Prospectus

شركة الشرق الأوسط للرعاية الصحية (ميكو)
Middle East Healthcare Company (MEAHCO)
المستشفى السعودي الألماني

Middle East Healthcare Company, a Saudi Arabian joint stock company, incorporated pursuant to Ministerial Resolution number 2554 dated 16/03/1425H (corresponding to 5/5/2004G) under commercial registration number 4030149460 dated 06/04/1425H (corresponding to 25/5/2004G).

Sale of (27,612,000) twenty-seven million six hundred twelve thousand ordinary Shares, representing 30% of Middle East Healthcare Company's ("MEAHCO" or the "Company") capital through an Initial Public Offering at an offering price of SAR (64) sixty four Saudi Riyals per Share (with a fully paid nominal value of (SAR 10) ten Saudi Riyals per Share).

Offer Period:

7 days from Wednesday 24/04/1437H (corresponding to 03/02/2016G) to Tuesday 30/04/1437H (corresponding to 09/02/2016G).

MEAHCO is a Saudi closed joint stock company incorporated pursuant to Ministerial Resolution number 2554 dated 16/03/1425H (corresponding to 5/5/2004G) and registered under commercial registration number 4030149460 dated 06/04/1425H (corresponding to 25/5/2004), with a paid-up share capital of (SAR 590,000,000) five hundred and ninety million Saudi Riyals, of which (SAR 42,040,000) forty-two million forty thousand Saudi Riyals were paid through cash contributions, while the remaining (SAR 547,960,000) five hundred and forty-seven million nine hundred and sixty thousand Saudi Riyals were paid through in-kind contributions made by Bait Al-Batterjee Medical Company ("BAB") consisting of the Saudi German Hospital in Madinah ("SGH Madinah") (including its land and buildings), the Saudi German Hospital in Aseer ("SGH Aseer") (including its land and buildings), shares representing 80% of the share capital of Bait Al-Batterjee and Zuhair Al-Sebai Medical Company ("BABAS"), the former owner and operator of the Saudi German Hospital in Riyadh ("SGH Riyadh"). On 02/02/1435H (corresponding to 5/12/2013G), the extraordinary general assembly of the Company ("EGA") agreed to increase the Company's share capital from (SAR 590,000,000) five hundred and ninety million Saudi Riyals to (SAR 767,000,000) seven hundred and sixty-seven million Saudi Riyals. The increase of (SAR 177,000,000) one hundred and seventy-seven million Saudi Riyals was covered through the capitalization of the Shareholders' account resulting from their contribution of additional in-kind contributions to the Company, which consisted of the Saudi German Hospital in Jeddah ("SGH Jeddah"), 98% of the shares of Abduljaleel Ibrahim Batterjee Sons Development Company ("AJ Sons"), 39.96% of National Hail Company's ("NHC" or "Subsidiary") share capital, Management Supervision Agreements for hospitals outside the Kingdom (the "Management Supervision Agreements"), 20% of BABAS, and a plot of land in the city of Dammam with a surface area of 30,000 m2 ("Dammam Land"). On 28/7/1436H (corresponding to 17/5/2015G), the EGA agreed to further increase the Company's share capital from (SAR 767,000,000) seven hundred and sixty-seven million Saudi Riyals to (SAR 920,400,000) nine hundred and twenty million four hundred thousand Saudi Riyals. The increase of (SAR 153,400,000) one hundred and fifty-three million four hundred thousand Saudi Riyals was covered through capitalization of the retained earnings account (for more details on the evolution of the Company's share capital, please see Section 4-3 "Evolution and Increases of the Company's Share Capital" of this Prospectus (the "Prospectus")).

The current share capital of the Company is (SAR 920,400,000) nine hundred and twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million and forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals per share.

The initial public offering of the Company's shares (the "Subscription" or the "Offering") represent (27,612,000) twenty-seven million six hundred and twelve thousand ordinary shares (the "Offer Shares" and each an "Offer Share") with a fully paid-up nominal value of (SAR 10) ten Saudi Riyals per Share. The Subscription price shall be SAR (64) sixty four Saudi Riyals per Share. The Offer Shares represent 30% of the Company's share capital and the subscription thereto shall be restricted to (2) two tranches of investors, namely:

Tranche (A): Institutional Investors: This tranche comprises a number of institutions including mutual funds (collectively referred to as "Institutional Investors") (for more information, please see Section 1 "Terms and Definitions" of this Prospectus). The number of Offer Shares allocated to Institutional Investors shall be (27,612,000) twenty-seven million six hundred and twelve thousand Offer Shares, representing 100% of the total number of Offer Shares. In the event the Individual Investors (who are defined under "Tranche (B)" below) subscribe for the Offer Shares, the Bookrunner may, after obtaining approval from the Capital Market Authority ("CMA"), reduce the number of shares allocated to Institutional Investors to (19,328,400) nineteen million three hundred twenty-eight thousand four hundred ordinary shares, representing 70% of the total Offer Shares. A percentage of (90%) of the shares in Tranche A will be allocated to mutual funds, although this percentage is subject to change in the event that other Institutional Investors do not subscribe for the full remaining percentage (10%) or in the event that the mutual funds do not fully subscribe to their allocation of (90%).

Tranche (B): Individual Investors: This tranche comprises Saudi natural persons including any divorced or widowed Saudi woman from a marriage to a non-Saudi individual, who is entitled to subscribe for the Offer Shares for her own benefit, in the names of her minor children (if any), on the condition that she proves that she is divorced or widowed and the mother of her minor children, (collectively referred to as "Individual Investors" and each as an "Individual Investor", and with Institutional Investors as "Subscribers"). Subscription of a person in the name of his divorcee shall be deemed invalid, and if such a transaction is proven to have taken place, the law shall be applied against the applicant. The maximum number of Offer Shares allocated to Individual Investors is (8,283,600) eight million two hundred eighty-three thousand six hundred Offer Shares representing 30% of the total number of the Offer Shares. In the event that the Individual Investors do not subscribe to all the Offer Shares allocated to them, the Lead Manager may, subject to CMA's approval, reduce the number of shares allocated to Individual Investors in proportion to the number of shares for which they had subscribed.

The Offer Shares are being sold by the Company's shareholders whose names appear on page (iv) (collectively referred to as "Selling Shareholders"), who collectively own 100% of the Company's shares prior to the Subscription. Upon completion of the Subscription, the Selling Shareholders will collectively own 70% of the Company's shares and will, thereafter, continue to retain a controlling interest in the Company. After deducting the Offering expenses, the proceeds of the Offering (the "Net Proceeds") will be distributed amongst the Selling Shareholders in proportion to their respective their ownership of the the Offer Shares. The Company will not receive any part of the Net Proceeds as described in Section 9 "Use of Proceeds". The Offering has been fully underwritten by the Underwriter (for more information, please see Section 13 "Underwriting" of this Prospectus). The Company's Substantial Shareholders who own 5% or more of its shares are BAB and International Finance Corporation ("IFC") whose shareholding in the Company is set forth on page (ix) of this Prospectus. The Selling Shareholders are subject to a lock-up period of eighteen (18) months starting from the commencement date of trading of the Company's shares on the Saudi Stock Exchange ("Exchange" or "Tadawul"), during which period they are restricted from disposing of any of their respective shares in the Company (the "Lock-up Period"). Following the Lock-up Period, the Selling Shareholders may only dispose of their shares in the Company after obtaining the CMA's approval (for more information about the Company's Shareholders, please see page (iv) of this Prospectus).

The Offering will commence on Wednesday 24/04/1437H (corresponding to 03/02/2016G) and will continue for a period of seven (7) days up to and including the closing date, Tuesday 30/04/1437H (corresponding to 09/02/2016G) (the "Offering Period"). Subscription applications may be submitted to any branch of a receiving agent ("Receiving Agents") listed on pages (xi) and (xii) during the Offering Period (for more information, please see "Key Dates for Subscribers and Subscription Procedures" Section and Section 16 "Subscription Terms and Conditions" of this Prospectus). Institutional Investors may subscribe for the Offer Shares through the Institutional Investors Bookrunner during the Book Building Period, before the shares are offered to Individual Investors.

Individual Investors who subscribe for the Offer Shares must subscribe for a minimum of (10) ten Offer Shares. The miniumum allocation is (10) ten shares per Subscriber and the maximum allocation is (250,000) two hundred and fifty thousand shares per Subscriber. The remaining Offer Shares, if any, will be allocated on a pro-rata basis to the total number of Offer Shares subscribed for by each Subscriber. If the number of Subscribers exceeds (828,360) eight hundred twenty-eight thousand three hundred sixty, the Company will not guarantee the minimum allocation of the Offer Shares and the Offer Shares will be allocated equally between all Subscribers. If the number of Individual Investors exceeds (8,283,600) eight million two hundred eighty-three thousand six hundred, the allocation will be determined at the discretion of the Company and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Receiving Agents. Notification of the final allocations and refunds of subscription monies, if any, will be made no later than Tuesday 07/05/1437H. (corresponding to 16/02/2016G) (please see sub-section "Allocations and Refunds" under Section 16 "Subscription Terms and Conditions" of this Prospectus).

The Company has one class of shares, and each Share entitles its holder to one vote. Each shareholder holding at least (20) twenty shares shall have the right to attend and vote at the meetings of the general assembly of Shareholders ("General Assembly"). No shareholder will be given any preferential voting rights. The Offer Shares will entitle their holders to receive any dividends declared by the Company from the date of this Prospectus and subsequent financial years (please see Section 8 "Dividend Distribution Policy" of this Prospectus.)

Prior to the Offering, the Company's shares were not traded on any market in Saudi Arabia or elsewhere. The Company has submitted an application to the CMA for the admission and listing of the shares. All requirements have been met and all official approvals relating to the Offering have been obtained including approval of this Prospectus. Trading of the Offer Shares is expected to commence on the Exchange soon after the final allocation of the Offer Shares and the completion of all relevant regulatory requirements (please see Section "Key Dates for Subscribers and Subscription Procedures"). Following the start of trading on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom of Saudi Arabia, Saudi and Gulf companies, banks, mutual funds and GCC nationals will be permitted to trade in the Offer Shares. Qualified Foreign Investors ("QFI") and Approved QFI Clients will be permitted to trade in the shares in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Shares. Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom (the "Foreign Investors") are also entitled to acquire economic benefits in the shares by entering into swap agreements (SWAP) with persons authorized by the CMA ("Authorized Persons"). It should be noted that Authorized Persons remain the legal owners of the shares under the swap agreements (SWAP).

The "Important Notice" and "Risk Factors" sections of this Prospectus should be considered carefully prior to making an investment decision in relation to the Offer Shares.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

sambacapital سامباكابيتال

Receiving Agents

Al Rajhi Bank مصرف الراجحي
بنك الرياض riyad bank
NCB الأهلي
samba سامبا
البنك السعودي الفرنسي Banque Saudi Fransi
SABB ساب
العربي anb

This Prospectus includes information provided in compliance with the Listing Rules of the the Capital Market Authority (the "Authority"). The Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts whose omission would render any statement herein misleading. The Authority and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred through reliance upon, any part of this Prospectus.

This Prospectus is dated 19/03/1437H. (corresponding to 30/12/2015G).

شركة الشرق الأوسط للرعاية الصحية (ميكو)

Middle East Healthcare Company (MEAHCO)

المستشفى السعودي الألماني

Important Notice

This Prospectus contains detailed information on the Company and the Offer Shares. When applying for the Offer Shares, Institutional and Individual Investors will be treated solely on the basis of the information contained in this Prospectus, copies of which may be obtained from the Company, Lead Manager, Receiving Agents or by visiting the websites of the Company (www.meahco.sa) or the CMA (www.cma.org.sa).

The Company has appointed Samba Capital & Investment Management Company ("Samba Capital") as a financial advisor (the "Financial Advisor"), lead manager (the "Lead Manager"), Institutional Investors Bookrunner (the "Institutional Investors Bookrunner"), and underwriter (the "Underwriter") in relation to the Offer Shares described herein (please see Section 13 "Underwriting" of this Prospectus).

This Prospectus includes information provided in compliance with the Listing Rules of the CMA. The Directors, whose names appear in page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries to the best of their knowledge and belief, that there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, nor do they make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from or incurred in reliance upon any part of this Prospectus.

While the Board of Directors (the "Board") has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as of the date of its publication, substantial portions of the market and industry information herein are derived from external sources. While neither the Board nor any of the Company's advisors, whose names appear on page (vi) of this Prospectus (the "Advisors"), have any reason to believe that the information on the market and the industry is materially inaccurate, such information has not been independently verified by the Board or any of its Advisors. Therefore, no representation or assurance is made with respect to the accuracy and completeness of such information.

The information contained in this Prospectus as at the date of publication is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic, political and other factors, which fall outside the control of the Company (please see Section 2 "Risk Factors" of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed information related to the Offer Shares, is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus may not be regarded as a recommendation on the part of the Company, its Directors, the Selling Shareholders or the Advisors to participate in the Subscription. Information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial status or investment needs of the Subscriber. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a licensed financial advisor by CMA in relation to the Offering and for considering the suitability of the information contained herein with regard to the recipient's individual objectives, financial situations and needs. The recipient must rely on its own review of the Company and the suitability of both the investment opportunity and the information contained herein with regard to the recipient's individual objectives, financial situation and needs, including the benefits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be suitable for some investors but not others. Therefore, prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own assessment of the investment opportunity and such investor's individual circumstances.

The Subscription in the shares shall be restricted to Tranche (A) Institutional Investors, which includes a number of institutions including mutual funds (please see Section 1 "Terms and Definitions" of this Prospectus); and Tranche (B) Individual Investors, which includes Saudi natural persons including any divorced or widowed Saudi woman from a marriage to a non-Saudi individual, to subscribe for the Offer Shares for her own benefit, in the names of her minor children (if any), on the condition that she proves that she is divorced or widowed and the mother of her minor children. Subscription of a person in the name of his divorcee shall be deemed invalid, and if such a transaction is proven to have taken place, the law shall be applied against the applicant.

The distribution of this Prospectus or the sale of the Offer Shares to any person in any jurisdiction other than the Kingdom is expressly prohibited. The Company, the Selling Shareholders and the Financial Advisor require the recipient of the Prospectus to observe any regulatory restrictions on the offering and sale of Offer Shares.

Industry and Market Information

Information related to the industry and market in which the Company operates set out in this Prospectus has been obtained from the market and industry research advisor, Roland Berger Strategy Consultants Middle East W.L.L (the "Market Consultant"), an independent consulting firm incorporated in Bahrain and is a subsidiary of the German company, Roland Berger, which was founded in Munich in 1967G as a provider of market services and international consulting, with offices around the world. It is considered one of the leading companies in providing professional services around the world.

The Board believes that the information and data derived from other sources contained in this Prospectus, including that provided by the Market Consultant, is reliable and have no reason to believe that such information is materially inaccurate, but neither the Board nor any of the Advisors, have independently verified such information and data, and no guarantee can be provided as to its accuracy or completeness.

It should be noted that neither the Market Consultant, nor any of its shareholders, directors or their relatives hold any shares or any interest of any kind in the Company or any of its subsidiaries. The Market Consultant has provided and not withdrawn its written consent to the use of the information supplied by it to the Company in the manner and form set out in this Prospectus.

Financial Information

The audited consolidated and re-issued financial statements of the Company for the financial years ended 31 December 2012G and 2013G, the audited consolidated financial statements of the Company for the financial year ended 31 December 2014G and the interim financial statements for the period of six (6) months ended 30 June 2015G and the notes attached thereto, along with the pro-forma financial statement for the financial years ended 31 December 2012G and 2013G and the notes attached thereto and included in other parts of this Prospectus, have been prepared and audited in compliance with accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA") by the Company's Auditor, Aldar Audit Bureau (Abdullah Al Basri & Co) – Member of Grant Thornton International. The Company publishes its financial statements in Saudi Riyals.

Some financial and statistical information contained in this Prospectus have been rounded up to the nearest integer. Accordingly, where numbers have been rounded up or down, the total may not match with what has been mentioned in the Prospectus.

Unless indicated herein otherwise, all financial information relating to the years 2012G and 2013G provided in this Prospectus are based on the pro-forma and audited consolidated financial statements for financial years ended 31 December 2012G and 2013G and notes thereto.

Projections and Forward-Looking Statements

Projections set forth in this Prospectus have been prepared on the basis of certain assumptions based on the information available to the Company according to its experience in the market in addition to market information available to the public. Future operating conditions may differ from the assumptions used and, consequently, no representation or warranty is made with respect to the accuracy or completeness of any of such projections.

Certain statements in this Prospectus constitute "forward looking statements". Such statements can generally be identified by their use of forward looking words such as "plans", "estimates", "projects", "could", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance. Many factors may cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance, achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (please see Section 2 "Risk Factors" of this Prospectus). Should any one or more of these risks materialize or any underlying assumptions or estimates prove to be inaccurate or incorrect, actual results of the Company may vary materially from those described in this Prospectus.

Subject to the requirements of the Listing Rules, the Company shall submit a supplementary prospectus if at any time after the Prospectus has been published and before listing, the Company becomes aware that : (i) there has been a significant change in material matters contained in this Prospectus or any document required by the Listing Rules; or (ii) additional significant matters have become known which would have been required to be included in this Prospectus. With the exception of these two instances, the Company does not intend to update or otherwise alter any industry or market information included in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Board of Directors expects, or at all. Therefore, prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Terms and Definitions

For an explanation of certain terms and abbreviations included in this Prospectus, please see Section 1 "Terms and Definitions" of this Prospectus.

