

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

INDEX	PAGE
Independent auditor's report on review of condensed consolidated interim financial statements	-
Condensed consolidated statement of financial position	1
Condensed consolidated statement of profit or loss and other comprehensive income	2 – 3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5 – 6
Notes to the condensed consolidated interim financial statements	7 – 17



Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Mouwasat Medical Services Company (Continued)

Other Matter

The condensed consolidated interim financial statements of the Group for the three month period ended March 31, 2020 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on June 14, 2020 (corresponding to Shawwal 22, 1441H).

KPMG Professional Services

Abdulaziz Abdullah Alnaim
License no. 394



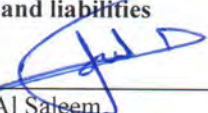
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Date: Ramadan 27, 1442H
Corresponding to: May 9, 2021G


MOUWASAT MEDICAL SERVICES COMPANY
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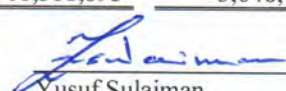
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

(Expressed in Saudi Riyals, unless otherwise stated)

<u>ASSETS</u>	Note	<u>March 31, 2021</u> (Unaudited)	<u>December 31, 2020</u> (Audited)
Non-current assets			
Property and equipment	3	2,252,325,127	2,202,931,378
Goodwill		16,371,000	16,371,000
Intangible assets		16,134,886	16,922,182
Right-of-use asset		33,653,845	34,522,331
Investment in an associate		13,799,870	12,899,870
Advances to contractors		171,256,502	169,638,055
Total non-current assets		2,503,541,230	2,453,284,816
Current assets			
Inventories		195,509,023	185,582,048
Accounts receivables	4	760,602,113	689,579,857
Advances, prepayments and other current assets		128,917,273	77,179,046
Term deposit		43,000,000	83,000,000
Cash and cash equivalents		276,792,256	160,153,411
Total current assets		1,404,820,665	1,195,494,362
Total assets		3,908,361,895	3,648,779,178
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	5	1,000,000,000	1,000,000,000
Statutory reserve	6	300,000,000	300,000,000
Retained earnings		1,126,327,832	979,138,199
Equity attributable to shareholders of the Company		2,426,327,832	2,279,138,199
Non-controlling interest		107,335,856	100,504,130
Total equity		2,533,663,688	2,379,642,329
Liabilities			
Non-current liabilities			
Long-term borrowings	7	549,210,174	575,062,028
Employees' benefits		115,270,541	111,253,975
Lease liabilities		29,924,187	31,323,293
Total non-current liabilities		694,404,902	717,639,296
Current liabilities			
Accounts payables		224,507,059	198,019,425
Accruals and other current liabilities		169,898,571	114,747,733
Refund liabilities	9	41,674,351	31,000,754
Current maturity of lease liabilities		6,152,411	6,503,302
Current portion of long-term borrowings	7	203,026,917	170,487,443
Provision for zakat	8	35,033,996	30,738,896
Total current liabilities		680,293,305	551,497,553
Total liabilities		1,374,698,207	1,269,136,849
Total equity and liabilities		3,908,361,895	3,648,779,178


Mohammed Al Saleem
(Managing Director)


Mohammed Al Saleem
(Authorized Board Representative)


Yusuf Sulaiman
(Chief Financial Officer)


The accompanying notes 1 through 18 on pages 1 to 17 form an integral part of these condensed consolidated interim financial statements.


MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021**

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Revenue			
Operating revenues, net		466,086,102	425,637,274
Sales		68,036,084	68,305,835
	9	534,122,186	493,943,109
Direct cost			
Cost of operations		(230,545,964)	(223,490,421)
Cost of sales		(49,275,704)	(49,899,721)
		(279,821,668)	(273,390,142)
Gross profit		254,300,518	220,552,967
Selling and distribution expenses		(27,409,973)	(32,462,177)
General and administration expenses		(68,397,949)	(65,109,710)
Operating profit		158,492,596	122,981,080
Share of profit of an associate		900,000	900,000
Other income		1,527,053	2,582,859
Finance cost		(2,603,190)	(4,743,709)
Profit before zakat		158,316,459	121,720,230
Zakat expense for the period	8	(4,295,100)	(3,698,922)
Profit for the period		154,021,359	118,021,308
Other comprehensive income			
<i>Items that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>			
Re-measurement of defined benefit Obligations		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		154,021,359	118,021,308


