

**MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020**

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

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

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders
Mouwasat Medical Services Company
(a Saudi Joint Stock Company)
Dammam, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mouwasat Medical Services Company, a Saudi Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as of 31 March 2020 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months period then ended and consolidated statement of changes in equity and consolidated statement of cash flows for the three months period then ended, and notes comprising a summary of significant accounting policy and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. 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", as endorsed in the Kingdom of Saudi Arabia. A review of condensed interim consolidated 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 that are endorsed in the Kingdom of Saudi Arabia 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 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants



Abdul Rahman S. Al-Suwayegh
License No. 461
22 Shawwal, 1441 H
14 June 2020




MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020**

| | Notes | From 1 January to 31 March | |
|--|-------|----------------------------|---------------------------|
| | | 2020 SR (Unaudited) | 2019 SR (Unaudited) |
| REVENUES | | | |
| Operating revenues, net | | 425,637,274 | 396,751,437 |
| Sales | | 68,305,835 | 65,868,648 |
| | | <u>493,943,109</u> | <u>462,620,085</u> |
| DIRECT COST | | | |
| Cost of operations | | (223,490,421) | (204,596,625) |
| Cost of sales | | (49,899,721) | (46,707,466) |
| | | <u>(273,390,142)</u> | <u>(251,304,091)</u> |
| GROSS PROFIT | | | |
| | | <u>220,552,967</u> | <u>211,315,994</u> |
| EXPENSES | | | |
| Selling and distribution | | (32,462,177) | (30,533,152) |
| General and administration | | (65,109,710) | (58,747,934) |
| OPERATING INCOME | | | |
| | | 122,981,080 | 122,034,908 |
| Share of results of an associate | | 900,000 | 750,000 |
| Other income, net | | 2,582,859 | 2,468,098 |
| Finance costs | | (4,743,709) | (5,286,768) |
| PROFIT BEFORE ZAKAT | | | |
| | | 121,720,230 | 119,966,238 |
| Zakat | 4 | (3,698,922) | (5,112,819) |
| NET PROFIT FOR THE PERIOD | | | |
| | | <u>118,021,308</u> | <u>114,853,419</u> |
| Other comprehensive income for the period | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | | |
| | | <u>118,021,308</u> | <u>114,853,419</u> |
| ATTRIBUTABLE TO: | | | |
| Shareholders of the Company | | 108,024,826 | 107,215,242 |
| Non-controlling interests | | 9,996,482 | 7,638,177 |
| | | <u>118,021,308</u> | <u>114,853,419</u> |
| EARNINGS PER SHARE | | | |
| Basic and diluted earnings per share attributable to the shareholders of the Company | 5 | 1.08 | 1.07 |
| Weighted average number of shares | | <u>100,000,000</u> | <u>100,000,000</u> |