Company Directory

Board of Directors

Table 1: Board of Directors

#	Name	Title	Representatives Entity	Nationality	Age	Capacity	Number of Shares		Direct Ownership (%)*		Indirect Ownership (%)*		Membership Date**
							Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Sobhi Abduljaleel Batterjee	Chairman	-	Saudi	65	Non-executive, non-independent	1,267,180	887,026	1.3768%	0.9637%	46.7230%	32.7061%	22/11/1435H (corresponding to 17/09/2014G)
2	Waleed Abdulaziz Faqih	Member	IDB	Saudi	58	Non-executive, non-independent	-	-	-	-	-	-	22/11/1435H (corresponding to 17/09/2014G)
3	Khalid Abduljaleel Batterjee	Member	-	Saudi	61	Non-executive, non-independent	1,430	1,001	0.0016%	0.0011%	15.2988%	10.7092%	22/11/1435H (corresponding to 17/09/2014G)
4	Mohammed Abdulrahman Moumena***	Member	-	Saudi	43	Independent Non-Executive Director	1,430	1,001	0.0016%	0.0011%	-	-	03/08/1436H (corresponding to 21/05/2015G)
5	Saleh Ahmed Hefni***	Member	-	Saudi	57	Independent Non-Executive Director	1,430	1,001	0.0016%	0.0011%	-	-	03/08/1436H (corresponding to 21/05/2015G)
6	Rudwan Khalid Batterjee	Member	-	Saudi	30	Non-executive, non-independent	1,430	1,001	0.0016%	0.0008%	0.0011%	0.0005%	22/11/1435H (corresponding to 17/09/2014G)
7	Makarim Sobhi Batterjee	Member	-	Saudi	37	Non-executive, non-independent	1,430	1,001	0.0016%	0.0008%	0.0011%	0.0005%	22/11/1435H (corresponding to 17/09/2014G)
8	Sultan Sobhi Batterjee	Member	-	Saudi	31	Non-executive, non-independent	1,430	1,001	0.0016%	0.0008%	0.0011%	0.0005%	22/11/1435H (corresponding to 17/09/2014G)
9	Ali Abdulrahman Al-Gwaiz***	Member	-	Saudi	56	Independent Non-Executive Director	1,430	1,001	0.0016%	0.001%	-	-	03/08/1436H (corresponding to 21/05/2015G)

Source: The Company

** Pursuant to the Company's Bylaws and Companies Law, each Director must own shares of a nominal value of no less than (SAR 10,000) ten thousand Saudi Riyals (the "Qualification Shares") deposited with a local bank. As of the date of this Prospectus, all members of the Board of Directors own Qualification Shares, except for Waleed Abdulaziz Faqih, the representative of Islamic Development Bank ("IDB"). IDB will allocate part of its shares and register such allocation with Tadawul after the listing, as qualifying shares for Waleed Abdulaziz Faqih to serve on the Company's Board.*

*** Dates listed in this table are the dates of appointment to the current term of office. The biographies of the Directors state the dates at which all Board Members were appointed to the Board (for more information, please see Section 5-3 "Board of Directors" of this Prospectus).*

**** On 03/08/1436H (corresponding to 21/05/2015G), Mohammed Abdulrahman Moumena, Saleh Ahmed Hefni and Ali Abdulrahman Al-Gwaiz were appointed as new members replacing the resigned members for the remaining term of the Board. Such appointments will be presented to the General Assembly in its next meeting to be approved pursuant to the requirements of Companies Law and the Company's Bylaws.*

The Company's Address

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Batterjee Street, Az Zahra District
P.O. Box 2550
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Website: www.meahco.sa
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Company Representatives

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Mohammed Mamoun Al-Najjar
CEO
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Website: www.meahco.sa
E-Mail: dr.mamoun@sghgroup.net

Board of Directors' Secretary

Moaz Mohamed Al-Zarkane
Board of Directors' Secretary
Middle East Healthcare Company
Batterjee Street, Al Zahra District
P.O. Box 2550
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Kingdom of Saudi Arabia
Tel.: +966 (12) 269 6000
Fax: +966 (12) 269 5038
Website: www.meahco.sa
E-Mail: president4@sghgroup.net

Stock Exchange

The Saudi Stock Exchange (Tadawul)
Tawuniya Towers
700 King Fahad Road
P.O. Box 60612
Riyadh 11555
Kingdom of Saudi Arabia
Tel.: +966 (11) 218 9999
Fax: +966 (11) 218 1220
Website: www.tadawul.com.sa
E-Mail: info@tadawul.com.sa

Advisors

Financial Advisor, Bookrunner, Lead Manager and Underwriter
Samba Capital & Investment Management Company (Samba Capital) Kingdom Tower, Level 14 P.O. Box 220007, Riyadh 11311 Kingdom of Saudi Arabia Tel.: +966 (11) 477 4770 Fax: +966 (11) 211 7438 Website: www.sambacapital.com E-Mail: ipo@sambacapital.com
Legal Advisor
Law Office of Salman M. Al-Sudairi in association with Latham & Watkins LLP King Fahad Road Tatweer Tower - Tower 1 - 7th Floor P.O Box 17411, Riyadh 11474 Kingdom of Saudi Arabia Tel.: +966 (11) 207 2500 Fax: +966 (11) 207 2577 Website: www.lw.com E-Mail: inforiyadh@lw.com
Financial Due Diligence Advisor
PricewaterhouseCoopers King Fahad Road, Kingdom Tower P.O Box 13933 Riyadh 11414 Tel.: +966 (11) 211 0400 Fax: +966 (11) 211 0401 Kingdom of Saudi Arabia Website: www.pwc.com E-Mail: omar.alsagga@sa.pwc.com
Market Consultant
Roland Berger Strategy Consultants Middle East W.L.L Almoayyed Tower, Floor 12 P.O Box 18259 Manama, Kingdom of Bahrain Tel.: +973 (17) 567 950 Fax: +973 (17) 566 703 Website: www.rolandberger.com E-Mail: office_bahrain@rolandberger.com
The Company's Auditors
Aldar Audit Bureau (Abdullah Al Basri & Co.) - Member of Grant Thornton International. Saloon Green Building, Second Floor Olaya Street, Riyadh P. O. Box 2195Riyadh 11451 Kingdom of Saudi Arabia Tel.: +966 (11) 463 0680 Fax: +966 (11) 464 5939 Website: www.aldaraudit.com E-Mail: infor@aldaraudit.com
NHC's Auditors
PricewaterhouseCoopers King Fahad Road, Kingdom Tower P.O Box 13933, Riyadh 11414 Tel.: +966 (12) 610 4400 Fax: +966 (12) 610 4411 Kingdom of Saudi Arabia Website: www.pwc.com E-Mail: omar.alsagga@sa.pwc.com

Note: The above Advisors have given and not withdrawn their written consent to the publication of their names, addresses and logos in the Prospectus and the publication of their statements in the form and content appearing in this Prospectus, and they do not themselves, or any of their employees or relatives, have any shareholding or interest of any kind in the Company or NHC as of the date of this Prospectus.

Receiving Agents

National Commercial Bank King Abdul Aziz Road P. O. Box 3555 Jeddah 21481 Kingdom of Saudi Arabia Tel.: +966 (12) 649 3333 Fax: +966 (12) 643 7426 Website: www.alahli.com E-Mail: contactus@alahli.com	
Riyad Bank King Abdul Aziz Road P. O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel.: +966 (11) 401 3030 Fax: +966 (11) 404 2618 Website: www.riyadbank.com E-Mail: customercare@riyadbank.com	
Al-Rajhi Bank Olaya Street P. O. Box 28 Riyadh 11411 Kingdom of Saudi Arabia Tel.: +966 (11) 211 6000 Fax: +966 (11) 460 0705 Website: www.alrajhibank.com.sa E-Mail: contactcenter1@alrajhibank.com.sa	
Arab National Bank King Faisal Street P. O. Box 56921 Riyadh 11564 Kingdom of Saudi Arabia Tel.: +966 (11) 402 9000 Fax: +966 (11) 402 7747 Website: www.anb.com.sa E-Mail: abinayba@anb.com.sa	
The Saudi British Bank (SABB) Prince Abdulaziz Bin Musa'ad Bin Jalawi Street P. O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel.: +966 (11) 405 0677 Fax: +966 (11) 276 4356 Website: www.sabb.com E-Mail: sabb@sabb.com	
Banque Saudi Fransi Al-Maathar Road P. O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 (11) 404 2222 Fax: +966 (11) 404 2211 Website: www.alfransi.com.sa E-Mail: communciations@alfransi.com.sa	
Samba Financial Group Main branch, King Abdul Aziz Road P. O. Box 833 Riyadh 11421 Kingdom of Saudi Arabia Tel.: +966 (11) 477 0477 Fax: +966 (11) 479 9402 Website: www.samba.com E-Mail: customercare@samba.com	

Main Commercial Banks of the Company

Samba Financial Group Main branch, King Abdul Aziz Road P. O. 833 Riyadh 11421 Kingdom of Saudi Arabia Tel.: +966 (11) 477 0477 Fax: +966 (11) 479 9402 Website: www.samba.com E-Mail: customercare@samba.com	samba سامبا
Alinma Bank P.O. Box 66674 Riyadh 1586 Kingdom of Saudi Arabia Tel.: +966 (11) 218 5555 Fax: +966 (11) 218 5000 Website: www.alinma.com E-Mail: info@alinma.com	مصرف الإنماء alinma bank

Offer Summary

This summary serves to provide an overview of the information contained in this Prospectus in relation to the Offering. However, the summary does not include all the information that may be important to the Subscribers. Therefore, any person considering to subscribe for the shares should carefully review the "Important Notice" and "Risk Factors" Sections of this Prospectus together with the entire Prospectus prior to making a decision to subscribe for the Company's shares.

The Company	Middle East Healthcare Company (MEAHCO) is a closed joint stock company incorporated pursuant to the Ministerial Resolution number 2554 dated 16/03/1425H (corresponding to 05/05/2004G), and registered under commercial registration number 4030149460 dated 06/04/1425H (corresponding to 25/05/2004G). The current share capital of the Company is (SAR 920,400,000) nine hundred and twenty million four hundred thousand Saudi Riyals divided into (92,040,000) ninety-two million and forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals per Share.
Company Activity	The Company's current main activity is the ownership, management, operation and maintenance of hospitals. The Company currently fully owns and operates four (4) hospitals under brand name "Saudi German Hospital" in Jeddah, Riyadh, Madinah and Khamis Mushait (Aseer), in the Kingdom. The Company also owns 32.33% of National Healthcare Company ("NHC"), a closed joint stock company registered in Hail and currently constructing a new hospital in Hail under the name "Saudi German Hospital", which will be managed and operated by the Company. The Company also fully owns a branch, under the name Abduljalil Batterjee Son Company ("AJ Sons"), which is mainly involved in the procurement and supply of medical supplies, equipment and consumables. The Company has also entered into a number of Management Supervision Agreements in relation to hospitals owned by third parties in Dubai (UAE), Cairo (Egypt), and Sanaa (Yemen). The main objectives of the Company pursuant to its By laws are: • to set up, operate, manage and maintain hospitals, medical clinics, centers, institutions, rehabilitation centers, laboratories, radiology and pharmacies; • to purchase real estate to construct buildings thereon, and invest such real estate and buildings in medical related projects for the benefit of the Company; • to set up factories and import all the required machinery and equipment including pharmaceutical factories, equipment and devices; • to own and exploit patents to achieve the overall objectives of the Company inside and outside the Kingdom; • to engage in retail and wholesale in pharmaceuticals, medical equipment and machinery, and rehabilitation equipment and all related equipment for hospitals and medical centers; • to engage in retail and wholesale in computer and information technology equipment, including any relevant spare parts and software, which relate to healthcare, hospitals and medical clinics; • to engage in commercial agencies in the medical and pharmaceutical sectors; and • to set up specialised training centers.
Substantial Shareholders, Number of their Shares and Shareholding Percentages pre- and post-Offering	The two (2) major Shareholders, each holding 5% or more of the Company's shares are: BAB and IFC. The following table shows the number of shares owned by BAB and IFC and their direct shareholding percentage in the Company before and after the Offering.

Table 2: Substantial Shareholders, Number of their Shares and Shareholding Percentages before and after the Offering

Shareholder Name	Pre-Offering			Post-Offering		
	Number of Shares	Share Capital (SAR)	Direct Holding (%)	Number of Shares	Share Capital (SAR)	Direct Holding (%)
BAB*	71,911,610	719,116,100	78.1308%	50,338.127	503.381.270	54.6916%
IFC	11.081.616	110.816.160	12.0400%	7.757.131	77.571.310	8.4280%

** BAB pledged (1,500,000) one million five hundred thousand of its shares in the Company in favour of IFC pursuant to a Share Pledge Agreement dated 19/09/1435H (corresponding to 16/07/2014G) in consideration for facilities made available by IFC to BAB. As shown in the shareholders' register, all of BAB's shares in the Company are restricted under the Dividend Assignment Agreement dated 19/09/1435H (corresponding to 16/07/2014G) pursuant to which BAB assigned all of its dividends in the Company to IFC. This agreement will remain effective after the Offering, and IFC shall have the right to, subject to the regulatory approvals, acquire (1,500,000) one million and five hundred thousand of BAB's shares in the Company in the event that BAB defaults on its obligations under such agreement.*

Selling Shareholders

Table 3: Selling Shareholders

Shareholders	Pre-Offering				Post-Offering			
	Number of Shares	Nominal Value (SAR)	Shareholding (%)		Number of Shares	Nominal Value (SAR)	Shareholding (%)	
			Direct	Indirect			Direct	Indirect
BAB*	71,911,610	719,116,100	78.1308%	-	50,338,127	503,381,270	54.6916%	-
IFC	11,081,616	110,816,160	12.0400%	-	7,757,131	77,571,310	8.4280%	-
Zuhair Ahmed Al-Sebai	4,290,958	42,909,580	4.6621%	-	3,003,671	30,036,710	3.2634%	-
IDB	1,910,765	19,107,650	2.0760%	-	1,337,535	13,375,350	1.4532%	-
Arab Fund for Economic and Social Development (“Arab Fund”)	1,496,162	14,961,620	1.6256%	-	1,047,313	10,473,130	1.1379%	-
Sobhi Abduljaleel Batterjee	1,267,180	12,671,800	1.3768%	46.7230%	887,026	8,870,260	0.9637%	32.7061%
Sobhi Abduljaleel Batterjee Medical Company (“SAMC”)	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
Khalid Abduljaleel Medical Investment Company (“KAMIC”)	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	15.2988%	1,001	10,010	0.0011%	10.7092%
Makarim Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Sultan Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Rudwan Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Saleh Ahmed Hefni	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Ali Abdulrahman Al-Gwaiz	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Mohammed Abdulrahman Moumena	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Huda Abduljaleel Batterjee	740	7,400	0.0008%	4.8402%	518	5,180	0.0006%	3.3881%
Sabah Abduljaleel Batterjee	740	7,400	0.0008%	3.5979%	518	5,180	0.0006%	2.5185%
Abduljaleel Khalid Abduljaleel Batterjee	740	7,400	0.0008%	0.0008%	518	5,180	0.0006%	0.0005%
Saud Abdulwahab Al-Fadel	371	3,710	0.0004%	-	260	2,600	0.0003%	-
Public	-	-	-	-	27,612,000	276,120,000	30.000%	-
Total	92,040,000	920,400,000	100%		92,040,000	920,400,000	100%	

** BAB pledged (1,500,000) one million and five hundred thousand of its shares in the Company in favour of IFC pursuant to a Share Pledge Agreement dated 19/09/1435H (corresponding to 16/07/2014G) in consideration for facilities made available by IFC to BAB. As shown in the shareholders' register, all of BAB's shares in the Company are restricted under the Dividend Assignment Agreement dated 19/09/1435H (corresponding to 16/07/2014G) pursuant to which BAB assigned all of its dividends in the Company to IFC. This agreement will remain effective after the Offering, and IFC shall have the right to, subject to the regulatory approvals, acquire (1,500,000) one-million and five-hundred thousand of BAB's shares in the Company in the event that BAB defaults on its obligations under such agreement.*

Company's Share Capital	The current share capital of the Company is (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals.
Total Number Of Issued Shares	(92,040,000) ninety-two million and forty thousand fully paid ordinary shares.
Nominal Value	(SAR 10) ten Saudi Riyals per Share.
Offering	Offering of (27,612,000) twenty-seven million six hundred twelve thousand ordinary shares of the Company with a fully paid nominal value of (SAR 10) ten Saudi Riyals per Share at an offering price of SAR (64) sixty four Saudi Riyals per Share, representing 30% of the Company's capital.
Number of Offer Shares	(27,612,000) twenty-seven million six hundred and twelve thousand fully paid ordinary shares pursuant to Board resolution dated 07/08/1436H (corresponding to 25/05/2015G).

Percentage of Offer Shares	The Offer Shares represent 30% of the current share capital of the Company. The offering will not result in any increase or change in the current share capital or the number of issued shares by the Company.
Offer Price	SAR (64) sixty four Saudi Riyals per ordinary share.
Total Value of Offer Shares	SAR (1,767,168,000).
Use of Proceeds	The Net Proceeds from the Offering are expected to be SAR (1,712,168,000). (After all costs and expenses related to the Offering have been deducted, amounting to SAR 55 million), and will be paid to the Selling Shareholders on a pro-rata basis. The Company will not receive any part of the Offering proceeds (for more information, please see Section 9 "Use of Proceeds" of this Prospectus).
Number of Offer Shares Underwritten	(27,612,000) twenty-seven million six hundred and twelve thousand shares.
Total Value Underwritten	SAR (1,767,168,000).
Targeted Investors	Tranche (A) Institutional Investors: includes a number of institutions including mutual funds (please see Section 1 "Terms And Definitions" of this Prospectus). Tranche (B): Individual Investors: includes Saudi natural persons including any divorced or widowed Saudi woman from a marriage to a non-Saudi individual, who is entitled to subscribe for the Offer Shares for her own benefit, in the names of her minor children (if any), on the condition that she proves that she is divorced or widowed and the mother of her minor children. Subscription of a person in the name of his divorcee shall be deemed invalid, and if such a transaction is proven to have taken place, the law shall be applied against the applicant.
Total Number of Offer Shares for each Tranche of Targeted Investors	
Number of Shares offered to Institutional Investors	(27,612,000) twenty-seven million six hundred twelve thousand ordinary shares. In the event the Individual Investors (who are defined under "Tranche (B)" above) subscribe for the Offer Shares, the Lead Manager may, after obtaining approval from the CMA, reduce the number of shares allocated to Institutional Investors to (19,328,400) nineteen million three hundred twenty-eight thousand four hundred shares, representing 70% of the total Offer Shares.
Number of Shares offered to Individual Investors	Individual Investors will be allocated a maximum of (8,283,600) eight million two hundred eighty-three thousand six hundred ordinary shares, representing 30% of the total Offer Shares.
Subscription Method for each Tranche of Targeted Investors	
Subscription Method for Institutional Investors	Institutional Investors, as defined in Section 1 "Terms and Definitions" may apply for subscription, and the Institutional Investors Bookrunner will provide the subscription application forms to the Institutional Investors during the book building process.
Subscription Method for Individual Investors	Subscription application forms will be available during the Offering Period with the Lead Manager and Receiving Agents. Subscription application forms must be completed in accordance with the instructions described in Section 16 "Subscription Terms and Conditions" of this Prospectus. Individual Investors who have participated in a recent offering may also subscribe through the internet, telephone banking or ATM at any branch of the Receiving Agents that offers some or all of these services to their customers provided that the Subscriber has a bank account at one of the Receiving Agents that offer such services, and no changes have been made to the investor's personal information (by adding/deleting a family member) since his/her participation in the recent offering.
Minimum Number of Offer Shares for each Tranche of Targeted Investors	
Minimum Number of Offer Shares for Institutional Investors	(100,000) one hundred thousand Offer Shares.
Minimum Number of Offer Shares for Individual Investors	(10) ten Offer Shares.
Value of Minimum Number of Offer Shares for each Tranche of Targeted Investors	
Value of Minimum Number of Offer Shares for Institutional Investors	SAR (6,400,000).
Value of Minimum Number of Offer Shares for Individual Investors	SAR (640).
Maximum Number of Offer Shares for each Tranche of Targeted Investors	
Maximum Number of Offer Shares for Institutional Investors	(4,601,999) four million, six hundred and one thousand, nine hundred and ninety-nine Offer Shares.