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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)


**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021**

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Profit attributable to:			
- Shareholders of the Company		147,189,633	108,024,826
- Non-controlling interests		<u>6,831,726</u>	<u>9,996,482</u>
		<u>154,021,359</u>	<u>118,021,308</u>
Total comprehensive income attributable to:			
- Shareholders of the Company		147,189,633	108,024,826
- Non-controlling interests		<u>6,831,726</u>	<u>9,996,482</u>
		<u>154,021,359</u>	<u>118,021,308</u>
Earnings per share			
Basic and diluted earnings per share attributable to the shareholders of the Company	11	<u>1.47</u>	<u>1.08</u>


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MOUWASAT MEDICAL SERVICES COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021

(Expressed in Saudi Riyals, unless otherwise stated)

	Attributable to shareholders of the Company			Total	Non-controlling interests	Total Equity
	Share capital	Statutory reserve	Retained earnings			
As at January 1, 2020 (Audited)	1,000,000,000	281,829,508	673,685,617	1,955,515,125	96,675,866	2,052,190,991
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	108,024,826	108,024,826	9,996,482	118,021,308
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	108,024,826	108,024,826	9,996,482	118,021,308
As at March 31, 2020 (Unaudited)	<u>1,000,000,000</u>	<u>281,829,508</u>	<u>781,710,443</u>	<u>2,063,539,951</u>	<u>106,672,348</u>	<u>2,170,212,299</u>
As at January 1, 2021 (Audited)	1,000,000,000	300,000,000	979,138,199	2,279,138,199	100,504,130	2,379,642,329
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	147,189,633	147,189,633	6,831,726	154,021,359
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	147,189,633	147,189,633	6,831,726	154,021,359
As at March 31, 2021 (Unaudited)	<u>1,000,000,000</u>	<u>300,000,000</u>	<u>1,126,327,832</u>	<u>2,426,327,832</u>	<u>107,335,856</u>	<u>2,533,663,688</u>


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MOUWASAT MEDICAL SERVICES COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Cash flows from operating activities			
Profit before zakat		158,316,459	121,720,230
<i>Adjustment for:</i>			
Depreciation	3	36,442,911	34,591,938
Depreciation of right-of-use asset		868,486	863,058
Allowance for expected credit losses	4	4,242,643	4,476,151
Amortization of intangible assets		1,198,638	1,014,751
Share of results of an associate		(900,000)	(900,000)
Employees' benefits		7,347,940	6,867,368
Finance cost		2,603,190	4,743,709
Gain on disposal of property and equipment		(123,561)	(218,177)
		<u>209,996,706</u>	<u>173,159,028</u>
<i>Changes in:</i>			
Accounts receivables		(75,264,899)	(76,862,500)
Advances, prepayments and other current assets		(51,738,227)	(6,344,622)
Inventories		(9,926,975)	(21,860,440)
Accounts payables		26,487,634	16,587,250
Accruals and other current payables		55,678,573	14,456,841
Refund liabilities		10,673,597	11,187,849
Cash generated from operating activities		<u>165,906,409</u>	<u>110,323,406</u>
Employees' benefits paid		(3,331,374)	(1,958,248)
Finance cost paid		(3,375,746)	(5,444,533)
Net cash from operating activities		<u>159,199,289</u>	<u>102,920,625</u>
Cash flows from investing activities			
Purchase of property and equipment		(81,173,687)	(63,805,134)
Purchase of intangible assets		(411,342)	(2,155,548)
Proceeds from disposal of property and equipment		2,764,160	318,766
Advances to contractors		(8,277,195)	(24,320,572)
Term deposit		40,000,000	45,000,000
Net cash used in investing activities		<u>(47,098,064)</u>	<u>(44,962,488)</u>


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MOUWASAT MEDICAL SERVICES COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021

(Expressed in Saudi Riyals, unless otherwise stated)


	Note	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Cash flows from financing activities			
Proceeds from long-term borrowings		35,000,000	75,000,000
Repayment of long-term borrowings		(28,312,380)	(23,143,290)
Payment of lease liability		(2,150,000)	-
Net cash from financing activities		4,537,620	51,856,710
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		116,638,845	109,814,247
Cash and cash equivalents at the end of the period		160,153,411	204,624,026
Significant non-cash transactions			
Transfer from advances to contractors to property and equipment		6,658,748	1,509,376
Finance cost capitalized		644,824	2,190,461



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021**
(Expressed in Saudi Riyals, unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

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

The Company through its multiple branches is engaged in the acquisition, management, operation and maintenance of hospitals, medical centers, drug stores, pharmacies and wholesale of medical equipment and drugs.