Managing Director
Mohammed Al Saleem



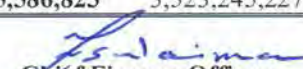

Authorized Board Representative
Mohammed Al Saleem


Chief Finance Officer
Yusuf Sulaiman

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

| | Notes | 31 March 2020 SR (Unaudited) | 31 December 2019 SR (Audited) |
|---|---|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 6 | 2,108,350,464 | 2,075,538,020 |
| Goodwill | | 16,371,000 | 16,371,000 |
| Intangible assets | | 18,156,107 | 17,015,310 |
| Right-of-use asset | | 37,111,505 | 37,974,563 |
| Investment in associate | | 13,262,672 | 12,362,672 |
| Advances to contractors | | 126,037,989 | 103,226,793 |
| Total non-current assets | | 2,319,289,737 | 2,262,488,358 |
| Current assets | | | |
| Inventories | | 187,186,654 | 165,326,214 |
| Accounts receivable | 7 | 780,103,557 | 717,583,249 |
| Advances, prepayments and other assets | | 89,568,002 | 83,223,380 |
| Term deposit | | 45,000,000 | 90,000,000 |
| Cash and cash equivalents | | 314,438,873 | 204,624,026 |
| Total current assets | | 1,416,297,086 | 1,260,756,869 |
| TOTAL ASSETS | | 3,735,586,823 | 3,523,245,227 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 8 | 1,000,000,000 | 1,000,000,000 |
| Statutory reserve | 10 | 281,829,508 | 281,829,508 |
| Retained earnings | | 781,710,443 | 673,685,617 |
| Equity attributable to shareholders of the Company | | 2,063,539,951 | 1,955,515,125 |
| Non-controlling interests | | 106,672,348 | 96,675,866 |
| Total equity | | 2,170,212,299 | 2,052,190,991 |
| Non-current liabilities | | | |
| Term loans | 11 | 636,674,591 | 601,799,471 |
| Retirement benefit obligations | | 102,052,100 | 97,142,980 |
| Lease liabilities | | 34,403,910 | 33,972,152 |
| Total non-current liabilities | | 773,130,601 | 732,914,603 |
| Current liabilities | | | |
| Accounts payables | | 228,491,965 | 211,904,715 |
| Accruals and other payables | | 149,956,677 | 134,441,957 |
| Refund liabilities | | 235,375,991 | 234,054,183 |
| Lease liabilities | | 4,002,411 | 4,002,411 |
| Current portion of term loans | 11 | 137,392,703 | 120,411,113 |
| Zakat provision | 4 | 37,024,176 | 33,325,254 |
| Total current liabilities | | 792,243,923 | 738,139,633 |
| Total liabilities | | 1,565,374,524 | 1,471,054,236 |
| TOTAL EQUITY AND LIABILITIES | | 3,735,586,823 | 3,523,245,227 |
|  Managing Director Mohammed Al Saleem |  Authorized Board Representative Mohammed Al Saleem |  Chief Finance Officer Yusuf Sulaiman | |

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020**

| | Share capital SR | Statutory reserve SR | Retained earnings SR | Equity attributable to shareholders of the Company SR | Non- controlling interests SR | Total equity SR |
|---|---------------------|----------------------------|----------------------------|--|--|-----------------------|
| 1 January 2019 (audited) | 1,000,000,000 | 239,726,561 | 473,158,071 | 1,712,884,632 | 93,671,265 | 1,806,555,897 |
| Total comprehensive income for the period | - | - | 107,215,242 | 107,215,242 | 7,638,177 | 114,853,419 |
| 31 March 2019 (unaudited) | 1,000,000,000 | 239,726,561 | 580,373,313 | 1,820,099,874 | 101,309,442 | 1,921,409,316 |
| 1 January 2020 (audited) | 1,000,000,000 | 281,829,508 | 673,685,617 | 1,955,515,125 | 96,675,866 | 2,052,190,991 |
| Total comprehensive income for the period | - | - | 108,024,826 | 108,024,826 | 9,996,482 | 118,021,308 |
| 31 March 2020 (unaudited) | 1,000,000,000 | 281,829,508 | 781,710,443 | 2,063,539,951 | 106,672,348 | 2,170,212,299 |


Managing Director
Mohammed Al Saleem


Authorized Board Representative
Mohammed Al Saleem


Chief Finance Officer
Yusuf Sulaiman

The accompanying notes form an integral part of these interim condensed consolidated financial statements


MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

| | From 1 January to 31 March | |
|--|----------------------------|---------------------|
| | 2020 | 2019 |
| | SR | SR |
| OPERATING ACTIVITIES | | |
| Profit before zakat | 121,720,230 | 119,966,238 |
| Adjustments for: | | |
| Depreciation | 34,591,938 | 34,049,156 |
| Depreciation of right-of-use asset | 863,058 | - |
| Allowance for doubtful receivables, net | 4,476,151 | 2,730,996 |
| Amortization of intangible assets | 1,014,751 | 805,304 |
| Share of results of an associate | (900,000) | (750,000) |
| Retirement benefit obligations | 6,867,368 | 6,373,008 |
| Finance cost | 4,743,709 | 6,460,053 |
| Gain on disposal of property and equipment | (218,177) | (166,226) |
| | 173,159,028 | 169,468,529 |
| Movement in working capital : | | |
| Accounts receivable | (66,996,459) | 7,560,028 |
| Advances, prepayments and other assets | (6,344,622) | (15,831,326) |
| Inventories | (21,860,440) | (1,312,402) |
| Accounts payable | 16,587,250 | 12,077,481 |
| Accruals and other payables | 14,456,841 | (594,315) |
| Refund liabilities | 1,321,808 | 40,827,035 |
| Cash from operations | 110,323,406 | 212,195,030 |
| Retirement benefit obligations paid | (1,958,248) | (2,350,563) |
| Finance cost paid | (5,444,533) | (5,065,191) |
| Zakat paid | - | (73,761) |
| Net cash from operating activities | 102,920,625 | 204,705,515 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (63,805,134) | (52,012,622) |
| Purchase of intangible assets | (2,155,548) | (466,349) |
| Proceeds on disposal of property and equipment | 318,766 | 410,679 |
| Advances to contractors | (24,320,572) | (37,779,916) |
| Term deposit | 45,000,000 | 35,000,000 |
| Net cash used in investing activities | (44,962,488) | (54,848,208) |