Maximum Number of Offer Shares for Individual Investors	(250,000) two hundred and fifty thousand Offer Shares.
Value of Maximum Number of Offer Shares for each Tranche of Targeted Investors	
Value of Maximum Number of Offer Shares for Institutional Investors	SAR (294,527,936).
Value of Maximum Number of Offer Shares for Individual Investors	SAR (16,000,000).
Allocation of Offer Shares for each Tranche of Targeted Investors	
Allocation of Offer Shares to Institutional Investors	The number of shares allocated to Institutional Investors is (27,612,000) twenty-seven million six hundred and twelve thousand Offer Shares, representing 100% of the total number of Offer Shares. In the event the Individual Investors subscribe for the Offer Shares, the Institutional Investor Bookrunner may, after obtaining approval from the CMA, reduce the maximum number of shares allocated to Institutional Investors to (19,328,400) nineteen million three hundred twenty-eight thousand four hundred shares, representing 70% of the total ordinary Offer Shares. (90%) of the shares of this Tranche will be allocated to mutual funds. However, such percentage is subject to change in the event that other Institutional Investors do not subscribe for all remaining percentage (10%) or in the event that the mutual funds do not fully subscribe to the percentage allocated to them (90%).
Allocation of Offer Shares to Individual Investors	Notification of the allocation and refunds will be made no later than Tuesday 07/05/1437H. (corresponding to 16/02/2016G). Each investor will be allocated a minimum of (10) ten shares, and a maximum of (250,000) two hundred and fifty thousand shares. The remaining Offer Shares, if any, will be allocated pro-rata to the total number of Offer Shares applied for by each Subscriber. If the number of Individual Investors exceeds (828,360) eight hundred twenty-eight thousand three hundred sixty Subscribers, the Company will not guarantee the minimum allocation of (10) ten shares per investor, and the shares will be allocated equally to all Individual Investors. If the number of Individual Investors exceeds (8,283,600) eight million two hundred eighty-three thousand six hundred, the Offer Shares will be allocated to Individual Investors as determined by the Company and the Lead Manager.
Refund of Excess Subscription Monies	Excess of subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Lead Manager or Receiving Agents. Notification of the allocation and refund, if any, will be made no later than Tuesday 07/05/1437H. (corresponding to 16/02/2016G) (please see Section 16 "Subscription Terms and Conditions" and 16-2 "Allocation and Refunds" of this Prospectus).
Offering Period	The Offering will commence on Wednesday 24/04/1437H (corresponding to 03/02/2016G) and will remain for a period of seven (7) days up to and including the closing day Tuesday 30/04/1437H (corresponding to 09/02/2016G).
Distribution of Dividends	The Offer Shares will be entitled to receive dividends declared and paid by the Company from the date of commencement of the Offer Period and subsequent financial years (for further information, please see Section 8 "Dividend Distribution Policy" of this Prospectus).
Voting Rights	The Company has one class of Shares, which does not carry any preferential voting rights. Each share entitles its holder to one vote. Each shareholder holding at least (20) twenty shares has the right to attend and vote at the General Assembly meetings (please see Section 12-5 "Summary of the Company Bylaws" and Sub-Section "Description of the Shares Voting Rights" under Section 12 "Legal Information" of this Prospectus).
Lock-in Period/Share Restrictions	The Selling Shareholders are restricted from disposing of their shares for a period of eighteen (18) months from the date on which trading in the Offer Shares commences on the Exchange. Following the Lock-up Period, the Selling Shareholders may only dispose of their Shares after obtaining the CMA approval.
Listing of Shares	Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. An application has been made by the Company to the CMA for the admission, and all requirements have been met, and all relevant regulatory approvals relating to the Offering have been obtained. Trading in the shares is expected to commence on the Exchange soon after the final allocation of the Offer Shares subject to all relevant regulatory requirements (please see "Key Dates for Subscribers and Subscription Procedures" Section of this Prospectus).
Risk Factors	There are certain risks relating to investing in the Offering and these risks can be categorized as follows: (i) risks relating to the Company's business and operations; (ii) risks relating to the market and industry; and (iii) risks relating to the Offer Shares. These risks are described in Section 2 "Risk Factors" of this Prospectus and should be considered carefully prior to making a decision to invest in the Offer Shares.

Offering Expenses	Expenses associated with the Offering are estimated at approximately SAR 55 million, including the fees of each of the Financial Advisor, Lead Manager, Underwriter, Receiving Agents, Legal Advisor, Financial Due Diligence Advisor and Market Consultant, in addition to marketing expenses, printing and distribution expenses and other related expenses. The Selling Shareholders will incur all such expenses, which will be deducted from the Offering proceeds.
Underwriter	Samba Capital & Investment Management Company (Samba Capital) Kingdom Tower, Level 14 P.O. Box 220007 Riyadh 11311 Kingdom of Saudi Arabia Tel.: +966 (11) 477 0477 Fax: +966 (11) 211 7438 Website: www.sambacapital.com E-Mail: ipo@sambacapital.com

Note: The "Important Notice" Section on page (ii) and Section 2 "Risk Factors" of this Prospectus should be considered carefully prior to making an investment decision in the Offer Shares.

Key Dates and Subscription Procedures

Table 4: Offering Timetable

Offer Timetable	
Event	**Date(s)**
Subscription period	The Subscription will commence on Wednesday 24/04/1437H (corresponding to 03/02/2016G) and will remain for a period of seven (7) days up to and including the closing day Tuesday 30/04/1437H (corresponding to 09/02/2016G)
Last date for submission of application forms for Institutional Investors	Tuesday 16/04/1437H (corresponding to 26/01/2016G)
Last date for payment of subscription monies for Institutional Investors	Sunday 28/04/1437H (corresponding to 07/02/2016G)
Last date for submission of application forms and payment of subscription monies for Individual Investors	Tuesday 30/04/1437H (corresponding to 09/02/2016G)
Notification of final allocation of Offer Shares	Tuesday 07/05/1437H (corresponding to 16/02/2016G)
Refund of any Subscription funds (in the event of over-subscription)	Tuesday 07/05/1437H (corresponding to 16/02/2016G)
Expected date of the commencement of trading on the Exchange	Trading in the company shares in the market is expected to commence after all relevant legal requirements have been fulfilled. Trading will be announced through local newspapers and Tadawul website (www.tadawul.com.sa).

Note: Above dates as well as those mentioned elsewhere in the prospectus were approved by CMA on 30/12/2015G but were amended in accordance with the request from MEAHCO to postpone its IPO. Revised timeline of the IPO was later approved by CMA on 11/02/2016G and was included in the supplementary prospectus which was issued on 14/02/2016G.

How to Apply

Subscription is restricted to the following two tranches of investors:

Tranche (A): Institutional Investors: Subscription in this tranche is limited to a number of institutions, including mutual funds (please see Section 1 “Terms and Definitions” of this Prospectus). These investors may apply in accordance with the conditions set forth in this Prospectus. Institutional Investors can obtain an bid form from the Institutional Bookrunner during the book building period.

Tranche (B): Individual Investors: This tranche consists of Saudi nationals including any divorced or widowed Saudi woman from a marriage to a non-Saudi individual, who is entitled to subscribe for the Offer Shares for her own benefit, in the names of her minor children (if any), on the condition that she proves that she is divorced or widowed and the mother of her minor children. Subscription of a person in the name of his divorcee shall be deemed invalid, and if such a transaction is proven to have taken place, the law shall be applied against the applicant. Subscription application forms can be obtained during the Offering Period from the Lead Manager and at the branches of the Receiving Agents. Subscription may also be made through the internet, telephone banking or ATMs at any branch of the Receiving Agents which offer such services to their customers, provided that the following requirements are satisfied:

1- The Subscriber shall have a bank account held with the Receiving Agent that offer such services; and
2- There should be no changes in the personal information of the Individual Investor (by deleting or adding a family member) since his/her participation in a recent offering.

All Subscribers are required to fill out the subscription application forms according to the instructions set forth in Section 16 “Subscription Terms and Conditions”. Each applicant must fill all relevant sections of the subscription application form. The Company and the Selling Shareholders reserve the right to decline any subscription application, in whole or in part, in the event any of the subscription terms and conditions are not met. Amendments to and withdrawal of the subscription application shall not be permitted once the subscription application has been submitted. The subscription application shall, upon submission, represent a binding agreement between the applicant and the Company (please see Section 16 “Subscription Terms and Conditions” of this Prospectus).

Summary of Key Information

This summary of key information serves to provide a brief overview of the information contained in this Prospectus. It does not, as a summary, contain all the information that may be important to the prospective investors. Individuals wishing to subscribe to the Offer Shares must , before making any decision to invest in such shares, read this Prospectus in its entirety, especially the “Important Notice” Section and Section 2 “Risk Factors” of this Prospectus.

1. The Company

1.1 Overview

Middle East Healthcare Company (MEAHCO) is a closed joint stock company incorporated pursuant to the Ministerial Resolution number 2554 dated 16/03/1425H (corresponding to 05/05/2004G), and registered under commercial registration number 4030149460 dated 06/04/1425H (corresponding to 25/05/2004G), with a paid-up share capital of (SAR 590,000,000) five hundred and ninety million Saudi Riyals, of which (SAR 42,040,000) forty-two million and forty thousand Saudi Riyals were paid through cash contributions, while the remaining (SAR 547,960,000) five hundred and forty-seven million and nine hundred and sixty thousand Saudi Riyals were paid through in-kind contributions made by BAB, consisting of SGH Madinah (including its land and buildings), SGH Aseer (including its land and buildings), and shares representing 80% of the share capital of BABAS (former owner and operator of SGH Riyadh).

On 02/02/1435H (corresponding to 5/12/2013G), the EGA of the Company agreed to increase the Company’s share capital from (SAR 590,000,000) five hundred ninety million Saudi Riyals to (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals. The increase of (SAR 177,000,000) one-hundred and seventy-seven million Saudi Riyals was covered through capitalization of the Shareholders’ account that resulted from their offering of additional in-kind contributions to the Company, which consisted of the following:

- SGH Jeddah;
- 98% of the shares of AJ Sons;
- 39.96% of NHC’s share capital;
- Management Supervision Agreements for hospitals owned by third parties outside the Kingdom, located in Dubai (UAE), Cairo (Egypt) and Sanaa (Yemen);
- 20% of BABAS, which resulted in the Company fully owning BABAS and therefore fully owning SGH Riyadh which was later converted into a fully owned branch by the Company under commercial registration number 1010162269 dated 24/07/1421H. (corresponding to 21/10/2000G); and
- a plot of land in the city of Dammam with a surface area of (30,000) thirty thousand m^2 (Dammam Land).

On 28/7/1436H (corresponding to 17/5/2015G), the EGA agreed to further increase the Company’s share capital from (SAR 767,000,000) seven hundred and sixty-seven million Saudi Riyals to (SAR 920,400,000) nine hundred and twenty million four hundred thousand Saudi Riyals. The increase of (SAR 153,400,000) one-hundred and fifty-three million four hundred thousand Saudi Riyals was covered through capitalization of the retained earnings account.

The current share capital of the Company is (SAR 920,400,000) nine-hundred and twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals each. The following table shows the current Shareholders of the Company and their respective ownership before and after the Offering.

Table 5: Company’s ownership structure before and after the Offering

Shareholders	Pre-Offering				Post-Offering			
	Number of Shares	Nominal Value (SAR)	Shareholding (%)		Number of Shares	Nominal Value (SAR)	Shareholding (%)	
			Direct	Indirect			Direct	Indirect
BAB*	71,911,610	719,116,100	78.1308%	-	50,338,127	503,381,270	54.6916%	-
IFC	11,081,616	110,816,160	12.0400%	-	7,757,131	77,571,310	8.4280%	-
Zuhair Ahmed Al-Sebai	4,290,958	42,909,580	4.6621%	-	3,003,671	30,036,710	3.2634%	-
IDB	1,910,765	19,107,650	2.0760%	-	1,337,535	13,375,350	1.4532%	-
Arab Fund	1,496,162	14,961,620	1.6256%	-	1,047,313	10,473,130	1.1379%	-
Sobhi Abduljaleel Batterjee	1,267,180	12,671,800	1.3768%	46.7230%	887,026	8,870,260	0.9637%	32.7061%
SAMC	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
KAMIC	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	15.2988%	1,001	10,010	0.0011%	10.7092%
Makarim Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%

Shareholders	Pre-Offering				Post-Offering			
	Number of Shares	Nominal Value (SAR)	Shareholding (%)		Number of Shares	Nominal Value (SAR)	Shareholding (%)	
			Direct	Indirect			Direct	Indirect
Sultan Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Rudwan Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Saleh Ahmed Hefni	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Ali Abdulrahman Al-Gwaiz	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Mohammed Abdulrahman Moumena	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Huda Abduljaleel Batterjee	740	7,400	0.0008%	4.8402%	518	5,180	0.0006%	3.3881%
Sabah Abduljaleel Batterjee	740	7,400	0.0008%	3.5979%	518	5,180	0.0006%	2.5185%
Abduljaleel Khalid Abduljaleel Batterjee	740	7,400	0.0008%	0.0008%	518	5,180	0.0006%	0.0005%
Saud Abdulwahab Al-Fadel	371	3,710	0.0004%	-	260	2,600	0.0003%	-
Public	-	-	-	-	27,612,000	276,120,000	30.000%	-
Total	92,040,000	920,400,000	100%		92,040,000	920,400,000	100%	

Source: The Company

** BAB pledged (1,500,000) one million and five hundred thousand of its shares in the Company in favour of IFC pursuant to a Share Pledge Agreement dated 19/09/1435H (corresponding to 16/07/2014G) in consideration for facilities made available by IFC to BAB. As shown in the shareholders' register, all of BAB's shares in the Company are restricted under the Dividend Assignment Agreement dated 19/09/1435H (corresponding to 16/07/2014G) pursuant to which BAB assigned all of its dividends in the Company to IFC. This agreement will remain effective after the Offering, and IFC shall have the right to, subject to the regulatory approvals, acquire (1,500,000) one million and five hundred thousand of BAB's shares in the Company in the event that BAB defaults on its obligations under such agreement.*

The Company's current main activity is the ownership, management, operation and maintenance of hospitals. The Company currently owns, manages and operates four (4) hospitals in the Kingdom, namely SGH Jeddah, SGH Riyadh, SGH Madinah and SGH Aseer. The Company also holds 32.33% of NHC's share capital, a closed joint stock company registered in Hail and which is currently constructing a new hospital in Hail, which will be managed and operated by the Company pursuant to a management agreement entered into with NHC dated 06/08/1436H (corresponding to 24/05/2015G) ("Management Agreement") (for further details, please see Section 12-6-2 "Management Agreement with NHC" of this Prospectus). The Company also fully owns a branch, under the name AJ Sons, which is mainly involved in procurement and supply of medical supplies, equipment and consumables. The Company has also entered into a number of management supervision agreements in relation to hospitals owned by third parties outside the Kingdom in Dubai (UAE), Cairo (Egypt), and Sanaa (Yemen).

1.2 Main Activities

The main objectives of the Company pursuant to its Bylaws are:

- to set up, operate, manage and maintain hospitals, medical clinics, centers, institutions, rehabilitation centers, laboratories, radiology and pharmacies;
- to purchase real estate to construct buildings thereon, and invest such real estate and buildings in medical related projects for the benefit of the Company;
- to set up factories and import all the required machinery and equipment including pharmaceutical factories, equipment and devices;
- to own and exploit patents to achieve the overall objectives of the Company inside and outside the Kingdom;
- to engage in retail and wholesale in pharmaceuticals, medical equipment and machinery, and rehabilitation equipment and all related equipment for hospitals and medical centers;
- to engage in retail and wholesale in computer and information technology equipment, including any relevant spare parts and software, which relate to healthcare, hospitals and medical clinics;
- to engage in commercial agencies in the medical and pharmaceutical sectors; and
- to set up specialised training centers.

2. The Company's Vision and Mission

2.1 Company Vision

To be the regional healthcare leader through the largest network of hospitals, delivering excellence in patient of care, and creating value for all stakeholders.

2.2 Company Mission

To provide quality healthcare services in all specialties with highest level of ethical standards and personalized care to achieve superior medical outcome and patient satisfaction.

3. Competitive Advantages and Strengths

3.1 Competitive Advantages

The following competitive strengths distinguish the Company from other healthcare service providers and provide the Company with significant opportunities to grow its business:

- Strong reputation among medical community;
- Geographical presence across multiple regions;
- Design of the facilities and possibility of expanding;
- Administrative, technical and financial experience of the institutional shareholders of the Company;
- International visiting professors program;
- Complete healthcare services provider;
- Strict focus on quality;
- Information systems;
- Qualified medical staff;
- Robust financial position;
- Relationship with insurance companies;
- Strong referral relationship with the MOH;
- Diversified client base; and
- Scale of the Company's operations.

3.2 Strategy and Future Plans

The Company continuously strives to enhance the quality of healthcare services provided at its hospitals, while at the same time improving its financial results. Below are the key strategies employed to achieve these goals:

- Expand in new cities;
- Expand current facilities of MEAHCO Hospitals;
- Improve profitability and increase beds utilization; and
- Increase outpatient income.

4. Summary of Risk Factors

4.1 Risks Relating to the Company's Activity and Operation

- Quality of Healthcare Services Provided.
- Reliance on Qualified Medical Professionals.
- Reliance on the Management.
- Key Corporate Customers.
- Relationship with MOH.
- Relationships with Insurance Companies and Patient Insurance Coverage.
- Risks Relating to Rejected Claims.
- Risks Relating to Legislations and Regulatory Requirements for Healthcare Sector and Required Licenses.
- Issuance of New Companies Regulations.
- Medical Malpractice.
- Adequacy of Insurance Coverage.
- Risks Relating to Force Majeure.
- Concentration of Revenues.
- Management Information Systems.
- Defects and Malfunctions of Devices and the Need for Replacement.
- Company Name, Trademarks and Reputation.
- Risks Relating to New Projects.
- Financing Risks.
- Control of NHC.
- Litigation.
- Zakat Assessment.
- Experience in Managing Joint Stock Companies.
- Newly Formed Board Committees.
- Related Party Transactions.
- Inventory and Doubtful Debts Provisioning.
- Dependence on Credit Revenues.

4.2 Risks Relating to the Market

- Competitive Environment.
- Industry Consolidation.
- Risks of Interest Rate Fluctuation, Currency Exchange Rates and Finance Costs.
- Saudization.
- Political and Economic Instability in the Middle East.

4.3 Risks relating to the Offer Shares

- Distribution of Dividends.
- Effective Control by Founding Shareholders.
- Absence of a Prior Market for the Offer Shares.
- Future Sales and Offering of Shares.

5. Market and Industry Data

In recent years, the Kingdom witnessed a growing surge in economic activity, which resulted in a robust growth in spending on healthcare services across the Kingdom at a CAGR of 6.2% during 2010G-2014G. The population growth was a main drive for such increase, as well as other initiatives to improve healthcare infrastructure in the Kingdom.

The following is a brief overview of a number of key features of the healthcare sector in the Kingdom:

- Health insurance coverage increase.
- The increase in chronic diseases infection rate.
- Growing and aging population.
- Higher medical expertise.
- Increasing shortage of medical staff.
- Shortage of bed capacity.
- Limited development of healthcare facilities in secondary cities.

Following the introduction of Cooperative Health Insurance Law in the Kingdom, the total number of individuals covered by the private insurance companies increased at a CAGR of 11.8%, from 4.8 million individuals in 2008G to an estimated 8.4 million individuals in 2013G. Due to coverage of such individuals by health insurance, hospital costs became a secondary selection criteria for patients, with a growing patient base increasingly prioritizing the quality of facilities and the reputation as well as expertise of the physicians and nursing staff when choosing a hospital. There are also other important criteria for selection of a specific hospital including the availability of certain advanced specializations as well as the perceived technological capabilities and modern medical equipment of the healthcare facilities. Due to this shift in preferences for hospital selection by patients, the number of patient traffic in private hospitals has increased while being stable for government hospitals.

All market sectors have witnessed a remarkable growth during the previous years, according to the market study prepared by the Market Consultant (Roland Berger). In the hospital sector in Riyadh, the number of hospitals increased from 71 in 2009G to 83 in 2014G, the total number of beds increased from 9,859 in 2009G to 12,879 in 2014G and the number of clinics increased from 469 in 2009G to 550 in 2014G.

In the hospitals sector in Jeddah, the number of hospitals increased from 39 in 2009G to 46 in 2014G, the total number of beds increased from 5,498 in 2009G to 6,477 in 2014G and the number of clinics increased from 193 in 2009G to 219 in 2014G.

In the hospitals sector in Madinah, the number of hospitals increased from 31 in 2009G to 35 in 2014G, the total number of beds increased from 3,298 in 2009G to 4,482 in 2014G and the number of clinics increased from 171 in 2009G to 189 in 2014G.

In the hospitals sector in Aseer, the number of hospitals increased from 32 in 2009G to 40 in 2014G, the total number of beds increased from 3,365 in 2009G to 4,169 in 2014G and the number of clinics increased from 325 in 2009G to 353 in 2014G.

In the hospitals sector in Hail, the number of hospitals increased from 10 in 2009G to 12 in 2014G, the total number of beds increased from 1,005 in 2009G to 1,357 in 2014G and the number of clinics increased from 102 in 2009G to 115 in 2014G.