Details regarding Company's subsidiary are as follows:

Name	Country of incorporation	Activities	Percentage %
Eastern Medical Services Company Limited	Saudi Arabia	Medical services	51%

Eastern Medical Services Company Limited is a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 2051023824 dated Ramadan 10, 1420H (corresponding to December 18, 1999). This subsidiary is engaged in construction and operation of hospitals, dispensaries and special clinics.

The condensed consolidated interim financial statements include all financial information of the branches of the Company and above mentioned subsidiary.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2020 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2.2. Basis of preparation

These condensed consolidated interim financial statements are prepared using historical cost convention using the accrual basis of accounting except for employees benefit obligation which is measured at present value of the defined benefit obligation.

2.3. Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals ("SR") which is also the functional and presentation currency of the Group. All values are rounded to the nearest one Riyal except when otherwise indicated.

2.4. Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Management has considered the potential impact of COVID-19 pandemic in the Group's significant accounting judgements and estimates. However, there was no significant impact. Accordingly, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021**

(Expressed in Saudi Riyals, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5. Significant accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2020. A number of amendments to existing standards, as detailed in note 2.6 below, became effective from January 1, 2021 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6. New standards and amendments to existing standards

New and amended standards adopted by the Group during the year

The Group has adopted the following standards and amendments:

- *COVID-19-Related Rent Concessions (Amendment to IFRS 16);*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).*

The amendments listed above are either not relevant or do not have any material impact on the financial statements of the Group. Accordingly, the Group did not have to change its accounting policies as a result of adopting these amendments.

Standards and amendments to existing standards issued but not yet effective

Certain new amendments to existing accounting standards have been published that are not mandatory for reporting period and have not been early adopted by the Group. The below mentioned amendments to existing standards are not expected to have a material impact on the Group in the year of its adoption:

- *COVID-19 Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16;*
- *Onerous Contracts-Cost of Fulfilling a Contract – Amendments to IAS 37*
- *Annual Improvements of IFRS Standards 2018-2020;*
- *Property, Plant and Equipment-Proceeds Before Intended Use – Amendments to IAS 16;*
- *Reference to the Conceptual Framework – Amendments to IFRS 3;*
- *Classification of Liabilities as Current or Non-Current (amendments to IAS 1);*
- *Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates; and*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in Saudi Riyals, unless otherwise stated)

3. PROPERTY AND EQUIPMENT

3.1 The movement of property and equipment is as follows:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
Carrying value at the beginning of the period / year	2,202,931,378	2,075,538,020
Additions	88,477,259	268,576,400
Disposals, net of accumulated depreciation	(2,640,599)	(375,589)
Depreciation for the period / year	(36,442,911)	(140,807,453)
Carrying value at the end of the period / year	2,252,325,127	2,202,931,378

As of March 31, 2021, plots of land amounting to SR 56.1 million (December 31, 2020: SR 56.1 million) have been pledged as security against term loans from Ministry of Finance.

Finance costs capitalized during the three month period ended amounted to SR 0.64 million (for the year ended December 31, 2020: SR 2.19 million).

3.2 Capital work-in-progress

The carrying value in note 3.1 above includes a balance amounting to SR 463.07 million (for the year ended December 31, 2020: SR 408.77 million) relating to construction work-in-progress which represents costs incurred to construct new hospitals and expansion of existing hospitals.

4. ACCOUNTS RECEIVABLES

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
Accounts receivables – trade	819,238,023	743,801,955
Due from related party (note 10)	677,305	954,743
Less: allowance for expected credit losses	(59,313,215)	(55,176,841)
	760,602,113	689,579,857

Movement in the allowance for expected credit losses is as follows:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	55,176,841	29,213,550
Allowance for doubtful receivables during the period / year	4,242,643	32,960,556
Written off	(106,269)	(6,997,265)
Balance at the end of the period / year	59,313,215	55,176,841

5. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company is divided into 100 million shares (December 31, 2020: 100 million shares) of SR 10 each.

6. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution. The statutory reserve is appropriated at the year-end based on the final year end net income.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in Saudi Riyals, unless otherwise stated)

7. LONG TERM BORROWINGS

	<u>March 31, 2021</u> (Unaudited)	<u>December 31, 2020</u> (Audited)
Current		
Loans from commercial banks (a)	195,150,044	162,610,570
Loans from ministry of finance (b)	7,876,873	7,876,873
	<u>203,026,917</u>	<u>170,487,443</u>
Non-current		
Loans from commercial banks (a)	461,778,614	486,987,178
Loans from ministry of finance (b)	87,431,560	88,074,850
	<u>549,210,174</u>	<u>575,062,028</u>

- a) The Group obtained Islamic loans facilities from various local commercial banks. These loans are secured by promissory notes and assignment of insurance and contract proceeds. The facilities are subject to commission at SIBOR plus 1.15% to 2%.
- b) The Group obtained loans facility of SR 147.3 million from Ministry of finance for expansions and building of new hospitals and purchase of medical equipment. The loans are secured by a mortgage on the Group's plots of land and are repayable on equal annual installments. These loans do not carry any financial charges.

The Group is required to comply with certain covenant under the loan facility agreements mentioned above. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. The Group was in compliance with financial covenants as of March 31, 2021. Aggregate maturities are as follows:

	<u>March 31, 2021</u> (Unaudited)	<u>December 31, 2020</u> (Audited)
2021	203,026,917	170,487,443
2022	165,480,526	193,939,089
2023	134,991,721	123,939,089
2024	95,254,879	85,781,195
2025	53,839,249	53,839,249
2026 and onwards	99,643,799	117,563,406
	<u>752,237,091</u>	<u>745,549,471</u>

8. ZAKAT

The movement in zakat provision is as follows:

	<u>March 31, 2021</u> (Unaudited)	<u>December 31, 2020</u> (Audited)
Balance at the beginning of the period / year	30,738,896	33,325,254
Charge for the period / year	4,295,100	15,241,952
Paid during the period / year	-	(17,828,310)
Balance at the end of the period / year	<u>35,033,996</u>	<u>30,738,896</u>

Mouwasat Medical Services Company

Subsequent to period end, the Company has submitted its zakat returns up to year ended December 31, 2020, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2013 to 2016 were finalized and settled in 2018. The assessments for the years 2017, 2018, 2019 and 2020 are still under review by the General Authority of Zakat and Tax ("GAZT").

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in Saudi Riyals, unless otherwise stated)

8. ZAKAT (Continued)

Eastern Medical Services Company Limited

Subsequent to period end, the Company has submitted its zakat returns up to year ended December 31, 2020, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2013 to 2016 were finalized and settled in 2018. The assessment for the years 2017, 2018, 2019 and 2020 are still under review by the GAZT.

9. REVENUE

The Group generates revenue primarily from:

- Services relating to inpatient and outpatient; and
- Sale of pharmaceutical goods.

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by service lines and timing of revenue recognition. All revenues are generated within Kingdom of Saudi Arabia.

	March 31, 2021	March 31, 2020
	(Unaudited)	(Unaudited)
Revenue by service lines		
Rendering of medical services	466,086,102	425,637,274
Pharmaceuticals	68,036,084	68,305,835
	534,122,186	493,943,109
Timing of revenue recognition		
Medical services and pharmaceuticals sales transferred at a point in time	294,543,797	267,853,698
Medical services transferred over time	239,578,389	226,089,411
	534,122,186	493,943,109

The following table provides information about contract assets and refund liabilities from contracts with customers:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
Refund liabilities (note 9.1)	41,674,351	31,000,754
Contract assets (note 9.2)	6,867,097	3,360,156

9.1 Refund liability:

Certain contracts provide for discounts comprise retrospective volume discounts granted to insurance companies on attainment of certain admission levels / certain levels of patient visits. The retrospective volume discounts give rise to variable consideration. Variable consideration is recognised as a revenue to the extent that it is highly probable that it will not reverse. Discounts are accrued over the course of the period based on the estimates of the level of business expected using single most likely amount method. This is adjusted at the end of the period to reflect actual volumes. Volume discounts are recorded as a reduction in revenue and liabilities are created based on these estimates.