Managing Director
Mohammed Al Saleem


Authorized Board Representative
Mohammed Al Saleem


Chief Finance Officer
Yusuf Sulaiman

The accompanying notes form an integral part of these interim condensed consolidated financial statements

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTIUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

| | From 1 January to 31 March | |
|---|----------------------------|---------------------|
| | 2020 | 2019 |
| | SR | SR |
| FINANCING ACTIVITIES | | |
| Proceeds from term loans | 75,000,000 | - |
| Repayment of term loans | (23,143,290) | (16,630,770) |
| Net cash (used in) from financing activities | 51,856,710 | (16,630,770) |
| Net increase in cash and cash equivalents | 109,814,847 | 133,226,537 |
| Cash and cash equivalents at the beginning of the period | 204,624,026 | 130,179,418 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 314,438,873 | 263,405,955 |

Non cash transactions


| | | |
|---|-----------|-----------|
| Transfer from advances to contractors to property and equipment | 1,509,376 | 4,471,652 |
| Finance cost capitalized | 2,190,461 | 1,173,285 |



Managing Director
Mohammed Al Saleem



Authorized Board Representative
Mohammed Al Saleem



Chief Finance Officer
Yusuf Sulaiman

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020**

1. GENERAL INFORMATION

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

The accompanying interim condensed consolidated financial statements include the activities of the Company and its following subsidiaries (collectively referred to as "the Group"):

| Name | Country of incorporation | Activities | Percentage % |
|--|---------------------------------|-------------------|---------------------|
| Eastern Medical Services Company Limited | Saudi Arabia | Medical Services | 51% |
| Specialized Medical Clinic Company Limited | Saudi Arabia | Medical Services | 95% |

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

Specialized Medical Clinic Company Limited is a limited liability company registered in Saudi Arabia under commercial registration number 2051032296 dated 11 Safar 1427 H (corresponding to 11 March 2006). This subsidiary is engaged in construction, management and operating of the hospital clinics complex in accordance with the preliminary approval of the Ministry of Health number 038-105-023-033-10001 dated 7 Rabi' I 1433H (corresponding to 30 January 2012).

2. APPLICATION OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised standards adopted but do not have any impact

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2020, have been adopted in these interim condensed financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Definition of a Business – Amendments to IFRS 3 Business Combinations

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

2. APPLICATION OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1 New and revised standards adopted but do not have any impact (continued)

Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

IFRS 7 Financial Instruments: Disclosures and IFRS 9 - Financial Instruments
Amendments regarding pre-replacement issues in the context of the IBOR reform.

2.2 New and revised standards and interpretations issued but not yet effective

New and revised IFRSs

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2022.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

Amendments relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective for annual periods beginning on or after

January 1, 2022

Effective date deferred indefinitely. Adoption is still permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia (KSA). The interim condensed consolidated 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 31 December 2019.