Summary of Financial Information

The financial information set forth below should be read together with the audited consolidated financial statements for the years ended 31 December 2012G, 2013G and 2014G and the interim financial statements for the period of six (6) months ended 30 June 2015G and the notes attached thereto, in addition to the pro-forma financial statements ended 31 December 2012G and 2013G and notes thereto which were listed elsewhere in this Prospectus.

All financial information relating to the years 2012G and 2013G provided in this Prospectus is based on the pro-forma audited consolidated financial statements for financial years ended 31 December 2012G and 2013G and notes there and to unless otherwise provided.

Table 6: Key financial highlights

SAR in 000s	2012G		2013G		2014G	30 June 2014G	30 June 2015G
	Audited	Pro-forma	Audited	Pro-forma	Audited	Unaudited	Audited
Income Statement							
Operating Revenues	542,222	930,583	828,360	1,157,828	1,398,752	706,253	763,646
Cost of revenue	(293,858)	(498,119)	(397,875)	(569,460)	(648,988)	(320,986)	(350,779)
Gross profit	248,364	432,464	430,485	588,368	749,746	385,267	412,867
Total Operational Expenses	(168,136)	(294,677)	(280,483)	(393,511)	(429,899)	(218,830)	(216,871)
Other revenue	5,758	11,311	12,567	21,397	23,163	11,092	7,534
Finance charges	-	(15,055)	(1,142)	(1,281)	(4,129)	(1,391)	(2,620)
Subsidiaries' Zakat	(2,504)	(7,140)	(3,534)	(7,760)	(585)	(197)	-
Minority Interest	(6,699)	140	609	609	(343)	183	132
Net income for the year	61,994	132,390	137,198	192,549	331,969	172,960	197,180
Balance Sheet							
Total Current Assets	401,236	581,341	734,174	724,671	846,265	900,106	930,224
Total Assets	889,809	1,323,305	1,587,583	1,578,080	1,778,374	1,779,992	1,900,438
Total Current Liabilities	131,161	225,534	363,565	363,565	357,378	390,693	414,717
Total Loans	65,485	77,333	160,903	160,903	163,445	161,778	217,007
Total non-current liabilities	114,009	211,557	269,618	269,618	234,088	265,664	262,783
Shareholders' equity	612,460	842,473	906,096	896,592	1,139,753	1,076,319	1,166,281
Cash Flow Statement							
Net cash flow available from operating activities	(2,431)	71,811	128,504	225,535	349,282	59,538	93,544
Net cash (used in) investing	(12,363)	(26,063)	(158,084)	(,161,460)	(123,246)	(47,603)	(63,459)
Net cash (used in) from financing activities	18,342	(48,188)	59,288	(46,080)	(133,800)	(17,274)	(108,345)
Cash end of the year	14,282	16,492	43,991	34,487	136,226	38,651	57,966
KPIs							
Gross Profit Margin (%)	45.8%	46.5%	52.0%	50.8%	53.6%	54.6%	54.1%
Net income for the year (%)	11.4%	14.2%	16.6%	16.6%	23.7%	24.5%	25.8%
Debt to equity (%)	10.7%	9.2%	17.8%	17.9%	14.3%	15.0%	18.6%
Return on equity (%)	10.1%	15.7%	15.1%	21.5%	29.1%	16.1%	16.9%
Return on total assets (%)	7.0%	10.0%	8.6%	12.2%	18.7%	9.7%	10.4%
Earning per share (SAR)[1]	0.67	1.44	1.49	2.09	3.61	1.88	2.14
Average net income growth during the year (%)[2]	-	-	121.3%	45.4%	142.0%	-	14.0%
Average operating revenues growth (%)[3]	-	-	52.8%	24.4%	68.9%	-	8.1%
Ratio of total liabilities to total assets (%)	27.6%	33.0%	39.9%	40.1%	33.3%	36.9%	35.6%
Average Working Capital (times)	3.1	2.6	2.0	2.0	2.4	2.3	2.2

1 Earning per share was calculated based on the company's current number of shares
2 Net income growth for 2014G was calculated based on the audited financial statements for 2013G
3 Operating revenues growth for 2014G was calculated based on the audited financial statements for 2013G

SAR in 000s	2012G		2013G		2014G	30 June 2014G	30 June 2015G
	Audited	Pro-forma	Audited	Pro-forma	Audited	Unaudited	Audited
Number of inpatients	23.555	39,644	31.374	43,558	45,063	23,224	23,031
Number of outpatient visits	458,268	958,514	652.949	1,032,178	1,093,816	554,328	577,484
Number of beds	505	696	740	740	778	771	788
Average Revenue per bed	1,074	1,337	1,386	1,565	1,798	916	969
Days Receivable Outstanding (days)	261	204	287	195	183	188	194
Days Inventory Outstanding (days)	68	115	144	128	112	120	95
Days Payable Outstanding (days)	101	228	249	209	220	224	209
Cash Conversion Cycle	228	91	182	114	75	84	80

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1. Terms and Definitions

Underwriting Agreement	The underwriting agreement entered into between the Company and the Underwriter.
Consultancy Agreement	The Consultancy Agreement entered into between the Company and BAB dated 06/08/1436H (corresponding to 24/05/2015G).
Management Supervision Agreements	The management supervision agreements entered into by the Company with each of Emirates Healthcare Development Company dated 14/07/1436H (corresponding to 03/05/2015G), a company owned by third parties and owns Saudi German Hospital in Dubai (UAE), Egyptian Saudi Healthcare Company on 06/08/1436H (corresponding to 24/05/2015G), a company owned by third parties and owns Saudi German Hospital in Cairo (Egypt), the management agreement dated 06/08/1436H (corresponding to 24/05/2015G) entered into between BAB and Saudi Yemeni Healthcare Company (a company owned by third parties and owns Saudi German Hospital in Sanaa "Yemen"), which was partially assigned from BAB to the Company.
Reorganisation Agreement	The agreement entered into by and among the Company, BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, IDB, the Arab Fund and Zuhair Ahmed Al-Sebai dated 23/02/1435H (corresponding to 26/12/2013G) whereby in-kind contributions were made to the Company and shares were issued and redistributed.
Management/Executive Management	The Company's management team whose names are included in Section 5-4 "Executive Management" of this Prospectus.
Listing	Listing of the Offer Shares on the Exchange, and as the context allows, the listing application.
Dammam Land	The land located in Dammam with a surface area of (30,000) thirty thousand m2, which was transferred by Sobhi Batterjee, as part of the in-kind contributions made to the Company by some Shareholders in 2013G, and which will be used by the Company for the development of the new Saudi German Hospital in Dammam.
Subscription Application Form	Subscription Application Form used for subscribing to the Offer Shares.
Shares	(92,040,000) ninety-two million forty thousand fully-paid shares in the Company with a nominal value of (SAR 10) ten Saudi Riyals each.
Offer Shares	(27,612,000) twenty-seven million six hundred and twelve thousand ordinary shares in the Company.
Contributed Assets	The assets that were contributed and transferred to the Company in consideration of issuing new shares upon which the Company's share capital was increased in the First Capital Increase as described in Table 60 of this Prospectus.
Directors	Members of the Board of Directors of the Company whose names are included in Section 5-3 "Board of Directors" of this Prospectus.
Relatives	Husband, wife and minor children.
Tadawul	The Saudi Stock Exchange or the automated Saudi securities trading system (depending on the context).
Official Gazette	Umm Al Qura, the official gazette of the Kingdom of Saudi Arabia.
General Assembly	The General Assembly of the Company's Shareholders.
OGA	The Ordinary General Assembly of the Company's Shareholders.
EGA	The Extraordinary General Assembly of the Company's Shareholders.
Public	Includes the Institutional Investors and Individual Investors who are eligible to subscribe to the Offer Shares.
Receiving Agents	The Receiving Agents whose names are mentioned in pages (vii) and (viii) of this Prospectus.
Government	The government of the Kingdom of Saudi Arabia.

Medical Malpractice	Pursuant to Article 27 of the Medical Professionals Practice Law, medical malpractice includes: error in treatment or lack of follow-up, lack of knowledge of technical issues which a healthcare professional in the same position ought to know, carrying out of trial surgeries which are unprecedented on humans contrary to applicable rules, carrying out unauthorized experiments or scientific research on patients, providing medication to a patient on an experiment basis, using medical equipment and machinery without adequate knowledge of how to use them or without taking the necessary precautions to prevent the occurrence of any damage as a result of such use, failure to monitor or supervise patients, or failure to consult with another healthcare professional where the patient's condition requires such consultation.
Riyal or SAR	Saudi Riyal, being the official currency of the Kingdom.
First Capital Increase	The increase in the Company share capital on 02/02/1435H (corresponding to 05/12/2013G) from (SAR 590,000,000) five hundred and ninety million Saudi Riyals to (SAR 767,000,000) seven hundred and sixty-seven million Saudi Riyals through capitalization of the Shareholders' account amounting to (SAR 177,000,000) one hundred and seventy-seven million Saudi Riyals representing the book value of the Contributed Assets (and the market value of Dammam Land).
Offer Price	SAR (64) sixty four Saudi Riyals per share.
Exchange	The Saudi Stock Exchange.
Control	According to the Glossary of Defined Terms Used in the CMA regulations, the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body. "Controller" shall be construed accordingly.
Person	A natural or legal person.
The Company	Middle East Healthcare Company
Saudi Aramco	Saudi Arabian Oil Company (Aramco)
EHDC	Emirates Healthcare Development Company, a limited liability company incorporated in Dubai, UAE and owns SGH Dubai.
BAB	Bait Al-Batterjee Medical Company, a company incorporated in the Kingdom and holds 78.13% of the Company's share capital.
BETA	Bait Al-Batterjee Medical Education, a company owned by BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee, Abdulmajeed Abduljaleel Batterjee and Waleed Abduljaleel Batterjee.
NHC	National Hail Company for Healthcare, a company incorporated in the Kingdom, 32.33% of its shares are owned by the Company.
KAMIC	Khalid Abduljaleel Medical Investment Company, a company incorporated in the Kingdom and owns 0.00375% of the Company's share capital.
SYH	Saudi Yemeni Healthcare Company, a closed joint stock company incorporated in Yemen and owns SGH Sanaa.
SAMC	Sobhi Abduljaleel Batterjee Medical Company, a company incorporated in the Kingdom and owns 0.00375% of the Company's share capital.
ESHCO	Egyptian Saudi Healthcare Company, a joint stock company incorporated in Egypt and owns SGH Cairo.
Al-Nokhbah	Al-Nokhbah for Medical Specialization in Cairo, a company owned by BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Abduljaleel Ibrahim Batterjee, Thuraya Mohiuddin Nazer, Huda Abduljaleel Batterjee and Sabah Abduljaleel Batterjee
Arab Fund	Arab Fund for Economic and Social Development, a Kuwait-based pan-Arab development finance institution founded by all member-states of the Arab League and owns 1.6256% of the Company's share capital.

Offering/Subscription	Offering of (27,612,000) twenty-seven million six hundred and twelve thousand ordinary shares, representing 30% of the Company's share capital.
Related Party	According to Listing Rules and the Glossary of Defined Terms Used in the CMA regulations, and in this Prospectus, means: 1. Affiliates of the issuer (Company). Affiliate means a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect. 2. Substantial shareholders of the issuer (Company) who own 5% or more of its shares. 3. Directors and senior executives of the issuer (Company). 4. Directors and senior executives of the affiliates of the issuer (Company). 5. Directors and senior executives of the substantial shareholders of the issuer (Company). 6. Legal Advisor and Financial Advisor of the issuer (Company). 7. Any relatives of the persons referred to in paragraphs (1, 2, 3, 4 or 5) above. 8. Any company controlled by any person referred to in paragraphs (1, 2, 3, 4, 5, 6 or 7) above.
Approved QFI Client	A client of a QFI who has been approved in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Shared issued by the Board of the CMA pursuant to its Resolution number 1-42-2015 dated 15/07/1436H. (corresponding to 04/05/2015G).
Offering Period	The period from Wednesday 24/04/1437H (corresponding to 03/02/2016G) for a period of seven (7) days up to and including the closing day on Tuesday 30/04/1437H (corresponding to 09/02/2016G).
Lock-up Period	The period in which the Selling Shareholders are restricted from disposing of their shares in the Company which ends eighteen (18) months from the date on which trading in the Offer Shares commences on the Exchange.
AJ Sons	Abduljaleel Ibrahim Batterjee Sons Development, a branch owned by the Company and registered with the Ministry of Commerce and Industry under Commercial Register number 4030181710 dated 04/08/1429H (corresponding to 05/08/2008G) (previously registered as a limited liability company named "Abduljaleel Ibrahim Batterjee Sons Development Company" fully owned by the Company).
Listing Rules	The Listing Rules issued by the CMA pursuant to Article 6 of the Capital Market Regulations promulgated by Royal Decree number M/30 dated 02/06/1424H (corresponding to 31/07/2003G) amended by the CMA's Board Resolution number (1-36-2012G) dated 11/08/1434H (corresponding to 25/11/2012G).
QFI Investment Rules	The Rules for Qualified Foreign Financial Institutions Investment in Listed Shares issued by CMA pursuant to CMA's Board Resolution number 1-42-2015 dated 15/7/1436H (corresponding to 4/5/2015G), based on the Capital Market Law.
BMC	Batterjee Medical College for Science and Technology, a company owned by BAB, Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee.
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom issued by the CMA's board upon Resolution number (1/-212/-2006) dated 21/10/1427H (corresponding to 12/11/2006G) as amended pursuant to CMA's Board Resolution number 1-10-2010 dated 30/03/1431H (corresponding to 16/03/2010G).
Underwriter	Samba Capital & Investment Management Company (Samba Capital) appointed by the Company as exclusive underwriter.
Applicants	The Institutional Investors and Individual Investors.
Board or Board of Directors	The Board of Directors of the Company.
Auditor	Aldar Audit Bureau (Abdullah Al Basri & Co.) – Member of Grant Thornton International.
Lead Manager	Samba Capital & Investment Management Company (Samba Capital).
Shareholders	Company's shareholders at any time.
Major Shareholder	Any person who owns 5% or more of the Company's share capital.
Selling Shareholders	Current Shareholders of the Company as the date of this Prospectus whose names are included in page (ix) of this Prospectus.

QFI	A foreign investor registered with the CMA in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Shares issued by CMA pursuant to CMA's Board Resolution number 1-42-2015 dated 15/7/1436H (corresponding to 4/5/2015G), based on the Capital Market Law.
Market Consultant or Roland Berger	Roland Berger Strategy Consultants Middle East W.L.L.
Legal Advisor	Law Office of Salman M. Al-Sudairi in association with Latham & Watkins LLP.
Financial Advisor	Samba Capital & Investment Management Company (Samba Capital).
Advisors	The Company's advisors in relation to the Offering whose names appear on page from (vi) of this Prospectus.
SGH Jeddah	The Saudi German Hospital in Jeddah registered as a wholly owned branch by the Company with the Ministry of Commerce and Industry under commercial registration number 4030124187 dated 05/02/1419H (corresponding to 31/05/1998G).
SGH Hail	The Saudi German Hospital project in Hail owned by NHC, 32.33% of which is owned by the Company.
SGH Dubai	The Saudi German Hospital in Dubai, UAE, wholly owned by the EHDC.
SGH Dammam	The Saudi German Hospital project in Dammam to be developed by the Company as a branch wholly owned by the Company under commercial registration number 2050105713 dated 18/07/1436H (corresponding to 07/05/2015G).
SGH Sanaa	The Saudi German Hospital in Sanaa, Yemen, wholly owned by SYH.
SGH Riyadh	The Saudi German Hospital in Riyadh registered as a wholly owned branch by the Company with the Ministry of Commerce and Industry under commercial registration number 1010162269 dated 24/07/1421H (corresponding to 21/10/2000G).
SGH Aseer	The Saudi German Hospital in Khamis Mushait (Aseer) registered as a wholly owned branch by the Company with the Ministry of Commerce and Industry under commercial registration number 5855019364 dated 28/12/1420H (corresponding to 03/04/2000G).
SGH Madinah	The Saudi German Hospital in Madinah registered as a wholly owned branch by the Company with the Ministry of Commerce and Industry under commercial registration number 4650032396 dated 18/02/1423H (corresponding to 01/05/2002G).
SGH Cairo	The Saudi German Hospital in Cairo, Egypt, wholly owned by the ESHCO.
MEAHCO Hospitals	SGH Jeddah, SGH Riyadh, SGH Madinah and SGH Aseer registered as branches of the Company and wholly-owned by it.
Subscriber	Any person who subscribes for the Offer Shares.
Individual Investors	Saudi natural persons including any Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe for the Offer Shares for her own benefit, in the names of her minor children (if any), on the condition that she proves that she is a divorcee or widow and the mother of her minor children.
Healthcare Professional	Healthcare professional shall mean according to Article 1 of the Law of Practicing Healthcare Professions Every person licensed to carry out health related professions, which include the following categories: human doctors, dentists, specialist pharmacists, healthcare technicians in radiology, nursing, anesthesia, laboratories, pharmacists, ophthalmology, disease control, prosthetic limbs, physiotherapy, dental care and fixtures, tomography, nuclear therapy, laser equipment and surgery, psychiatry and social specialists, nutrition and general health specialists, midwifery, paramedics, speech and hearing therapy, occupational rehabilitation and occupational therapy, medical physics and other health professions as agreed to by the Minister of Health, Minister of Civil Service and the Saudi Authority for Health Specialties.
Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia.

Institutional Investors	Include a number of institutions, as follows:
	• Mutual funds established in the Kingdom and publicly offered, which invest in the securities listed in the Saudi Stock Exchange if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations.
	• Persons authorized by the CMA to deal in securities as a principal, provided that the financial adequacy requirements are observed.
	• Companies listed on the Saudi Stock Exchange with their portfolios managed by authorized persons, and companies in the banking and insurance sectors listed on the Saudi Stock Exchange in accordance with the rules issued by the SAMA, provided that the Company's participation does not cause any conflict of interest.
	• Unlisted Saudi companies upon confirmation by the Lead Manager that such company satisfies the following conditions:
	  ◦ it shall not be a subsidiary of a listed company;
	  ◦ it shall have a minimum shareholders equity of (SAR 50,000,000) fifty million Saudi Riyals as per latest audited annual financial statements, and that the audited financial statements are not older than two years;
	  ◦ it shall have an active investment portfolio pursuant to a statement by the relevant Authorized Person; and
	  ◦ the participation of such company shall not result in a conflict of interest with the Company.
	• Government bodies and governmental entities in the Kingdom including companies that are wholly owned by the Government.

IFC	International Finance Corporation, a member of the World Bank incorporated in 1956G and the owner of 12.04% of the Company's share capital.
Prospectus	This document which is prepared by the Company in relation to the Offering.
Bylaws	The Company's Bylaws approved by the General Assembly.
CML	The Capital Market Law issued pursuant to Royal Decree No M/30 dated 02/06/1424H (corresponding to 31/7/2003G) as amended.
Companies Law	The Companies Law issued promulgated by Royal Decree number M/6 dated 22/3/1385H, as amended.
The Law of Practicing Healthcare Professionals	The Law of Practicing Healthcare Professionals promulgated by Royal Decree number M/59 dated 4/11/1426H.
CMA	The Capital Market Authority of Saudi Arabia.
JCI	The Joint Commission International, an independent non-profit commission approving more than (20,0000) twenty thousand organizations and healthcare programs in USA in addition to many healthcare centers around the world.
MoCI	The Saudi Arabian Ministry of Commerce and Industry.
ERP	Enterprise Resource Planning software used to execute tasks using an automatic integrated standard computer system.