9.2 Contract assets:

Contract assets are related to in-patients who were provided services during the reporting period but were not discharged or billed as of the reporting date.

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FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in Saudi Riyals, unless otherwise stated)

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. Terms and conditions of these transactions are approved by the Group's management. During the period, the Group transacted with the following related parties:

Related Party	Nature of transaction	For the three month period ended March 31,	
		2021	2020
Advance Medical Project Company ("AMPC") – Associate	- Revenue	(765,339)	(618,412)
	- Purchase of services	1,702,490	1,675,741
	- Other services	(5,908)	(56,223)
Al-Mouwasat International Company – Affiliate	- Purchases	4,270,440	6,380,109
	- Rent	-	369,000
	- Other services	169,006	(46,483)
AdVision Media Solution – Affiliate	- Advertisement services	15,182,903	15,812,967
Magrabi Hospitals & Centers Company Ltd. – Affiliate	- Revenue	(546,926)	(362,127)
	- Expenses	(137,508)	(114,481)
	- Interest on lease liabilities	400,003	431,758

The breakdown of the amounts due to related parties are as follows:

a) Due to related parties

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
AdVision Media Solution	17,582,456	3,941,962
Al-Mouwasat International Company	2,769,999	680,785
Magrabi Hospitals & Centers Company Ltd.	1,946,795	-
Advance Medical Project Company ("AMPC")	-	1,015,552
	<u>22,299,250</u>	<u>5,638,299</u>

b) Due from related party

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Magrabi Hospitals & Centers Company Ltd.	<u>677,304</u>	<u>954,743</u>

Amounts due to and due from related parties principally include balances related to the above mentioned transactions and are included within accounts payables and accounts receivables, respectively in the statement of financial position. Balances above are not subject to interest charges and do not have specific repayments date. Prices and terms of payment of the above transactions are approved by the Group's management.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in Saudi Riyals, unless otherwise stated)

10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

c) Compensation to key management personnel

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

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
	(Unaudited)	(Unaudited)
Salary and allowances	3,722,500	3,697,500
Incentives and other benefits	4,013,221	3,035,056
	<u>7,735,721</u>	<u>6,732,556</u>

The remuneration of directors and key executives is determined by the remuneration committee considering the performance of individuals and market trends. Board of Directors' fee of SR 0.9 million (March 2020: SR 0.9 million) have been included as part of key management personnel remuneration.

11. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period. As the Company does not have any dilutive potential shares, the diluted earning per share is the same as basic earnings per share.

	March 31, 2021	March 31, 2020
	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders of the Company	147,189,633	108,024,826
Weighted average number of outstanding shares during the period (Number of share)	100,000,000	100,000,000
Basic and diluted earnings per share attributable to the shareholders of the Company	<u>1.47</u>	<u>1.08</u>

12. CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees

The Group's bankers have given guarantees, on behalf of the Group, amounting to SR 1.91 million as of March 31, 2021, (December 31, 2020: SR 1.91 million) mainly in respect of performance guarantees to customers.

Capital commitments

The Group's capital commitments amounted to SR 125.8 million as of March 31, 2021, (December 31, 2020: SR 156.64 million) relating to certain expansion projects.

The Group has outstanding letter of credits amounting to SR 111.39 million as of March 31, 2021, (December 31, 2020: SR 132.88 million).

13. DIVIDENDS

The Board of Directors of the Group in their meeting held on Rajab 13, 1442H (corresponding to February 25, 2021G) has proposed a cash dividend of SR 2.5 per share amounting to SR 250 million for the year ended December 31, 2020, which was subsequently approved by shareholders in General Assembly Meeting held on Ramadan 17, 1442H (corresponding to April 29, 2021G).

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

(Expressed in Saudi Riyals, unless otherwise stated)

14. SEGMENT INFORMATION

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

The Group's operations consist mainly of the medical services and pharmaceuticals products segment.

Operating segments:

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

- Medical Services segment: Fees for inpatient and outpatient services.
- Pharmaceuticals products segment.

