,250</u>	<u>(14,695,945)</u>	<u>764,411,490</u>	<u>3,828,971</u>	<u>768,240,461</u>
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)	<u>281,441,000</u>	<u>2,762,986</u>	<u>(9,906,044)</u>	<u>426,503,099</u>	<u>3,938,802</u>	<u>704,739,843</u>	<u>5,960,015</u>	<u>710,699,858</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 CASH FLOWS**For the six month period ended June 30, 2010

	For the six month period ended June 30,	
	2010	2009
	(Reviewed)	(Reviewed)
	QR.	QR.
OPERATING ACTIVITIES		
Net cash from operating activities	28,423,467	2,871,686
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,508,310)	(14,288,071)
Proceeds from disposal of investment	770,000	--
Net cash used in investing activities	(9,738,310)	(14,288,071)
FINANCING ACTIVITIES		
Borrowings	(4,593,727)	14,831,113
Finance cost paid	(704,793)	(262,432)
Net cash (used in) from financing activities	(5,298,520)	14,568,681
Net increase in cash and cash equivalents	13,386,637	3,152,296
Cash and cash equivalents at the beginning of the period	11,804,176	7,208,182
Cash and cash equivalents at the end of the period	3 25,190,813	10,360,478

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, 2010

1. INCORPORATION AND ACTIVITIES

The 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, 2010 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 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, 2009, except for the adoption of certain revised standards which are effective as of January 1, 2010. 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 2009 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, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

3. CASH AND BANK BALANCES

	June 30, 2010 (Reviewed) QR.	December 31, 2009 (Audited) QR.
Cash on hand	178,785	233,450
Current accounts	<u>22,650,986</u>	<u>10,011,488</u>
	22,829,771	10,244,938
Cash and cash equivalents comprise		
Cash and bank balances	22,829,771	10,244,938
Cash and bank balances related to disposal group classified as held for sale	<u>2,361,042</u>	<u>1,559,238</u>
Cash and cash equivalent	<u>25,190,813</u>	<u>11,804,176</u>

MEDICARE GROUP Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2010

4. DISCONTINUED OPERATIONS

During the year 2009, the extra-ordinary general assembly of Specialised Center for Ophthalmology and ENT W.L.L. (“the Subsidiary”) resolved to liquidate the Subsidiary. The proceeds from the liquidation are expected to 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.

Following is a summary of the assets and liabilities of the Subsidiary (held for sale):

	June 30, 2010 (Reviewed)	December 31, 2009 (Audited)
	QR.	QR.
Current assets	8,740,470	6,134,552
Non-current assets	3,570,516	3,918,674
Total assets	12,310,986	10,053,226
Total liabilities	2,789,273	2,641,832

The combined results of the discontinued operations included in the interim consolidated statement of income are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	For the six month period ended June 30,	
	2010 (Reviewed)	2009 (Reviewed)
	QR.	QR.
Revenue	11,404,893	9,638,219
Other income	2,617	33,561
Expenses	(8,962,812)	(7,454,484)
Profit for the period from discontinued operations	2,444,698	2,217,296

Cash flows from discontinued operations

Net cash (used in) from operating activities	(2,146,401)	733,085
Net cash (used in) from investing activities	(132,512)	(63,589)
Net cash from financing activities	3,080,717	--
Net cash flows	801,804	669,496

MEDICARE GROUP Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2010

5. INVESTMENTS

Investments at fair value through other comprehensive income include:

	June 30, 2010 (Reviewed)	December 31, 2009 (Audited)
	QR.	QR.
Investments in quoted shares	36,314,949	38,406,599
Investments in unquoted shares	230,000	1,000,000
	<u>36,544,949</u>	<u>39,406,599</u>

6. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2010 (Reviewed)	December 31, 2009 (Audited)
	QR.	QR.
Opening net book value	648,938,810	734,231,513
Additions	10,375,798	20,097,229
Revaluation adjustment	--	(77,930,151)
Related to discontinued operations	--	(4,812,818)
Depreciation	(11,909,546)	(22,646,963)
Closing net book value	<u>647,405,062</u>	<u>648,938,810</u>

7. ACCRUALS AND OTHER CREDIT BALANCES

	June 30, 2010 (Reviewed)	December 31, 2009 (Audited)
	QR.	QR.
Notes payable	1,830,709	175,900
Advances from patients	160,920	737,257
Payable to shareholders	904,813	904,813
Accrued staff costs	5,714,101	4,990,516
Accrued expenses	5,783,120	5,356,429
Deferred income	11,058,422	5,732,258
	<u>25,452,085</u>	<u>17,897,173</u>

MEDICARE GROUP Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2010

8. CONTINGENT LIABILITIES

	For the six month period ended June 30,	
	2010	2009
	(Reviewed)	(Audited)
	QR.	QR.
Letters of guarantees	--	443,989
Performance bond	1,576,088	899,668

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.