2. Risk Factors

Note:

All prospective investors should carefully consider all information contained in this Prospectus, including the risks set out below prior to making a decision with regard to purchasing the Offer Shares. However, risks set out below may not include all risks that the Company may encounter and additional risks that are not currently known by the Company may exist. The Company's Board Members are not aware of any material risks that may have adverse effect on the Company's financial and operational performance or Company's business as at the date of this Prospectus.

In the event of the occurrence of any risk factors which the Company currently believes to be material, or the occurrence of any other risks that the Board did not identify or currently deems immaterial, the Company's business, information contained in this Prospectus, financial condition, prospects, results of operations and cash flows could be adversely affected.

An investment in the Offer Shares is only suitable for investors who are capable of evaluating the risks and benefits of such investment and who have sufficient resources to incur any loss that might result from such investment. A prospective investor who is in any doubt about the investment he/she or it should consult an advisor authorized by the CMA to advise on the acquisition of shares and other securities.

In the event of the occurrence of any risk factors which the Company currently believes to be material, or the occurrence of any other risks that the Company did not identify, or that it does not currently consider to be material, the market value of the Offer Shares may decrease and prospective investors may lose all or part of their investment in the Company's shares.

The risks and considerations stated below are not arranged in an order that is based on their importance. Additional risks and possibilities, including those currently unknown, or deemed immaterial, could have the effects set forth above.

2.1 Risks Relating to the Company's Activity and Operation

2-1-1 Quality of Healthcare Services Provided

The inability of the Company to consistently maintain the required quality of the healthcare services which satisfies its clients would adversely affect its reputation in the market, and its clients would choose to stop dealing with the Company, in addition to losing its competitiveness compared to other companies working in this sector, which would adversely affect the Company's business, operations and financial performance.

2-1-2 Reliance on Qualified Medical Professionals

Attracting and recruiting qualified physicians and nursing staff by the Company is an ongoing challenge that the Company continues to face in light of the shortage of healthcare staff in the Saudi market. Demand for doctors and nurses exceeds the available workforce in the healthcare sector inside or outside Kingdom.

Therefore, the Company's inability to recruit sufficient number of qualified medical professionals who meet the Company's high standards for reputation, experience and medical knowledge, and to work in the Company's current and future hospitals and medical facilities would adversely affect its operations in terms of the level and quality of health services provided by the Company. This, in turn, would affect the Company's financial performance and operations. The Company does not guarantee that it will be able to continue to compete for medical professionals with other healthcare institutions or to provide competitive financial incentives to them, which would adversely affect the quality of the services provided by the Company to its clients, as well as the Company's business, operations and financial performance.

The lack of an adequate number of Saudi doctors and nurses in the healthcare sector in the Kingdom (Saudi doctors comprise only 24% of the total number of doctors in the Kingdom in 2014G) will lead the Company to employ non-Saudi doctors, forcing it to offer salaries and incentives which are competitive with those offered by other healthcare institutions operating inside and outside the Kingdom, especially in the Gulf Cooperation Council ("GCC States") and the Middle East. This, in turn, would increase the operational costs of the Company and adversely affect its operational and financial operations.

Moreover, non-Saudi doctors working for hospitals operating in the Kingdom, including MEAHCO Hospitals, may leave to work in other countries due to professionals or personal reasons. This limits the available number of medical professionals that may be recruited by the Company, which would adversely affect its ability to provide its medical services effectively and which will, in turn, adversely affect the Company's business, operations and financial performance.

2-1-3 Reliance on the Management

The Company's success depends on the professional knowledge, capabilities and experience of its executive management ("Management" or "Executive Management") both in the Company and NHC. The Company depends on retaining an Executive Management team which is capable of managing and operating the Company's business efficiently. If key members of the Executive Management decide to terminate their employment services with the Company, the Company might not be able to find qualified replacements in a timely or cost-effective manner. Such event would result in the disruption of the Company's business and its ability to perform its services efficiently, which will, in turn, adversely affect the Company's business, operations and financial performance.

2-1-4 Key Corporate Customers

The Company's revenues generated by the corporate customers category (i.e. patients referred by other companies or institutions for which they work) depend predominantly on the medical services agreement entered into with Saudi Arabian Oil Company ("Saudi Aramco") and the General Organization for Social Insurance ("GOSI"). For the six month period ended 30 June 2015G, revenues generated by the medical services agreement entered into with Saudi Aramco and GOSI (which together represent the two main customers from the corporate customers category) represent 70.9% of the Company's annual revenues generated by corporate customers (and 7.7% of the MEAHCO Hospitals total revenues). Such agreements have a term that ranges from one to two years. Furthermore, main customers (Saudi Aramco and GOSI) represent 64.5%, 72.7%, 64.6% of the total revenues generated by corporate customers in 2012G, 2013G and 2014G (which represent 6.7%, 7.4% and 6.7% of the MEAHCO Hospitals total revenue), respectively.

Failure by the Company to maintain such relationships with any of the key customers for any reason would adversely affect its operational activities, and, in turn, affect its business and financial performance. Some of the issues which would adversely affect the Company's revenues from corporate customers are the following:

- The Company's inability to renew its agreements with its key customers upon their expiration or the customer's desire not to renew the same.
- Amending the terms of the agreement in a manner that is not in the best financial interest of the Company.
- The Company's inability to comply with the terms of a particular agreement, which could result in the termination of such agreement or amending its terms.
- The customer's decision to terminate the agreement.

2-1-5 Relationship with MOH

The Ministry of Health ("MOH") referrals of patients to MEAHCO Hospitals for treatment constitute an important part of the Company's customers and revenues. Average revenues of MOH referrals accounted for 26.1% of the total Company's revenues from 2012G to 2014G. Revenues from referral agreements with MOH increased from around 22.8% of the total Company's revenues in 2012G to 30.9% in 2014G.

The Company's net account receivables amounted to SAR 754.6 million as at 30 June 2015G. The net account receivables relating to MOH amounted to SAR 447 million representing 59.2% of the total account receivables of the Company. 81.7% of MOH net account receivables were under review, and 23.5% were due for more than one year. MOH provisions represent 25.3% of MOH net account receivables (for more details, please refer to Section 6 "Management Discussion and Analysis of Financial Position and Results of Operation" of this Prospectus).

It should also be noted that percentage revenue generated from MOH referrals increased during that period in all MEAHCO Hospitals (except for SGH Jeddah) as set out in the following table:

Table 7: Percentage of revenues from MOH referrals to MEAHCO Hospitals from 2012G to 30 June 2015G

	MEAHCO Hospital	2012G	2013G	2014G	30 June 2015G
1.	SGH Jeddah	7.9%	6.1%	6.9%	8.7%
2.	SGH Riyadh	30.0%	38.8%	46.3%	40.9%
3.	SGH Aseer	28.8%	26.5%	37.1%	52.7%
4.	SGH Madinah	45.5%	43.3%	49.2%	48.5%

Source: The Company

Due to the concentration of revenues from MOH referrals, the Company's future success is materially dependent on the continuity of its relationship with MOH in the future. The term of such agreements is usually for a pre-defined period, which is renewed on a periodic basis (for more information on the agreements with MOH, please see Section 12-6 "Material Agreements" of this Prospectus). It is important to note that the Medical Services Agreement with MOH in SGH Aseer will expire on 20/03/1437H (corresponding to 31/12/2015G). The Company's business would be adversely affected if it generally fails to maintain a good relationship with MOH, or if it is unable to maintain profitability from medical service provided under these agreements. Therefore, any decline in referral cases or expiration of referral agreements with MOH would adversely affect the Company's business, operations and financial performance.

The Company is exposed to risks relating to MOH's delay in paying the value of the Company's invoices to MOH relating to the medical services provided to patients referred thereby. The Company, pursuant to the arrangements made with MOH, treats the patients referred from MOH, then makes invoices to MOH that are subject to its review and negotiation. Thereafter, MOH typically pays due amounts within six (6) months from the date of approval of the invoices. Delay in paying due amounts owed to the Company would adversely affect its cash flow and liquidity position. This, in turn, would have an adverse effect on the Company's working capital together with its ability to meet obligations towards its creditors (i.e. suppliers and lenders) which would ultimately result in canceling the Company's agreements with such parties.

In addition, the Company's financial invoices provided to MOH could be, fully or partially, rejected for several reasons, including, but not limited to, that the treated patient did not need the services provided to him. MOH's failure or delay in paying the amounts due to the Company for any reason would adversely affect the Company's business, operations and financial performance. Moreover, the MOH may review its referrals policy in the future, which may adversely affect the Company's operations and financial performance.

It should also be noted that if MOH expanded its existing hospitals or built new hospitals that would adversely affect the company's business, operations and financial performance.

2-1-6 Relationships with Insurance Companies and Patient Insurance Coverage

The Company entered into a number of agreements with cooperative health insurance companies in order to provide their customers with medical and therapeutic services. The Company's revenues are materially dependent on such agreements, where the percentages of revenues generated from such agreements represented approximately 45.0%, 44.6% and 39.5% of the Company's overall revenues for 2012G, 2013G, 2014G respectively.

The Company's total account receivables amounted to SAR 754.6 million as of 30 June 2015G. The account receivables relating to health insurance companies amounted to SAR 180.5 million representing 23.9% of the total account receivables of the Company. 70.5% of the health insurance companies account receivables were still under review, and 4.7% were due for more than one year. The health insurance companies provision represent 15.9% of the health insurance companies account receivables (for more details, please refer to Section 6 "Management Discussion and Analysis of Financial Position and Results of Operation" of this Prospectus).

The percentage of revenues generated by the Company from its relationships with Bupa Arabia for Cooperative Insurance ("Bupa"), National Company for Cooperative Insurance ("Tawuniya") and Mediterranean and Gulf Cooperative Insurance and Reinsurance Company ("Medgulf") constitutes 32.9% of total revenues for the year ending 31 December 2014G.

The term of such agreements is usually for a pre-defined period, which is renewed on a periodic basis, where the Company and the relevant insurance company re-negotiate the price of the medical services offered to their customers (For more details on the agreements with insurance companies, please see Section 12-6 "Material Agreements" of this Prospectus). The Company's business would be adversely affected if it generally fails to maintain good relationships with insurance companies, if it is unable to maintain profitability from medical service provided under these agreements, or if insurance companies do not comply with paying all due amounts owed to the Company.

The future success of the Company materially depends on maintaining good relationship with the insurance companies. Competition with other hospital groups and medical service providers in the Kingdom may affect the Company's relationship with insurance companies or its ability to negotiate and increase its health services fees charged to customers by the Company, which, in turn, would adversely affect its operations and financial performance.

In addition, there is a risk that the related insurance company may reject or delay the payment of invoices submitted to it by the Company in consideration for the medical services provided to customers of such insurance companies. Such risks could result from a human or computer error or financial difficulties that insurance companies may encounter, such as, restrictions imposed on financial liquidity and financial solvency which insurance companies are obliged to comply with pursuant to applicable laws. This, in turn, would adversely affect Company's business, operations and financial performance.

2-1-7 Risks Relating to Rejected Claims

The Company provides services to patients referred by MOH and customers of health insurance companies who have entered into agreements with the Company. Pursuant to the arrangements with MOH and insurance companies, the Company provides services to their patients, then issue invoices that are reviewed and negotiated by MOH and/or insurance companies. These invoices are paid after a certain period not exceeding sixty (60) days. Therefore, the Company is subject to the rejection of its invoices by MOH and/or insurance companies for several administrative and technical reasons including the following:

- Failing to present all the necessary documentation by the Company to MOH or the insurance company.
- Rejections by MOH or the insurance company of the nature of services provided by the Company to the relevant patient.
- The Company's delay in invoicing the MOH or the insurance company.
- Not following-up properly with MOH or the insurance company in relation to the delayed or rejected invoices.
- Maintaining a the continuity of the relationship with MOH or the insurance company and be receptive to their input.

It is important to note that the rejected claims relating to all MEAHCO Hospitals differ from one year to the other and from one client to the other.

Therefore, the rejected amounts of these claims amounted to SAR 71.4 million in 2012G representing 13.2% of the Company's revenues for that year, SAR 129 million in 2013G representing 15.6% of the Company's revenues for that year, and SAR 145.7 million in 2014G representing 10.4% of the Company's revenues for that year. The amount of outstanding receivables from the

MOH amounted to 598.6 million as at 30 June 2015G, while the amount of outstanding receivables from insurance companies amounted to 215.7 million for the same period. The rejected claims as a percentage of net revenues for each of SGH Jeddah, SGH Riyadh, SGH Aseer and SGH Maddinah amounted to 10.4%, 10.9%, 4.8% and 12.7% respectively for the six (6) month period ending 30 June 2015G.

For more information on the Company's relationship with its key customers, please see Section 4-24 "Company's Relationship with its Key Customers". For more details on the percentages and amounts of rejected claims, please refer to Section 6-5-1-4 "Selling and Marketing Expenses" of this Prospectus. The rejected claims from the MOH and insurance companies adversely affect the Company's business, operations and financial performance.

2-1-8 Risks Relating to Legislation and Regulatory Requirements for the Healthcare Sector and the Required Licenses

The Company and its activities are subject to the supervision and monitoring by various governmental authorities which oversee the healthcare sector, including MOH, the Food and Drug Authority, the Council of Cooperative Health Insurance, and the Central Board for Accreditation of Healthcare Institutions ("CBAHI"). These institutions apply the highest standards of quality and closely monitor healthcare services provided by the healthcare service providers, especially those laws, instructions and standards applied to the hospitals sector in which the Company operates.

Failure by the Company to comply with the regulations, instructions, and standards applied by the said regulatory authorities on an ongoing basis would subject it to fines, penalties or punishments that may be imposed by such authorities. This would, in turn, affect the Company's operations, and may result in revoking its operational licenses, which will, in turn adversely affect the Company's business, operations, and financial performance.

Additional healthcare laws and regulations enacted and implemented by the competent regulatory authorities may require the Company to undergo certain adjustments to its operations or its methods of delivering medical services with the aim of rectifying its position and complying with changing requirements. This would result in additional financial burdens incurred by the Company, which would adversely affect the Company's business, operations and financial performance.

If the Company violates the terms applicable for the issuance or renewal of its licenses or permits that are necessary to conduct its operations and business, or if such terms are amended in a way that make it onerous or difficult to renew such licenses or permits, the competent regulatory authorities could suspend, revoke or cancel such licenses or permits, which will, in turn, have an adverse effect on the Company's business, operations and financial performance.

All MEAHCO Hospitals are subject to obtaining an accreditation from CBAHI which is currently mandatory and applicable to all hospitals in the Kingdom. The Company commenced the procedures of obtaining the CBAHI accreditation for its hospital, however, CBAHI have not yet commenced its procedures for granting accreditation to MEAHCO Hospitals. Therefore, the Company has not yet received CBAHI accreditation for its hospitals as of the date of this Prospectus, with the exception of SGH Jeddah which received CBAHI accreditation for a period of three (3) years commencing on 06/01/1437H (corresponding to 19/10/2015G). Failure of any of MEAHCO Hospitals to obtain the aforesaid accreditation shall expose the Company to legal consequences that may be imposed by CBAHI including the Company's inability to renew its MOH licenses which are necessary for operating and managing the MEAHCO Hospitals. This, in turn, could have a material adverse effect on Company's business, operations and financial performance.

On the other hand, failure of any of the Company's medical professionals to obtain licenses and other permits needed for conducting their businesses would expose the Company to penalties that could be imposed by the competent regulatory authorities. This would adversely affect Company's business, operations and financial performance.

NHC's inability to obtain or renew the material licenses necessary for conducting its business, including foreign investment license issued by the Saudi Arabian General Investment Authority ("SAGIA"), which NHC has applied for but not yet received, may expose NHC to penalties and fines imposed by the competent regulatory authorities. This would adversely affect Company's business, operations and financial performance.

2-1-9 Issuance of a New Companies Regulations

The Council of Ministers has recently issued a new companies law to replace the current Companies Law, which will become effective five months after its issuance in the Official Gazette (Um Al-Qura). The new companies law may impose further regulatory requirements that the Company or NHC will have to comply with. This may require the Company or NHC to undertake certain procedures to comply with such requirements, which may affect their business plans or take a long time to be done or implemented. The new law has also imposed more strict penalties for violating its provisions. The Company or NHC may be exposed to such penalties in the event of any violations.

2-1-10 Medical Malpractice

The Company is not immune from medical errors being committed by its medical professionals. As such, there is no guarantee that the Company's medical professionals will not commit medical errors in the future.

Article (41) of the Medical Professions Practice Law states that participation in cooperative medical malpractice insurance is mandatory for all doctors and dentists practicing in both public and private medical entities. Such entities are legally liable to pay any damages awarded to the injured patient as compensation for the losses incurred by the patient as a result of the medical error, if the entire compensation amount is not covered by insurance. According to Article (41) above, the concerned healthcare entity may demand payment from the concerned medical professional for the amount of damages paid by it on the patient's behalf.

As such, the Company is obliged, under Article (41) of the Medical Professions Practice Law, to cover the monetary compensation required to be paid to the patient who suffers damages due to medical error. It is possible that the Company may not be able to recover such compensation from the relevant insurance company in order to be compensated for amounts and costs incurred in this regard for legal or technical reasons (including expiration of the contract or the lapse of the period available for bringing claims). It is also possible that the value of the amount of compensation recoverable by the Company is lower than the total amount of compensation required to be paid by the Company to the relevant injured patients. In addition, there could be cases or incidents where the insurance coverage obtained by the Company does not cover specific medical errors. The Company may also fail, for any reason, to prove its claim against the insurance company before the relevant judicial authority. Therefore, this would adversely and materially affect the Company, operations and financial performance.

Moreover, if the Company's medical professionals do not adhere to the Company's rules, procedures, and policies during the treatment of patients, or if the Company does not provide proper, and sufficient training for them, this would result in medical malpractice instances committed by such professionals in the future.

2-1-11 Adequacy of Insurance Coverage

The Company may become subject to different legal proceedings and claims, which could involve substantial amounts of money in relation to any number of causes, and which would result in the Company incurring significant legal fees. Some of the claims, however, may exceed the insurance coverage maintained by the Company, certain claims may not be covered by insurance or the recovery claim submitted by the Company to its insurance company may be rejected. The Company does not guarantee that its insurance coverage will be sufficient to cover all future claims brought against it under the relevant insurance policies. There could be certain incidents that may not be covered by insurance or where such coverage may be insufficient, as well as incidents which cannot be insured against. The Company may also fail, for any reason, to support its claim against the insurance company before the relevant judicial authority. Such cases would adversely affect the Company's business, operations and financial performance.

Furthermore, the Company may be unable to procure sufficient insurance coverage for certain cases in light of an increase in the insurance premium or the unavailability thereof (whether due to nature of the risk which it is intended to be insured for or due to the Company's insurance history and being constantly exposed to risks).

The Company does not guarantee that insurance coverage that it currently has will be, wholly or partially, sufficient for covering all the above-mentioned risks. Events or risks not covered by the aforesaid insurance may occur and, consequently, shall result in the Company not being able to claim from the insurance company for any damages incurred under its policy cover. This, in turn, shall adversely affect the Company's business, operations and financial performance (For more details about the insurance coverage that the Company currently has, please see Section 12-6-9 "Insurance" of this Prospectus).

2-1-12 Risks relating to Force Majeure

The Company or one of its hospital facilities may become exposed to a number of accidents beyond its control and which can affect its operations. Among such incidents which may occur at the hospitals are fire and natural disasters, which would adversely affect the Company or any of its facilities. The occurrence of such incidents would lead to the suspension of work in the affected facilities for a period of time, which would affect the Company's income throughout the period in which work is suspended. In such cases, the Company would also be forced to bear emergency capital expenses, including, but not limited to, costs of repair, reconstruction and rehabilitation of such damaged hospital facilities in order to restore them to their original state, which would adversely affect the Company's business, operations and financial performance.