Basis of measurement

These interim condensed consolidated financial statements are prepared using historical cost convention using the accrual basis of accounting. For retirement benefit obligation, actuarial present value calculation is used. These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Group.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation

The interim condensed consolidated financial statements incorporate the financial information of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Zakat

Zakat is provided in accordance with Saudi Arabian fiscal regulations. The provision is charged to the interim condensed consolidated statement of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Significant accounting judgements, estimates and assumptions

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires the use of certain critical 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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

4. ZAKAT

The movement in zakat provision is as follows:

| | 31 March 2020 SR (Unaudited) | 31 December 2019 SR (Audited) |
|---|---------------------------------------|--|
| Balance at the beginning of the period/year | 33,325,254 | 37,469,074 |
| Charge for the period/year | 3,698,922 | 13,465,942 |
| Paid during the period/year | - | (17,609,762) |
| Balance at the end of the period/year | <u>37,024,176</u> | <u>33,325,254</u> |

Mouwasat Medical Services Company

The Company has submitted its zakat returns up to year ended 31 December 2018, 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 and 2018 are still under review by the General Authority of Zakat and Tax ("GAZT").

Eastern Medical Services Company Limited

EMS has submitted its zakat returns up to year ended 31 December 2018, 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 and 2018 are still under review by the GAZT.

Specialised Medical Clinic Company Limited

The Company has submitted its zakat returns up to year ended December 31, 2018, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2009 to 2018 are under review by the GAZT.

5. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the parent company by the weighted average number of outstanding shares during the period as follows:

| | Three months period ended 31 March | |
|--|---------------------------------------|---------------------|
| | 2020 (Unaudited) | 2019 (Unaudited) |
| Net income for the period attributable to the shareholders of the parent company (Saudi Riyal) | 108,024,826 | 107,215,242 |
| Weighted average number of outstanding shares during the period (Number of share) | <u>100,000,000</u> | <u>100,000,000</u> |
| Basic and diluted earnings per share attributable to the shareholders of the Company | <u>1.08</u> | <u>1.07</u> |

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

6. PROPERTY AND EQUIPMENT

| | 31 March | 31 December |
|--|----------------------|---------------|
| | 2020 | 2019 |
| | SR | SR |
| | (Unaudited) | (Audited) |
| Net book value at the beginning of the period / year | 2,075,538,020 | 1,910,684,112 |
| Additions | 67,504,971 | 303,565,762 |
| Disposals | (100,589) | (274,041) |
| Write off | - | (235,000) |
| Depreciation for the period/year | (34,591,938) | (138,202,813) |
| Carrying value at the end of the period / year | 2,108,350,464 | 2,075,538,020 |

Finance cost capitalized during the three months period ended amounted to SR 2.19 million (2019: SR 6.45 million).

As of 31 March 2020, plots of land amounting to SR 56.1 million (December 2019: SR 56.1 million) have been pledged as security against term loans.

7. ACCOUNTS RECEIVABLE

| | 31 March | 31 December |
|--|---------------------|--------------|
| | 2020 | 2019 |
| | SR | SR |
| | (Unaudited) | (Audited) |
| Accounts receivable- trade | 813,793,258 | 746,796,799 |
| Less : allowance for doubtful receivable | (33,689,701) | (29,213,550) |
| | 780,103,557 | 717,583,249 |

Movement in the allowance for doubtful debts is as follows:

| | 31 March | 31 December |
|---|--------------------|--------------|
| | 2020 | 2019 |
| | SR | SR |
| | (Unaudited) | (Audited) |
| Balance at the beginning of the period / year | 29,213,550 | 39,881,857 |
| Provision during the period / year | 9,571,763 | 12,352,654 |
| Written off | (5,095,612) | (23,020,961) |
| Balance at the end of the period / year | 33,689,701 | 29,213,550 |

8. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company is divided into 100 million shares (31 December 2019: 100 million shares) of SR 10 each.

9. DIVIDENDS

The board of directors at their meeting held on 21 Rajab1441 H (corresponding to 16 March 2020) proposed a cash dividend of SR 2 per share amounting to SR 200 million for the year ended 31 December 2019, which was subsequently approved by shareholders in General Assembly Meeting held on 29 Sha'ban, 1441 (corresponding to 22 April 2020).

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

9. DIVIDENDS (CONTINUED)

The board of directors at their meeting held on 20 Jumada II 1440 H (corresponding to 25 February 2019) proposed a cash dividend of SR 1.75 per share amounting to SR 175 million for the year ended 31 December 2018, which was subsequently approved by shareholders in General Assembly Meeting held on 17 Sha'ban, 1440 H (corresponding to 22 April 2019).

10. 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.