	<u>Medical Services</u>	<u>Pharmaceuticals</u>	<u>Total</u>
For the three month period ended			
March 31, 2021 (unaudited)			
Revenues	<u>466,086,102</u>	<u>68,036,084</u>	<u>534,122,186</u>
Gross profit	235,540,138	18,760,380	254,300,518
Unallocated income / (expenses)			
Selling and distribution expenses			(27,409,973)
General and administration			
Expenses			(68,397,949)
Share of profit of an associate			900,000
Other income			1,527,053
Finance cost			(2,603,190)
Profit before zakat			<u>158,316,459</u>
Zakat expense for the period			(4,295,100)
Profit for the period			<u>154,021,359</u>
For the three month period ended			
March 31, 2020 (unaudited)			
Revenues	<u>425,637,274</u>	<u>68,305,835</u>	<u>493,943,109</u>
Gross profit	202,146,853	18,406,114	220,552,967
Unallocated income / (expenses)			
Selling and distribution expenses			(32,462,177)
General and administration			
Expenses			(65,109,710)
Share of profit of an associate			900,000
Other income			2,582,859
Finance cost			(4,743,709)
Profit before zakat			121,720,230
Zakat expense for the period			(3,698,922)
Profit for the period			<u>118,021,308</u>

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in Saudi Riyals, unless otherwise stated)

14. SEGMENT INFORMATION (Continued)

	<u>Medical Services</u>	<u>Pharmaceuticals</u>	<u>Total</u>
As at March 31, 2021 (unaudited)			
Total assets	<u>3,712,943,800</u>	<u>195,418,095</u>	<u>3,908,361,895</u>
Total liabilities	<u>1,244,101,877</u>	<u>130,596,330</u>	<u>1,374,698,207</u>
As at December 31, 2020 (audited)			
Total assets	<u>3,466,341,733</u>	<u>182,437,445</u>	<u>3,648,779,178</u>
Total liabilities	<u>1,148,571,724</u>	<u>120,565,125</u>	<u>1,269,136,849</u>

Geographical segments:

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including directors' salaries, profit from term deposit, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

15. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The Group's principal financial assets include cash and cash equivalents, accounts receivables and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long-term borrowings and accounts payables, due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Fair values hierarchy

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

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

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

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

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Accounting classifications and fair values

The following table shows the carrying value of financial assets and financial liabilities. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts is a reasonable approximation of fair value.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021**
(Expressed in Saudi Riyals, unless otherwise stated)

15. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

Particulars	March 31, 2021	December 31, 2020
	Carrying value (Amortized cost) (Unaudited)	Carrying value (Amortized cost) (Audited)
Financial assets not measured at fair value		
Accounts receivables	760,602,113	689,579,857
Cash and cash equivalents	276,792,256	160,153,411
Other current assets	11,119,631	7,403,846
Term deposit	43,000,000	83,000,000
Total	1,091,514,000	940,137,114

Particulars	March 31, 2021	December 31, 2020
	Carrying value (Amortized cost) (Unaudited)	Carrying value (Amortized cost) (Audited)
Financial liabilities not measured at fair value		
Long-term borrowings	752,237,091	745,549,471
Lease liabilities	36,076,598	37,826,595
Accounts payables	224,507,059	198,019,425
Refund liabilities	41,674,351	31,000,754
Other current liabilities	130,660,649	84,731,664
Total	1,185,155,748	1,097,127,909

As at the reporting date all financial assets and financial liabilities are measured at amortized cost. The carrying value of the financial assets and financial liabilities of the Group approximate their fair value.

Risk management activities

The Group's financial risk management objectives and policies are consistent with those disclosed in the last annual consolidated financial statements as at and for the year ended December 31, 2020.

16. SIGNIFICANT EVENT

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organization on January 31, 2020 and upgraded to a global pandemic on March 11, 2020. Since then the virus spread across the globe including Saudi Arabia, causing disruptions to many businesses and economic activities.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these interim condensed consolidated financial statements.

However, management considers that developments are not expected to have a material impact the Group's future financial results, cash flows and financial condition.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Expressed in Saudi Riyals, unless otherwise stated)

17. SUBSEQUENT EVENTS

Except as disclose in note 13, there were no significant events have occurred subsequent to March 31, 2021 that would have a material impact on the financial position and financial performance of the Group.

18. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved by the Board of Directors on Ramadan 27, 1442H, corresponding to May 9, 2021G.