2-1-13 Concentration of Revenues

Key Doctors

A significant amount of the Company and its hospitals' revenues is derived from the work of key doctors, specializing in certain fields, such as pediatrics, orthopedics, internal medicine and obstetrics and gynecology, which all accounted for 46.6%, 50.3% and 50.1% of the MEAHCO Hospitals total revenues for the two pro forma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G, respectively. Failure of the Company to retain, for any reason, the key doctors working in the above-mentioned medical departments shall adversely affect patient traffic, which would adversely affect the revenues related to these departments given that the Company depends on their reputation in the market to attract and retain customers. In order to retain the Company's key doctors, it may need to increase their wages and benefits, which may materially increase the Company's expenses. In addition, in case of the departure of any of the Company's key doctors, it cannot guarantee that it would be able to find, attract or retain suitable alternatives for them, which would adversely affect the Company's business, operations and financial performance.

Key Customers

A significant amount of the Company and its hospitals' revenues is derived from its five main customers represented by MOH, Bupa, Tawuniya, Medgulf and Saudi Aramco, each of which accounted for 32.9%, 13.4%, 10.5%, and 4.8% of the Company's total revenues for the period ended 30 June 2015G respectively Failure of the Company to retain its relationship with its key customers generally or the services provided to these customers, or failure to compete with other healthcare service providers would adversely affect the Company's revenues.

The following table sets out revenues generated by each of the key customers:

Table 8: Revenue by Key Customers

Customer	30 June 2015G Audited (SAR in 000')
MOH	251,102
Bupa	102,387
Tawuniya	80,556
Medgulf	80,535
Saudi Aramco	36,931
Total	551,511
As a percentage of revenues	
MOH	32.9%
Bupa	13.4%
Tawuniya	10.5%
Medgulf	10.5%
Saudi Aramco	4.8%
Total	72.2%

Source: The Company

2-1-14 Management Information Systems

The information systems and databases are generally considered to be key components in the operation and administration of healthcare facilities. Their importance becomes more evident in hospitals that receive hundreds of medical cases every day, such as the hospitals operated by the Company. The Company does not guarantee that it would be able to continuously update and maintain its management information systems or invoice systems, which are required to manage and operate its operations and financial activities. Contributing factors may include the need to prioritize the Company's expenditures, the availability of necessary updates or adjustments to such systems in the market, or the Company's receipt of improper technical support from its supplier or service provider.

The Company's inability to implement or maintain effective information systems, databases or accurate invoicing systems would lead to a disruption of the Company's provision of medical services and/or the inability of the Company to collect amounts due from customers, adversely affecting the Company's business, operations and financial performance.

2-1-15 Defects and Malfunctions of Devices and Equipment and the Need for Replacement

The Company's provision of healthcare services relies on the constant functioning of its technical and medical devices and equipment effectively and without interruption. Any material malfunction or damage shall adversely affect the Company's ability to keep providing its healthcare services to its customers during the time of malfunction and/or replacement. This would have an adverse effect on the Company's businesses, operations and financial performance.

For instance, 56% of SGH Jeddah, 54% of SGH Riyadh, 44% of SGH Aseer and 49% of SGH Madinah assets and equipment are depreciated as of 31 December 2014G. Therefore, the Company may have to replace some of these assets and equipment in the future. In 2013G, the Company has replaced the MRI and CT Scan equipment in SGH Madinah due to a malfunction with total value of SAR 13.6 million.

Failure of the Company to secure the necessary funds to cover capital expenses needed in order to maintain and replace such assets and equipment will result in a delay in the maintenance and replacement of medical equipment in MEAHCO Hospitals. In the event that such equipment are damaged, outdated or do not meet their purpose, MEAHCO Hospitals operations and financial results will be adversely affected. In addition, competitors use of better medical and technical equipment will affect the Company's competitive edge, and would limit its ability to retain its customers and adversely affect the Company's businesses, operations and financial performance.

2-1-16 Company Name, Trademarks and Reputation

The brand name "Saudi German Hospital" owned by the Company and used by all MEAHCO Hospitals as a commercial name is considered a major factor in the development of demand for the Company's medical services.

The Company's trademark, brand name and reputation may be affected by the following risks and factors:

Non-protection of the Trademark

The Company's competitive position relies on several factors, including its ability to use its brand recognition in the healthcare sector, as well as the protection of its trademark against any unauthorized use. The Company registered its trademark in the Kingdom and Egypt, and is currently in the process of registering its trademark in Bahrain, Oman, Jordan, Syria, Yemen, Tunisia, Sudan, Algeria, UAE, Libya, Lebanon, Morocco and Kuwait. In addition, the Company is currently in the process of registering each of MEAHCO Hospitals logos and trademarks separately with the Ministry of Commerce and Industry in the Kingdom. (For more details about the Company's trademark, please see Section 12-9 "Intangible Assets" of this Prospectus). Accordingly, the failure of the Company to protect the trademarks mentioned above, or its need to take legal action to protect it, would adversely affect its ability to use it, which would adversely affect the Company's business, operations and financial performance.

Management and Management Supervision Agreements with Hospitals outside the Kingdom

BAB entered into several Management Supervision Agreements with Emirates Healthcare Development Company ("EHDC"), Egyptian Saudi Healthcare Company ("ESHCO") and Saudi Yemeni Healthcare Company ("SYH"), which were fully transferred to the Company through entering into new agreements except for the agreement entered into with SYH as only a part of this agreement was assigned to the Company given the political and security situation in Yemen that did not allow entering into a new agreement. Under these agreements, the Company will not provide healthcare services in these hospitals, rather its role is limited to supervising these hospitals' management and providing advice to the administrative staff of each hospital, in addition to allowing these hospitals to use the Company's brand and trademark. Healthcare service quality provided by such hospitals may be less than that provided by MEAHCO Hospitals. This may affect the Company's name, reputation and trademark. Medical errors and malpractice may occur in such hospitals which will affect the Company's name and trademark, and will have an adverse effect on Company's businesses, operations and financial performance.

In addition, SGH Sanaa is using the Company's commercial name as of the date of this Prospectus without an official license from the Company to SYH due to the political and security situation in Yemen. This may result in the commercial name being misused or violated without the Company being able to take the legal measures necessary for its protection which would adversely affect the Company's reputation, business, operations and financial performance.

Medical Malpractice

Medical errors made by doctors or nurses working for the Company may damage the Company's reputation in the market and before its customers, causing many to stop dealing with the Company. This will adversely affect the Company's business, operations and financial performance.

Non-Mandatory Medical Accreditations

MEAHCO Hospitals obtained medical accreditation certificates from the Joint Commission International (JCI), an international organization that defines assessment standards and techniques in order to determine the healthcare quality provided to the patient, (for more details on the medical accreditation certificates obtained by the Company, please see Section 4-16 "Accreditations and Certifications" of this Prospectus). Failure of the Company to maintain its current position in terms of fulfilling the conditions required to obtain the JCI accreditation will affect its reputation in the market. This, in turn, would have an adverse effect on the Company's business, operations and financial performance.

2-1-17 Risks relating to New Projects

The Company is a major shareholder in NHC, a Saudi Joint Stock Company incorporated under sponsorship of the High Commission for the Development of Hail with the objective of owning and establishing a hospital in Hail under the name "Saudi German Hospital Hail" ("SGH Hail") which is still under construction since 2006G (for more details on the Company's ownership in NHC, please see Section 4-8-1 "National Hail Company" of this Prospectus). The Company is currently developing engineering plans in order to establish a new hospital in Dammam on a plot of land owned by the Company which is intended to be added to MEAHCO Hospitals in the Kingdom ("SGH Dammam"). The Company's investments in these two projects entail various risks, including:

Delay in Execution of the Projects

The Company's subsidiary, NHC, has commenced construction works for the implementation of SGH Hail and is still in planning phase for SGH Dammam, according to a specific time frame. However, there are a number of factors which are beyond NHC and the Company's control with regard to execution of the above-mentioned projects which could result in a delay in the execution and completion of construction and operation thereof according to the specified schedule. Such factors include, but are not limited to adherence of the Company's contractors to schedules relating to the relevant construction of the project, the availability of materials and machinery required for the completion of its construction, climate conditions, availability of trained laborers and other relevant factors. If the Company or NHC is unable to implement the projects pursuant to their specified schedules, then this would result in the Company being unable to achieve the desired economic benefit throughout the period of delay in the completion and operation of such project. This also shall have an adverse effect on the Company's operations and financial performance (for more details about the Company's projects and completion percentages, please see Section 4-18 "Company's Current Projects" of this Prospectus).

Cost Overrun

Costs of establishing and operating SGH Hail and SGH Dammam included in this Prospectus are indicative. It is possible that actual costs are higher than the costs estimated by the Company and NHC. In case the actual costs are significantly higher than the cost anticipated by the Company, the Company and NHC would have to procure new funding to cover such increase, which could lead to the Company and NHC incurring new financing costs in addition to its possible effect on profitability. This, in turn, would adversely affect the Company's operations and financial performance. Failure of the Company or NHC to procure external financing (in case of insufficient sources of financing or failure to approve its capital increase owing to large number of shareholders) to finance its projects would, in turn, affect the Company's profitability, operations and financial performance (for more details on the actual and estimated costs of the above-mentioned projects, please see Section 4-18 "Company's Current Projects" of this Prospectus).

Profitability of the Projects and Limited Financial Information

The Company and NHC do not guarantee that the forecasts and estimates, on which the feasibility studies relating to the above-mentioned projects have been prepared, are accurate and precise. Failure to generate such projects' anticipated revenues or achieve their expected financials results, or incurring losses as a result of such projects would adversely affect the Company's business, operations, and financial performance.

Moreover, NHC has obtained financing from external sources (through a loan from the Ministry of Finance ("MoF")) in order to establish and construct SGH Hail. In case of failure to generate the financial results anticipated from its operations, this may result in failure to pay dues owed by it to lending parties which could lead them to take legal actions against it pursuant to the laws applicable in this regard. This shall have material and adverse effect on NHC's businesses and consequently the Company's businesses, operations and financial performance.

The Company's Ability to Manage the Two Projects Under One Administrative and Operational Structure

The growth and expansion in MEAHCO Hospitals and the addition of the operational and administrative activities of the two new projects under its current administrative and operational structure may result in several risks, the most significant of which are:

- The executive and operational management team of the Company may face an increase in supervisory responsibilities.
- The additional operational expenses that the Company and NHC, with respect to SGH Dammam and SGH Hail, respectively, may incur include employees' wages, purchasing and maintaining equipment, consumables, medical supplies, among others. If the two above-mentioned projects do not achieve the level of revenues required to cover such expenses, this might expose the Company and/or NHC to incurring material losses which may result in their inability to fulfill their financial obligations to third parties (including lending parties).
- Unexpected or sudden fees and expenditures may be necessary to ensure the integration of SGH Dammam with the Company's operational management.

The Company's failure to achieve a high level of operational integration between its new and existing hospitals, or extend a high standard of management to its new hospitals, may affect the Company's ability to provide medical services to its patients at the same level of quality at its other hospitals. This may also affect its ability to recruit new employees, determine the operational expenses of the hospitals, or any other problems which could affect the effective management of such hospitals.

The Company's inability to manage and operate these two projects as part of its current business operations might have an adverse effect on its overall operations, therefore adversely affecting the Company's business, operations and financial performance.

Dammam Land

The Company owns a plot of land with a surface area of 30,000 m^2 in Dammam ("Dammam Land") which was transferred by Sobhi Abduljaleel Batterjee, as part of the in-kind contributions made to the Company by some Shareholders upon which an increase was made to the Company's capital pursuant to the EGA resolution on 02/02/1435H (corresponding to 05/12/2013G). The Company is currently working on completing the land transfer procedures from the shareholder, Sobhi Abduljaleel Batterjee, to the Company with the competent Notary in Dammam. The Dammam Land will be used to build SGH Dammam thereon. Any delay in Dammam land transfer procedures from shareholder, Sobhi Abduljaleel Batterjee to the Company may result in its inability to use and build the aforesaid hospital thereon which will adversely affect SGH Dammam and have an adverse effect on the Company's businesses, operations and financial performance. Failure to transfer the Dammam Land to the Company will not affect the capital increase given that Sobhi Abduljaleel Batterjee provided an undertaking to the Company that he will, in such event, re-purchase the land (which will be removed from the Company's asset list), return an amount equivalent to the value of the land transfer date (this amount would then be an addition to the Company's assets), and then lease it to the Company.

Construction and Operation Licenses

The Company has not yet commenced the process of obtaining the necessary licenses to build SGH Dammam from the relevant municipality authority. The Company cannot guarantee that it will be able to obtain such license in a timely manner, and the process of obtaining these licenses may take longer than expected which would adversely affect the Company's ability to complete the hospital construction works according to the schedule that the Company will later determine.

The Saudi regulations in force require that the Company and NHC procure the licenses and certifications necessary for the operation of SGH Dammam and SGH Hail, respectively, including such licenses as may be required by MOH, Cooperative Health Insurance Council, Central Board for Accreditation of Healthcare Institutions and Food and Drug Authority. The Company's and NHC's inability to procure such licenses for any reason might adversely affect its ability to operate these two hospitals, adversely affecting the Company's business, operations, and financial performance.

Inability to Recruit Medical and Administrative Staff

The Company and NHC will actively recruit and hire the necessary medical and managerial staff to operate SGH Hail and SGH Dammam. The business of these two hospitals, as well as the overall financial and operational results of the Company and NHC, would be adversely affected if the Company and NHC are unable to recruit and hire qualified doctors, nursing and administrative staff to operate the hospitals. This, in turn, would have an adverse effect on the Company's businesses, operations and financial performance.

Risks Relating to Construction

The inability of the Company and NHC to complete the construction of the two previously mentioned projects in accordance with the designs approved by the relevant authorities, or the occurrence of material defects in the construction of the buildings due to an error by the contractor, would require the Company and NHC to incur additional, unexpected capital expenditures to resolve such issues. This would adversely affect the Company's business, operations and financial performance.

Other Operational Risks

The SGH Hail and SGH Dammam projects are subject to the risk factors previously mentioned under the paragraph titled "Risks Relating to the Company's Operation" of this section. For the avoidance of repetition, please refer to these risks when reading this part of Risk Factors.

2-1-18 Financing Risks

Risks Associated with the Current Financial Arrangements

The Company and NHC obtained credit facilities and loans from the MOF, Alinma Bank and Samba Financial Group (for more details on the credit facilities and loans, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus.) Pursuant to the terms of a number of facilities agreements entered into by the Company and NHC, the relevant creditors may, at their discretion, terminate or cancel such facilities for any reason. In the event that a creditor decided to cancel or terminate its facility granted to the Company or NHC, the full and immediate settlement of all outstanding amounts may be requested by such creditor which would have an adverse effect on the Company's business, operations and financial performance.

In addition, some of the Company and NHC's credit facilities and loan agreements contain terms and conditions that include but are not limited to certain repayment schedules, maintaining certain liability to net assets ratios and limitations on distributing dividends to Shareholders without obtaining the prior consent of the relevant lender or granting security over any of its assets. The Company and NHC may not be able to fulfill its obligations pursuant to such agreements, and any breach of such covenants in the future may result in the relevant creditor accelerating the payment of its loan, enforcing the guarantees and terminate any additional funding. Any of these incidents would have an adverse effect on the Company's business prospects, operations and financial performance.

Personal Guarantees

Loans from Alinma Bank and Samba Financial Group include personal guarantees (for more details on the credit facilities and loans, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus). The Company obtained both banks' consent on the IPO and termination of the personal guarantees provided by the Shareholders of the Company as a guarantee to fulfill the Company's obligations as of the date of the conversion of the Company to a public joint stock company and listing of the Company's shares on Tadawul. Such banks may request additional guarantees in exchange of termination of the shareholders guarantees, and the Company may not be able to provide such additional guarantees which would increase the financing costs, and in turn, have an adverse effect on the Company's business prospects, operations and financial performance.

Future Financing

In addition to the Company's reliance on its internal financing sources, the Company may rely on financing obtained from commercial banks to cover its working capital requirements. It is possible that the Company may not be able to obtain such loans at all or at reasonable terms. The Company may also need to secure financing from commercial banks to achieve its expansion plans. The Company does not guarantee that it would be able to secure such financing at a suitable time and/or on acceptable preferential terms and this, in turn, would adversely affect the Company's business, operations and financial performance.

MoF's Loan to NHC

NHC undertook, pursuant to the loan agreement entered into with MoF on 19/05/1434H (corresponding to 31/03/2013G) for establishing a private hospital in Hail with total amount of (SAR 69,650,000) sixty-nine million six hundred fifty thousand Saudi Riyals, to start repaying the aforesaid loan after five (5) years from the agreement date (i.e. in 2018G). In the event SGH Hail's operations slowdown after its launch and with NHC's failure to achieve the sufficient revenues necessary for repaying the aforesaid loan installments on time, MoF would consider NHC in default with regard to repaying the loan and shall consequently take legal actions as set out in the agreement including claim for the outstanding amounts or pledged foreclosure, resulting in the NHC operations being adversely affected. This, in turn, would have an adverse effect on the Company's profitability, operations and financial performance.

2-1-19 Control of NHC

The Company's ownership in NHC represent 32.33% of its share capital. However, the Company controls NHC through the Management Agreement entered into by the Company and NHC in relation to SGH Hail. There is no assurance that the Company will continue to have control over SGH Hail given that the Company ahs no effective control over NHC's shareholding, board or general assembly. Therefore, NHC may make decisions at the level of its board or general assembly that could affect or harm the Company's investment in NHC, are not in line with its business and investment strategies, or could affect the Management Agreement entered into between the Company and NHC with relation to SGH Hail including decisions relating to termination of this agreement for no reason. This, in turn would have an adverse effect on the Company's business, operations and financial performance in general.

2-1-20 Litigation

The Company is subject to legal and regulatory proceedings that may, in the future, be initiated by or against it, including those related to medical malpractice claims, intellectual property rights, Zakat issues, employment disputes, contractual disputes and others. The Company may be forced during ordinary course of business to initiate legal proceedings against other parties to protect its rights. Litigation and regulatory proceedings are unpredictable and legal or regulatory proceedings in which the Company becomes involved (or settlements thereof) would adversely affect the Company's business, operations and financial performance. For more information on the existing legal proceedings in which the Company is a plaintiff or defendant, please see Section 12-10 "Lawsuits, Claims and Statutory Procedures" of this Prospectus.

2-1-21 Zakat Assessment

Zakat and income tax are paid by the Company in accordance with the requirements of the Department of Zakat and Income Tax ("DZIT"). The Company received Zakat assessments for the years 2009G, 2010G, 2013G and 2014G only, and they are not final. The Company cannot predict whether the DZIT will accept its Zakat and tax submissions for each financial year. DZIT may impose significant Zakat liability on the Company exceeding the value of the amount paid by the Company thereto, in addition to late payment fines, which will adversely affect the Company's financial results. This might affect the Shareholders of the Company, including current Shareholders and new Shareholders who will indirectly bear the cost of such liability as a result of the increase in provisions in the Company's financial statements.

The Company did not receive any final Zakat assessment since it started its operations in 2005G. Therefore, all financial years between 2005G and 2014G are still subject to the DZIT assessment. The total amount claimed by the DZIT is SAR 15.9 million. The Company submitted an appeal to these demands, and did not make any provisions to cover the disputed Zakat amounts.

Given that there are financial years pending the Zakat assessment, the DZIT may claim additional amount until the final Zakat assessment is issued for these years. However, with regard to the unsettled Zakat amounts, there would be no effect on the Company's ability to receive its periodic dues from governmental entities (including MOH and MoF) provided that it has obtained a restricted Zakat certificate that enables it to complete all its commercial transactions with such entities, excluding receiving its final dues which require obtaining DZIT's prior consent. Please see Section 6-5-1-7 "Analysis of Net Profit" of this Prospectus.