11. TERM LOANS

| | 31 March 2020 SR (Unaudited) | 31 December 2019 SR (Audited) |
|------------------------------------|---|--|
| Current | | |
| Medium term loan (a) | 129,515,830 | 112,534,240 |
| Loans from ministry of finance (b) | 7,876,873 | 7,876,873 |
| | 137,392,703 | 120,411,113 |
| Non-current | | |
| Medium term loan (a) | 541,366,159 | 505,847,748 |
| Loans from ministry of finance (b) | 95,308,432 | 95,951,723 |
| | 636,674,591 | 601,799,471 |

- a) The Group obtained Islamic loans facilities from various 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 new hospitals. 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 31 March 2020.

Maturity profile of term loans is as follows:

| | 31 March 2020 SR (Unaudited) | 31 December 2019 SR (Audited) |
|------------------|---|--|
| 2020 | - | 120,411,113 |
| 2021 | 137,392,703 | 159,219,899 |
| 2022 | 181,303,232 | 165,123,300 |
| 2023 | 166,373,300 | 95,123,300 |
| 2024 | 103,873,300 | 66,373,300 |
| 2025 and onwards | 185,124,759 | 115,959,672 |
| | 774,067,294 | 722,210,584 |

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

12. RELATED PARTY TRANSACTIONS

During the period, the Group mainly transacted with the following related parties. The significant transactions and the related approximate amounts are as follows:

| | Relationship | Nature of Transaction | Three months period Ended 31 March | |
|--|--------------|------------------------|------------------------------------|---------------------------|
| | | | 2020 SR (Unaudited) | 2019 SR (Unaudited) |
| Advance Medical Project Company ("AMPC") | Associate | Revenue | (618,412) | (992,642) |
| | | Purchases | 1,675,741 | 1,870,174 |
| | | Other services | (56,223) | - |
| Al-Mouwasat International Company | Affiliate | Purchases | 6,380,109 | 5,070,802 |
| | | Rent | 369,000 | 2,024,926 |
| | | Other services | (46,483) | |
| AdVision Media Solution | Affiliate | Advertisement services | 15,812,967 | 11,845,645 |
| Magrabi Hospitals & Centers Company Ltd. | Affiliate | Revenue | (362,127) | (584,634) |
| | | Other services | (114,481) | |
| | | Expenses | - | 664,487 |

Prices and terms of payment of the above transactions are approved by the Group's management.

The amounts due to related parties represents the following:

| | 31 March 2020 SR (Unaudited) | 31 December 2019 SR (Audited) |
|--|---------------------------------------|--|
| AdVision Media Solution | 18,261,530 | 4,547,259 |
| Al-Mouwasat International Company | 3,825,630 | 1,603,797 |
| Magrabi Hospitals & Centers Company Ltd. | 1,624,015 | 1,615,630 |
| Advance Medical Project Company ("AMPC") | 260,314 | 259,207 |
| | 23,971,489 | 8,025,893 |

Amounts due to related parties as at 31 March, 2020 principally include balances related to the above mentioned transactions. Payable balances above are not subject to interest charges, and do not have specific repayments date.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

12. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

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

| | Three-months' period ended | |
|-------------------------------|----------------------------|------------------|
| | 31 March | |
| | 2020 | 2019 |
| | SR | SR |
| | (Unaudited) | (Unaudited) |
| Salaries and allowances | 3,697,500 | 2,652,750 |
| Incentives and other benefits | 3,035,056 | 2,615,332 |
| | 6,732,556 | 5,268,082 |

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 0.77 million (March 2019: SR 0.77 million) have been included as part of key management personnel remuneration.

13. CAPITAL COMMITMENTS

The Group has capital commitments of SR 227 million (31 December 2019: SR 269.2 million) for future capital expenditure relating to certain expansion projects.

14. SEGMENT INFORMATION

The Management Committee 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.

Operating segments:

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

- In-patient - Services to customers with overnight stay at hospital
- Out-patient Services to customers without overnight stay at hospital
- Pharmaceuticals Goods, such as medicines and healthcare products.

No operating segments have been aggregated to form the above reportable operating segments.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

14. SENGMENT INFORMATION (CONTINUED)

| For the Three-months period ended 31 March 2020 | In-patient SR | Out-patient SR | Pharmaceuticals SR | Total SR |
|--|--------------------------|---------------------------|-------------------------------|---------------------|
| Revenues | 226,089,411 | 199,547,863 | 68,305,835 | 493,943,109 |
| Gross profit | 107,376,082 | 94,770,771 | 18,406,114 | 220,552,967 |
| Unallocated income (expenses) | | | | (32,462,177) |
| Selling and distribution expenses | | | | (32,462,177) |
| General and administration expenses | | | | (65,109,710) |
| Share in results of an associate | | | | 900,000 |
| Finance costs | | | | (4,743,709) |
| Other income | | | | 2,582,859 |
| Income before zakat | | | | 121,720,230 |
| Zakat | | | | (3,698,922) |
| Net income for the period | | | | 118,021,308 |
| For the Three-months period ended 31 March 2019 | | | | |
| Revenues | 200,218,657 | 196,532,780 | 65,868,648 | 462,620,085 |
| Gross profit | 96,965,868 | 95,188,944 | 19,161,182 | 211,315,994 |
| Unallocated income (expenses) | | | | (30,533,152) |
| Selling and distribution expenses | | | | (30,533,152) |
| General and administration expenses | | | | (58,747,934) |
| Share in results of an associate | | | | 750,000 |
| Finance costs | | | | (5,286,768) |
| Other income | | | | 2,468,098 |
| Income before zakat | | | | 119,966,238 |
| Zakat | | | | (5,112,819) |
| Net income for the period | | | | 114,853,419 |

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the three months period ended 31 March 2020 and 2019.

| As at 31 March 2020 | In-patient SR | Out-patient SR | Pharmaceuticals SR | Total SR |
|----------------------------|--------------------------|---------------------------|-------------------------------|----------------------|
| Total assets | 1,942,505,148 | 1,494,234,729 | 298,846,946 | 3,735,586,823 |
| Total liabilities | 751,379,772 | 579,188,573 | 234,806,179 | 1,565,374,524 |
| As at 31 December 2019 | | | | |
| Total assets | 1,832,087,518 | 1,409,298,091 | 281,859,618 | 3,523,245,227 |
| Total liabilities | 706,106,034 | 544,290,067 | 220,658,135 | 1,471,054,236 |

Geographical segments:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020

15. FAIR VALUES OF FINANCIAL INSTRUMENTS

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.

Financial assets consist of cash and cash equivalents, term deposit, accounts receivable and some other current assets. Financial liabilities consist of term loans, trade payable and some other current liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts.

16. CORONA VIRUS PANDEMIC (COVID-19)

At the beginning of year 2020, the existence of novel corona virus (COVID-19) was confirmed. Since then the virus spread across the globe including Saudi Arabia and significantly affected business and commercial activities due to suspension of activities considered non-essential including restrictions on movement of the general public. The healthcare sector has been classified as an essential service by the government and as a result no restrictions have been placed by the government of Kingdom of Saudi Arabia on the Group's operations or its supply chain.

The Group witnessed a drop in number of patient visits during March 2020 and April 2020, however, other activities remain largely unaffected. Management believes that drop in patient visits is due to lockdown rules and precautionary measures implemented by Government authorities. As the Government authorities announced relaxation of coronavirus lockdown rules, the number of patient visits will improve.

The Group's management continues to monitor the situation closely with focus on sustainability of supply chain, availability of sufficient cash balances to fund the operation requirements, availability of required pharmaceuticals and consumables.

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.

These developments could impact the Group's future financial results, cash flows and financial condition. However, management estimates that these effects will not have a significant impact on the Entity's ability to continue as an ongoing one for a period of 12 months from 1 April 2020.

The effect of COVID 19 on the Group will be incorporated in the determination of the Group's estimates in 2020. The estimates in respect of allowance for expected credit losses and refund liabilities are likely to be impacted as a result of this matter.

**MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2020**

17. EVENT AFTER THE REPORTING PERIOD

There were no events subsequent to 31 March 2020 and occurring before the date of the approval of the interim condensed consolidated financial statements report that are expected to have a significant impact on these financial statements.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements have been approved by the Board of Directors on 22 Shawal, 1441 H, corresponding to 14 June 2020.