2-1-22 Experience in Managing Joint Stock Companies

The Executive Management team have limited or no experience in the management of public joint stock companies and compliance to the laws and regulations of publicly listed joint stock companies. The Company shall comply with regulations imposed on companies listed in the Exchange. In the event the Company fails to comply with such regulations or breaches any of the governance and disclosure requirements, the Company will be exposed to fines and sanctions imposed by the competent authorities, which will adversely affect the Company's business, operations and financial performance.

2-1-23 The Newly Formed Board Committees

On 07/08/1436H (corresponding to 25/05/2015G), the Company's Board formed the Audit Committee, Nomination and Remuneration Committee, and Executive Committee to carry out certain tasks and responsibilities, as approved by the general assembly held on 28/07/1436H (corresponding to 17/05/2015G), in accordance with the Corporate Governance Regulations issued by the CMA (For more details, please see Section 5-11 "Board Committees and their responsibilities" of this Prospectus).

Given that the committees have been newly formed and the internal Corporate Governance Manual ("Corporate Governance Manual") has been recently approved, the inability of committees members to carry out their assigned responsibilities and follow a working methodology that would ensure the protection of the Company's interests and its Shareholders' interests could affect the implementation of the Corporate Governance Manual and the Board's ability to monitor the Company's business through such committees effectively, which will expose the Company to potentially breaching the regulations imposed on the companies listed in Tadawul, and to other operational, administrative and financial risks. This, in turn, would adversely affect the Company's business, operations and financial performance.

2-1-24 Related-Party Transactions

The Company is currently engaged in a number of agreements with related parties which include maintenance, construction, supply, sale and consultancy agreements. Revenues generated by such agreements in 2014G amounted to (SAR 23,426,218) twenty-three million four hundred twenty-six thousand two hundred eighteen Saudi Riyals while costs incurred as a result of such agreements in 2014G amounted to (SAR 55,158,979) fifty-five million one hundred fifty-eight thousand nine hundred seventy-nine Saudi Riyals (for more information on related-party agreements, please see Section 12-6-10 "Transactions with Related Parties" of this Prospectus).

The Company does not guarantee the continuity of such agreements and transactions in the future, as the Company's Board or its general assembly may not accept the renewal of such agreements, or the related Director may not agree to renew the same based on the Company's conditions which would expose the Company to the risk of not finding alternative agreements in a timely and suitable manner. This, in turn, would adversely affect the Company's business, operations and financial performance, especially given that the Company relies on these agreements for its operations.

2-1-25 Inventory and doubtful debts provisioning

The Company has recently adopted new policies in relation to setting provisions for doubtful debts and covering damaged and expired inventory as of 2014G. These policies have only been implemented recently. Therefore, the value of these provisions could be less than the amount of doubtful debts or the damaged or expired inventory, which could affect the Company's profitability and financial results. Any future changes that the Company adopts in the accounting policies could force it to increase the value of the provisions set to cover doubtful debts or the damaged or expired inventory.

2-1-26 Dependence on credit revenues

Credit revenues represent 81.0%, 82.8%, 81.2% and 83.0% of the Company's net revenues in audited financial years ended 31 December 2012G, 2013G and 2014G and the period ended 30 June 2015G, respectively. The Company is exposed to the risk of customer default on its dues, or a delay in repayment of these dues, which would have an adverse effect on the Company's cash flow and its ability to fulfill its obligations toward its creditors (including suppliers and lending parties) which would adversely affect the Company's business, operations and financial performance.

2.2 Risks Relating to the Market

2-2-1 Competitive Environment

The healthcare sector experiences fierce competition between healthcare service providers, including hospitals. This sector is also considered a profitable sector which attracts the attention of both Saudi and foreign investors. Therefore, the number of healthcare services providers in the Kingdom is continuously increasing, in addition to a number of major and well-established private healthcare services companies in the Kingdom with whom the Company competes. Such competition would create operational and financial challenges which the Company must overcome. Some of the challenges which the Company might face are:

- The pricing of medical services in comparison with those offered by other healthcare service providers
- The enhancement of the quality of medical facilities available in addition to the medical equipment and machinery used.
- The expansion and retention of the customer base.

The healthcare sector is amongst the sectors in which foreign investors are permitted to own up to 100% ownership. It is possible for competition to increase as a result of the entry of foreign companies specialized in the management and operation of hospitals which will compete with local medical companies, including the Company.

Additionally, the expansion which MOH is currently promoting in the healthcare sector and the increase in the number of MOH's hospitals in the Kingdom would adversely affect the level of demand for private hospitals, including MEAHCO Hospitals, thereby adversely affecting the Company's business, operations, and financial performance. As the Company also benefits from MOH referrals, an increase in MOH hospitals would have a negative effect on the Company's business.

2-2-2 Industry Consolidation

Material mergers that may occur in the healthcare sector between operating companies may impact market dynamics allowing certain entities to gain better positioning and control over the healthcare sector. These mergers would also affect the size of the Company and NHC's customer base, and would also impact the prices rates which the Company sets for its services.

2-2-3 Risks of Interest Rate Fluctuation, Currency Exchange Rates and Finance Costs

The foreign currency exchange rate risks to which the Company may be exposed arise from situations where the Company's commercial relationships with international suppliers of medical products and equipment required for its daily operations are denominated in foreign currencies. The risks are due to the change in value of foreign products due to fluctuations in foreign currency exchange rates. As the Company procures in currencies other than Saudi Riyals and in currencies which the Saudi Riyal is not pegged to, any large unanticipated fluctuation in exchange rates would adversely affect the Company's business, operations, and financial performance.

The following table shows the foreign currencies in which the Company transacted with and size of the Company's transactions in 2014G.

Table 9: Currencies that the Company deals in and Size of Transactions in 2014G

Currency	Amount
US Dollars	594,930
Euro	648,853
UAE Dirham	233,719

In addition, any increase in financing costs may result in the Company incurring high financing costs, which would adversely impact the Company's future profitability and its ability to repay and fulfill its financial obligations towards financing parties.

Any increase in financing costs, whether fixed or variable rates (e.g. financings based on the inter-bank borrowing between Saudi banks rate, known as "SIBOR" or on the inter-bank borrowing between London banks rate known as "LIBOR"), which are payable to the Company's financing parties, could lead to an increase in the financing costs required by the Company to finance its operations, affecting its profitability and financial results.

2-2-4 Saudization

In recent years, the Government has imposed a requirement on the private sector that a percentage of the employees of each company must be Saudi nationals, known as "Saudization". The required percentages range from 5-90% based on the nature of the business, conditions of work, complexity of the role (i.e. the skill and qualifications required to perform the role and the availability of Saudi nationals to fill such roles). Therefore, thresholds of Saudization requirements vary from entity to entity on a case-by-case basis. Compliance with Saudization requirements is currently mandatory. Pursuant to the circular issued by the Ministry of Labor ("MoL") dated 1/5/1423H (Corresponding to 10/08/2002G), the Company must obtain a Saudization certificate from MoL. MoL may later decide to impose stricter Saudization policies.

The Nitaqat Program, which classifies companies' compliance with Saudization requirements, was instituted by Ministerial Resolution number (4040) dated 12/10/1432H (corresponding to 10/09/2011G) and Ministerial Resolution number 50 dated 21/05/1415H (corresponding to 27/10/1994G) in order to increase Saudi participation in the Kingdom's employment market. There is no guarantee that the Company will be able to meet, raise or maintain its compliance with Nitaqat requirements. The Company's inability to meet Saudization requirements would lead to a poor classification in the Nitaqat Program and would subject the Company to a number of negative consequences, which would adversely affect the Company's business, operations and financial performance (for more information on the Nitaqat Program, please see Section 5-13 "Commitment to Saudisation" of this Prospectus).

There is no guarantee that MoL will not enforce higher financial penalties or more stringent regulations, or that the number of Saudis employed by the company decreases, which would adversely affect the Company's business, operations and financial performance.

The Company's ability to meet its obligations and to request governmental loans, in addition to its financial performance and ability to recruit additional numbers of foreign employees will be adversely affected in the event that the Company fails to comply with the Saudization policies and ratios as issued and applied by MoL. In addition, the Company's failure to comply with the Saudization policies and ratios would lead to its inability to recruit sufficient non-Saudi workers for its new projects, which, in turn, would adversely affect the Company's ability to operate such projects, as well as its profitability and financial results.

2-2-5 Political and Economic Instability in the Middle East

The Company is located in the Middle East, a region that has experienced varying degrees of political instability. Yemen is suffering instability given the absence of a legitimate government. The political scene in Egypt is unstable of late. Moreover, these counties are subject to ongoing political and security concerns, which could have a prolonged adverse impact on the economies of the countries facing such events. The Company is entitled to receive fees from the management supervision of hospitals in Egypt and Yemen, therefore, any continuing instability in the Middle East may significantly affect the Company's income from these Management Supervision Agreements, as well as broader financial markets and the regional economy. Such impacts could occur through a decline in foreign direct investment into the region, capital outflows or increased volatility in the global and regional financial markets, which would adversely affect the Company's business, operations and financial performance.

2.3 Risks relating to Offer Shares

2-3-1 Distribution of Dividends

The Company's decision to distribute dividends in the future will depend on several factors, including the realization of profits, the Company's financial position, operating capital requirements, distributable profits, restrictions imposed by lending parties on the Company's distribution of profit, the credit limits available to the Company, as well as the general economic conditions and other related factors which are subject to the evaluation of the Board of Directors. Therefore, the Company gives no assurance whatsoever to current and future Shareholders that any dividends will be distributed in the future.

Decision to distribute dividends depends heavily on a number of factors, including the financial position of the Company and its working capital requirements, which may affect its decision to limit future dividends.

2-3-2 Effective Control by the Founding Shareholders

The Founding Shareholders will remain in a position which enables them to control matters requiring Shareholders' approval, including the election of members of the Board of Directors, the increase and reduction of the Company's share capital, mergers and acquisitions and other influential decisions. The Founding Shareholders will own 70 % of the Company's Shares subsequent to the Offering. As such, the Founding Shareholders will be able to influence all matters requiring shareholder approval, and they may exercise this ability in a manner that could adversely affect the Company's business, operations and financial performance. The Founding Shareholders' actions could also include actions that are inconsistent with the wishes of other Shareholders.

2-3-3 Absence of a Prior Market for the Offer Shares

Currently, there is no financial market for the trading of the Company's shares, and there is no guarantee of an active and sustainable market for the trading of the Company's shares subsequent to the Offering. The Offer Price has been determined based on several factors, including the history and prospects of the Company's business, the industry in which it competes and an assessment of the Company's administrative, operational and financial results. Various factors, including the Company's financial results, general conditions of the medical sector, the condition of the overall economy, the legal environment within which the Company operates and other factors that are beyond the Company's control, could cause significant difference in the price and trading liquidity of the Company's share.

2-3-4 Future sales and Offering of Shares

The sale of substantial amounts of the Offer Shares on the Exchange following the completion of the Offering, or the perception of that occurring, could adversely affect the price of the Offer Shares in the Exchange. The Founding Shareholders will be subject to the Lock-Up Period defined in Section "Summary of Offering" of this Prospectus, during which they may not dispose of any shares. Nevertheless, the sale of a substantial number of Shares by the Founding Shareholders or any of them following the Lock-Up Period could have an adverse effect on the Company's share price in the Exchange which may result in a lower market price of the Shares. The Company does not currently intend to issue additional shares immediately following the Offering. However, the issuance of any new shares by the Company may have an adverse effect on the market value of the Company's shares and dilute the ownership interest of the Shareholders in the Company. The occurrence of any of these factors may adversely affect the anticipated returns for Subscribers or result in the loss of their investment in the Company, completely or partially.

3. Market and Industry Overview

The information for this section "Market and Industry Overview" is based on the report prepared exclusively for the Company by Roland Berger Strategy Consultants - Middle East ("Roland Berger"). Roland Berger Strategy Consultants was established in Munich, Germany in 1967 as a consulting services provider. Roland Berger Strategy Consultants has over 2,000 employees in more than 50 offices around the world. For more information on the market consultant, please visit Roland Berger's Website (www.rolandberger.com).

Neither Roland Berger nor any of its subsidiaries, sister companies, shareholders, members of its board of directors or any of their relatives owns any stake or interest in the Company. Roland Berger has given its written consent to use its name, information and market research in the format and wording provided in this prospectus.

The Board believes that third-party information and data included in this Prospectus, including the report submitted by Roland Berger are reliable. But none of the Company, the Directors, the Shareholders and the Advisors have independently verified such information, and the Directors, therefore, cannot assume responsibility for its accuracy or completeness.

All data related to the year 2014G has been extracted from the Roland Berger report as well as other sources, including reports issued by MOH, the Ninth Economic Development Plan of Ministry of Economy and Planning, the Saudi Arabian Monetary Agency, and the General Department of Statistics and Information. It is worth noting that all information and statistics included in this study are based on the most up-to-date available data on covered markets and sectors. All information related to the year 2014G relies on assumptions that are based on historical data extracted from data provided by MOH data and refined to correctly address any gaps therein.

3.1 Macroeconomic Overview of the Kingdom

Economic activity in the Kingdom has risen in recent years due to GDP growth and high population growth. The Government has systematically sponsored five (5) year economic development plans focused on the revitalization and development of key sectors. For example, the 2010G-2015G economic development plan was assigned an unprecedented budget of SAR 1,500 billion with large allotments for investments in the construction of social infrastructure, especially healthcare facilities. Development of the healthcare sector in the Kingdom was supported by a number of key economic and demographic factors.

In terms of economy, the Kingdom achieved strong economic growth in recent years. Oil revenues and governmental expenditures increase in the five recent years resulted in an increase in GDP at a compounded annual growth rate of approximately 10%. GDP per capital also increased steadily from SAR 72,000 in 2010G to SAR 95,000 in 2014G, which had a positive impact on income levels and individual purchasing power. Furthermore, it is expected that the drop in inflation rate in 2014G (2.7%), compared to previous years, will enhance the purchasing power of consumers throughout the Kingdom.

Table 10: Macroeconomic Indicators in the Kingdom

	2010G	2011G	2012G	2013G	2014G
GDP (SAR billion)	1,976	2,511	2,752	2,807	2,917
GDP Per Capita (SAR thousand)	72	89	94	94	95
Inflation Rate (%)	5.3%	5.0%	4.7%	3.6%	2.7%

Source: The Saudi Arabian Monetary Agency. Roland Berger Report

It is worth noting that the increase in demand for healthcare services is driven by increased purchasing power and higher standard of living in the Kingdom. This is especially prevalent in regards to elective surgeries (like cosmetic surgeries and weight-loss programs). Healthcare providers also benefit from the increase in individual income, which allows them to increase fees and achieve higher profit margin. Consequently, healthcare expenditures are increasing steadily with annual rates reaching 6% during the past five years.

Table 11: Healthcare Expenditures in the Kingdom

	2010G	2011G	2012G	2013G	2014G
Private expenditures (SAR billion)	27.3	28.7	30.1	32.0	34.1
Public expenditures (SAR billion)	51.7	59.2	58.0	62.2	66.4
Total expenditures (SAR billion)	79.0	87.9	88.1	94.2	100.5

Source: World Health Organization. Roland Berger Report

In terms of demographics, population growth in the Kingdom and the aging of a large sector of the young population have resulted in an increased demand for healthcare services. Population in the Kingdom increased in the past three years at an annual rate of 2.8% and reached 30.8 million in 2014G. In addition, the Kingdom's population is gradually aging, with the percentage of the population aged 60 years and over increasing from 4.3% to 5.5% of the total population between 2010G and 2014G.

Table 12: Population Distribution in the Kingdom

	2010G	2011G	2012G	2013G	2014G
Over 60 years (million)	1.2	1.4	1.5	1.6	1.7
15 - 60 years (million)	17.9	18.5	19.0	19.6	20.2
0 - 14 years (million)	8.5	8.5	8.7	8.8	8.9
Total (million)	27.6	28.4	29.2	30.0	30.8

Source: Roland Berger Report

Positive demographic developments have been a key factor in increasing demand for healthcare services. In addition, the increase in number of expatriates, who represent approximately 33% of the Kingdom's population, is a key factor in the increasing demand for healthcare services. This especially true given the Government's requirements for mandatory health insurance for all private sector employees.

3.2 The Healthcare Sector in the Kingdom

3-2-1 Introduction

In recent years, the Kingdom has witnessed continued growth in economic activity, fuelled by Government-sponsored development plans and a relatively high population growth. This has led to rising wealth levels, higher disposable income levels and purchasing power, and increased urbanization across the Kingdom. In parallel with such economic growth, spending on healthcare services across the Kingdom has grown considerably at a robust compounded annual growth rate of 6.2% over the past four years 2010G-2014G, growing from SAR 79.0 billion in 2010G to SAR 100.5 billion in 2014G. The population growth was a main drive for such increase, as well as other initiatives to improve healthcare infrastructure in the Kingdom.

The following is a brief overview of a number of key features of the healthcare sector in the Kingdom:

3-2-2 Health Insurance Coverage Increase

Cooperative health insurance in the Kingdom witnessed significant increase during the past five years as a result of the gradual implementation of rules requiring the mandatory provision of cooperative health insurance to private sector employees pursuant to the cooperative health insurance regulation promulgated by Royal Decree number (M/71) dated 27/4/1420H (corresponding to 11/8/1999G) (the "Cooperative Health Insurance Law"). Though initially only covering expatriates employed by large companies, the cooperative health insurance requirements were expanded in 2010G to include both Saudi nationals and non-Saudis working in the private sector. Consequently, health insurance premiums increased at a compounded annual growth rate of 15.9% from SAR 8.7 billion in 2010G to SAR 15.7 billion in 2014G.

Currently, three insurance companies control around 79.0% of the market in the Kingdom, with "Bupa" holding the biggest market share at 33.0% as shown in the table below:

Table 13: Overview of the Leading Insurance Companies in the Kingdom (2014G)

	Year Founded	Market value as at 7/10/2015G (In billions)	Gross written premiums (total)	Gross written premiums (Health insurance)	The Company's share of Gross written premiums in the Kingdom
Bupa	1997G	8.6	5.2	5.2	33.0%
Tawuniya	1986G	7.8	6.2	4.2	27.0%
Medgulf	2009G	2.6	4.4	3.0	19.0%
AXA Company	2009G	0.7	1.4	0.4	2.0%
Saudi Arabian Cooperative Insurance Company ("SAICO")	2006G	0.5	1.2	0.3	2.0%
Total		20.2	18.4	13.1	83.0%

Source: Roland Berger Report

** Amounts are in billion Saudi Riyals*

3-2-3 The Increase in Chronic Diseases Infection Rate

The increased prevalence of unhealthy lifestyles in the Kingdom is one of the main factors behind the growing demand for healthcare services. In 2012G, non-communicable diseases, including cardiovascular diseases, diabetes, respiratory diseases and cancer, accounted for 68.0% of the causes of death across the Kingdom with cardiovascular diseases alone standing at 42.0%. Unhealthy lifestyles have led to an increase in obesity; the leading cause of several chronic diseases. Around 30.0% of Saudi residents above the age of 15 suffer from obesity. It has been shown that obesity increases the risk of diabetes by a factor of 20 compared to a normal person.

3-2-4 Growing and Aging Population

The number of Saudi residents increased from 27.6 million in 2010G to 30.8 million in 2014G. The average age of the Saudi population increase gradually, as the proportion of the population aged above 60 accounted for 5.5% of the total population in 2014G as opposed to 4.3% in 2010G. Such demographic trends are expected to result in an increase in healthcare expenditures due to an increasing number of patients and rising healthcare costs per patient.

Table 14: Population Development in the Kingdom

Year	Population (millions)	Percentage of Population Above 60
2010G	27.6	4.3%
2011G	28.4	4.9%
2012G	29.2	5.1%
2013G	30.0	5.3%
2014G	30.8	5.5%

Source: SAMA, CDSI

3-2-5 Higher Medical Expertise

Presently, hospitals in the Kingdom have become more capable of conducting advanced procedures. For example, estimates indicate that, between 2009G and 2013G, the number of heart valve implant operations performed in the Kingdom increased by 26.0%. It is expected that this trend will positively impact the availability and quality of medical services provided across the Kingdom, thereby reducing the number of treatments performed outside the country.

3-2-6 Increasing Shortage of Medical Staff

Increases in the capacity of healthcare facilities and the opening of new healthcare facilities in the Kingdom, as well as strong demand for healthcare services, have driven strong demand for healthcare professionals, namely physicians. There remains, however, a shortage of Saudi medical graduates. The proportion of Saudi physicians in the healthcare workforce is approximately 24.0% of all physicians in the Kingdom in 2014G. Hence, the reliance on expatriate healthcare professionals in both the public and private sectors will continue to pose challenges for health care providers in the Kingdom, as reliance on expatriate staff could lead to:

- Increased costs: A shortage of local physicians will force healthcare providers to compete with neighboring GCC countries on salaries and benefits in order to attract physicians and meet demand thereby further increasing the costs borne by health care providers.
- Increased attrition: Many expatriate physicians ultimately return to practice in their home countries or seek higher salaries and a better standard of living elsewhere. As a result, healthcare providers may suffer from shortages in medical professionals, which would have an adverse effect on the quality of medical services provided.

3-2-7 Shortage of Bed Capacity

MOH hospitals face shortages in bed capacity, particularly in comparison to Organization for Economic Co-operation and Development ("OECD") countries. This has prompted MOH to develop an online referral system whereby eligible private sector hospitals can accept specific patients referred from public sector hospitals or from MOH. Despite strenuous efforts exerted by the Government to increase the bed capacity through expansion projects of existing healthcare facilities and construction of new health projects, the Kingdom's bed capacity shortage is expected to continue in the coming years.

3-2-8 Limited Health Capacity Development in Secondary Cities

The most recent and planned health facilities heavily focus on main cities (approximately 60.0% of new hospitals are built in main cities including Riyadh, Jeddah and the Eastern Province), thus exacerbating the limited healthcare coverage in secondary cities. Consequently, MOH is compensating for this shortfall in secondary cities. Hence, MOH facilities alone are set to continue providing health care services for those secondary cities without competition from the private sector.

3.3 Development of the Healthcare Sector in the Kingdom

Following the introduction of the Cooperative Health Insurance Law in the Kingdom in 2008G, the total number of individuals covered by the private insurance companies grew at a compounded annual growth rate of 11.8%, from 4.8 million in 2008G to an estimated 8.4 million in 2013G. Given that these individuals have health insurance coverage, hospital costs became a secondary selection criteria for patients. This growing patient base place an increasing premium on the quality of hospital facilities, the hospital's reputation, and the expertise of physicians and nursing staff when choosing a hospital. There are also other important criteria for selection of a specific hospital including the availability of certain advanced specializations and the perceived technological capabilities and modern medical equipment of the healthcare providers.

Due to this shift in patients' hospital selection criteria, the level of patient traffic has increased in private sector hospitals but remained stagnant in government hospitals. The number of outpatient visits to private sector hospitals increased at a compounded annual growth rate of 7.4% during the period from 2010G to 2014G, whereas the growth in outpatient visits at MOH hospitals remained limited. Over the same period, the number of inpatient admissions to private sector hospitals increased at a compounded annual growth rate of 10.1% while the number of inpatient admissions to MOH facilities remained virtually the same.

Despite the increase in patient traffic, healthcare infrastructure developed at a relatively slow pace as the number of hospitals in the Kingdom increased from 369 in 2009G to 406 in 2013G. The number of hospitals is estimated to have reached 415 in 2014G.

Table 15: The Number of MOH Hospitals and Private Sector Hospitals in the Kingdom

Number of Hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals[3]	244	249	251	259	268	274
Private Sector Hospitals[4]	125	127	130	137	138	141
Total	369	376	381	396	406	415
Percentage of Total						
MOH Hospitals	66.1%	66.2%	65.9%	65.4%	66.0%	66.0%
Private Sector Hospitals	33.9%	33.8%	34.1%	34.6%	34.0%	34.0%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	2.0%	0.8%	3.2%	3.5%	2.2%
Private Sector Hospitals	-	1.6%	2.4%	5.4%	0.7%	2.2%
Compounded Annual Growth Rate for All Hospitals	-	1.9%	1.3%	3.9%	2.5%	2.2%

Source: Roland Berger Report

In terms of bed capacity, the total number of beds increased from 44,904 in 2009G to 53,280 beds in 2013G. Total number of beds in 2014G was approximately 55,611. During this period, the private sector's share of the total number of hospital beds in the Kingdom increased gradually from 25.9% in 2009G to 26.9% 2013G, and is estimated to have reached 27.1% in 2014G. MOH launched a home healthcare program in 2010G to reduce bed occupancy rates in public hospitals by chronic diseases patients, thereby making room for other patients.

Table 16: The Number of Beds in MOH Hospitals and Private Sector Hospitals in the Kingdom

Number of beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	33,277	34,370	34,485	35,828	38,970	40,539
Private Sector Hospitals	11,627	12,817	13,321	14,165	14,310	15,072
Total	44,904	47,187	47,806	49,993	53,280	55,611
Percentage of Total						
MOH Hospitals	74.1%	72.8%	72.1%	71.7%	73.1%	72.9%
Private Sector Hospitals	25.9%	27.2%	27.9%	28.3%	26.9%	27.1%
Total	100%	100%	100%	100%	100%	100%

4 All hospitals owned and operated by the MOH.
5 All hospitals operated by the private sector (except other government hospitals like Ministry of Interior hospitals and National Guard Hospital).

Number of beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Annual Growth Rate						
MOH Hospitals	-	3.3%	0.3%	3.9%	8.8%	4.0%
Private Sector Hospitals	-	10.2%	3.9%	6.3%	1.0%	5.3%
Compounded Annual Growth Rate for All Hospitals	-	5.1%	1.3%	4.6%	6.6%	4.4%

Source: Roland Berger Report

The number of medical clinics in the Kingdom has increased at a compounded annual growth rate of 2.1% from 2,498 in 2009G to 2,719 clinics in 2013G, driven by the growth of MOH hospitals, which accounted for 92.9% of the total clinics in the Kingdom in 2013G, and 93.3% in 2014G.

Table 17: The Number of Medical Clinics in the Kingdom

Number of Medical Clinics	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Hospitals and health centers of MOH[5]	2,281	2,343	2,360	2,518	2,527	2,593
Private clinics[6]	217	199	198	198	192	186
Total	2,498	2,542	2,558	2,716	2,719	2,779
Percentage of Total						
Hospitals and health centers of MOH	91.3%	92.2%	92.3%	92.7%	92.9%	93.3%
Private clinics	8.7%	7.8%	7.7%	7.3%	7.1%	6.7%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
Hospitals and health centers of MOH	-	2.7%	0.7%	6.7%	0.4%	2.6%
Private clinics	-	-8.3%	-0.5%	0.0%	-3.0%	-3.1%
Compounded Annual Growth Rate for All Hospitals	-	1.8%	0.6%	6.2%	0.1%	2.2%

Source: Roland Berger Report

** Does not include the clinics of other government hospitals and outpatient clinics of private sector hospitals*

Despite significant recent investments by the Government, healthcare expenditures in the Kingdom remain low in comparison to developed countries. The Kingdom spent 3.3% of its GDP on healthcare in 2013G, compared to an average of 9.2% for developed OECD countries. The lower level of expenditure is reflected by lower levels of bed and physician capacities in the Kingdom. Namely, there is an average of 22 beds and 26.8 physicians per 10,000 people in the Kingdom, compared to an average of 48 beds and 32 physicians per 10,000 people in OECD countries.

OECD was founded in 1961G, and is located in the French capital, Paris. OECD aims to strengthen the policies that contribute to improving the social and economic conditions throughout the world.

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- Hungary
- Iceland
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- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- UK
- The United States of America
- Finland

6 Healthcare centers operated by the MOH.
7 Private clinics operated by the private sector.

3-3-1 The Healthcare Sector in Riyadh

In line with the economic developments at the national level generally and in the healthcare sector in particular, the number of hospitals in Riyadh increased from 71 in 2009G to 79 in 2013G, and is estimated to have reached 83 hospitals in 2014G. The number of MOH hospitals increased during this period from 44 in 2009G to 47 in 2013G, and is estimated to have reached 48 hospitals in 2014G.

Table 18: The Number of MOH Hospitals and Private Sector Hospitals in Riyadh

Number of hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	44	44	45	46	47	48
Private Sector Hospitals	27	30	31	32	32	35
Total	71	74	76	78	79	83
Percentage of Total						
MOH Hospitals	62.0%	59.5%	59.2%	59.0%	59.5%	57.8%
Private Sector Hospitals	38.0%	40.5%	40.8%	41.0%	40.5%	42.2%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	0.0%	2.3%	2.2%	2.2%	2.1%
Private Sector Hospitals	-	11.1%	3.3%	3.2%	0.0%	9.4%
Compound Annual Growth Rate for All Hospitals	-	4.2%	2.7%	2.6%	1.3%	5.1%

Source: Roland Berger Report

In terms of bed capacity, the total number of beds in Riyadh increased from 9,859 in 2009G to 12,306 in 2013G, and is estimated to have reached 12,879 in 2014G. The increase in bed capacity in Riyadh is attributable to both private and public sector hospitals, however the proportion of private sector hospital beds gradually increased from 29.2% in 2009G to 35.5% in 2013G, and is estimated to have reached 37.1% in 2014G. Bed capacity is increasing at a faster rate than the number of hospitals as most hospitals are either expanding their bed capacity by expanding their facilities or developing new larger scale complexes. MOH is following the same approach in expanding its healthcare facilities and developing new larger scale complexes, which take time to complete. To face such delay in major projects, MOH is implementing expansion plans within its current facilities to be completed in shorter periods to satisfy the growing needs and to mitigate the impact of bed shortage in hospitals.

Table 19: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Riyadh

Number of beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	6,981	7,171	7,322	7,473	7,937	8,095
Private Sector Hospitals	2,878	3,645	3,852	4,109	4,369	4,784
Total	9,859	10,816	11,174	11,582	12,306	12,879
Percentage of Total						
MOH Hospitals	70.8%	66.3%	65.5%	64.5%	64.5%	62.9%
Private Sector Hospitals	29.2%	33.7%	34.5%	35.5%	35.5%	37.1%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	2.7%	2.1%	2.1%	6.2%	2.0%
Private Sector Hospitals	-	26.7%	5.7%	6.7%	6.3%	9.5%
Compound Annual Growth Rate for All Hospitals	-	9.7%	3.3%	3.7%	6.3%	4.7%

Source: Roland Berger Report

The number of medical clinics in Riyadh increased from 469 in 2009G to 532 in 2013G (which represents a compounded annual growth rate of 3.2%). The number of medical clinics in Riyadh is estimated have reached 550 clinics in 2014G.

Table 20: The Number of Medical Clinics in Riyadh

Number of Medical Clinics	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Hospitals and health centers of MOH	421	443	446	481	482	499
Private clinics	48	46	46	47	50	51
Total	469	489	492	528	532	550
Percentage of Total						
Hospitals and health centers of MOH	89.8%	90.6%	90.7%	91.1%	90.6%	90.7%
Private Sector Hospitals	10.2%	9.4%	9.3%	8.9%	9.4%	9.3%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
Hospitals and health centers of MOH	-	5.2%	0.7%	7.8%	0.2%	3.5%
Private Sector Hospitals	-	-4.2%	0.0%	2.2%	6.4%	2.0%
Compound Annual Growth Rate for All Hospitals	-	4.3%	0.6%	7.3%	0.8%	3.4%

Source: Roland Berger Report

** Does not include the clinics of other government hospitals and outpatient clinics of private sector hospitals.*

On the demand side, the number of outpatient visits to MOH hospitals and private sector healthcare facilities in Riyadh increased at a compounded annual growth rate of 4.5%, from 13.3 million visits in 2009G to 15.9 million in 2013G, and is estimated to have reached 16.7 million in 2014G. Internal medicine and dentistry comprised the largest proportion of visits totaling 3.2 million and 1.9 million visits in 2013G, respectively. The high demand for internal medicine is attributable to the high prevalence of chronic diseases in the Kingdom. For instance, according to the Diabetes Atlas report, a periodic report of global statistics for diabetes published by International Diabetes Federation, the prevalence of diabetes in the Kingdom stood at 23.9% in 2013G compared to the world's average of 8.3%. Pediatrics reached the highest compound annual growth rate of 7.3% between 2009G and 2013G.

Table 21: Outpatient Visits in MOH Hospitals and Private Sector Hospitals in Riyadh

Outpatient Visits	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Ophthalmology	943,521	984,732	1,067,687	1,161,571	1,193,285	1,234,199	6.0%
Pediatrics	1,210,119	1,350,768	1,465,754	1,554,367	1,601,727	1,662,159	7.3%
Obstetrics and Gynecology	1,322,697	1,419,430	1,526,431	1,568,472	1,650,433	1,755,017	5.7%
Orthopedics	1,381,343	1,358,700	1,372,516	1,427,582	1,469,241	1,518,875	1.6%
ENT (Ear, Nose, and Throat)	1,528,407	1,557,831	1,560,840	1,670,008	1,735,409	1,810,008	3.2%
Dental Medicine	1,641,481	1,655,341	1,719,025	1,867,708	1,940,490	2,023,173	4.3%
Internal Medicine	2,568,918	2,697,182	2,837,649	2,992,231	3,174,545	3,398,391	5.4%
Others	2,751,856	3,019,189	3,057,162	3,076,943	3,156,161	3,253,535	3.5%
Total	13,348,342	14,043,173	14,607,064	15,318,882	15,921,291	16,655,357	4.5%

Source: Roland Berger Report

The number of inpatient admissions to MOH hospitals and private healthcare hospital in the Riyadh increased at a compound annual growth rate of 3.6%, from 464,921 patients in 2009G to 535,854 in 2013G, and is estimated to have reached 555,263 patients in 2014G. Pediatrics and Obstetrics and Gynecology comprised the largest portion of inpatient admissions as they represented 44.0% of total inpatient admissions in 2013G.

Table 22: The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Riyadh

Number of Inpatients	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Ophthalmology	24,236	24,783	24,463	32,863	36,394	36,916	10.7%
Orthopedics	31,819	32,029	31,124	30,491	34,053	34,876	1.7%
ENT (Ear, Nose, and Throat)	39,034	40,842	39,546	37,274	42,042	43,461	1.9%
General Surgery	44,163	44,397	43,295	44,328	49,285	50,306	2.8%
Internal Medicine	96,069	109,544	104,241	93,112	106,401	111,685	2.6%
Obstetrics and Gynecology	98,581	105,994	105,353	98,801	112,571	118,140	3.4%
Pediatrics	102,221	118,015	125,573	110,379	123,440	126,733	4.8%
Others	28,798	30,846	31,414	27,923	31,668	33,146	2.4%
Total	464,921	506,450	505,009	475,171	535,854	555,263	3.6%

Source: Roland Berger Report

3-3-2 Healthcare sector in Jeddah

The number of hospitals in Jeddah increased from 39 in 2009G to 46 in 2013G, and is estimated to have remained at 46 hospitals in 2014G. The number of MOH hospitals increased from 12 in 2009G to 13 hospitals in 2013G, and is estimated to have remained at 13 hospitals in 2014G.

Table 23: The Number of MOH Hospitals and Private Sector Hospitals in Jeddah

Number of Hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	12	12	12	12	13	13
Private Sector Hospitals	27	26	29	31	33	33
Total	39	38	41	43	46	46
Percentage of Total						
MOH Hospitals	30.8%	31.6%	29.3%	27.9%	28.3%	28.3%
Private Sector Hospitals	69.2%	68.4%	70.7%	72.1%	71.7%	71.7%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	0.0%	0.0%	0.0%	8.3%	0.0%
Private Sector Hospitals	-	-3.7%	11.5%	6.9%	6.5%	0.0%
Compound Annual Growth Rate for All Hospitals	-	-2.6%	7.9%	4.9%	7.0%	0.0%

Source: Roland Berger Report

In terms of bed capacity, the total number of beds in Jeddah increased from 5,498 in 2009G to 6,032 in 2013G, and is estimated to have reached 6,477 in 2014G.

Table 24: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Jeddah

Number of beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	2,650	2,865	2,410	2,567	2,993	2,843
Private Sector Hospitals	2,848	2,540	2,933	3,053	3,039	3,634
Total	5,498	5,405	5,343	5,620	6,032	6,477
Percentage of Total						
MOH Hospitals	48.2%	53.0%	45.1%	45.7%	49.6%	43.9%
Private Sector Hospitals	51.8%	47.0%	54.9%	54.3%	50.4%	56.1%

Number of beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	8.1%	-15.9%	6.5%	16.6%	-5.0%
Private Sector Hospitals	-	-10.8%	15.5%	4.1%	-0.5%	19.6%
Compound Annual Growth Rate for All Hospitals	-	-1.7%	-1.1%	5.2%	7.3%	7.4%

Source: Roland Berger Report

The number of medical clinics in Jeddah increased from 193 in 2009G to 212 in 2013G (which represents a compounded annual growth rate of 2.4%), and is estimated to have reached 219 clinics in 2014G.

Table 25: Number of Medical Clinics in Jeddah*

Number of Medical Clinics	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Hospitals and health centers of MOH	92	105	105	120	121	130
Private clinics	101	91	93	92	91	89
Total	193	196	198	212	212	219
Percentage of Total						
Hospitals and health centers of MOH	47.7%	53.6%	53.0%	56.6%	57.1%	59.4%
Private clinics	52.3%	46.4%	47.0%	43.4%	42.9%	40.6%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
Hospitals and health centers of MOH	-	14.1%	0.0%	14.3%	0.8%	7.4%
Private clinics	-	-9.9%	2.2%	-1.1%	-1.1%	-2.2%
Compound Annual Growth Rate for All Hospitals	-	1.6%	1.0%	7.1%	0.0%	3.3%

Source: Roland Berger Report

** Does not include the clinics of other government hospitals and outpatient clinics of private sector hospitals*

On the demand side, the number of outpatient visits to MOH hospitals and private sector healthcare facilities in Jeddah increased at a compounded annual growth rate of 4.9%, from 6.7 million visits in 2009G to 8.2 million in 2013G, and is estimated to have reached 8.6 million in 2014G. Internal medicine and obstetrics and gynecology visits comprised the largest number of visits totaling 1,092,454 and 1,014,696 visits respectively in 2013G.

Table 26: Outpatient Visits in MOH Hospitals and Private Sector Hospitals in Jeddah

Outpatient Visits	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Orthopedics	582,764	603,654	630,891	658,837	684,795	712,020	4.1%
ENT (Ear, Nose, and Throat)	687,903	737,044	772,697	811,993	852,202	894,359	5.5%
Dental Medicine	725,685	765,575	831,392	872,694	924,096	986,009	6.2%
Dermatology	842,205	875,488	917,827	962,702	994,442	1,025,244	4.2%
Pediatrics	857,246	888,505	929,241	971,458	1,011,898	1,051,490	4.2%
Obstetrics and Gynecology	856,822	885,354	923,885	964,865	1,014,696	1,064,410	4.3%
Internal Medicine	862,479	914,794	976,524	1,021,918	1,092,454	1,173,819	6.1%
Others	1,319,890	1,410,906	1,466,767	1,531,129	1,586,546	1,658,478	4.7%
Total	6,734,994	7,081,320	7,449,224	7,795,596	8,161,129	8,565,829	4.9%

Source: Roland Berger Report

The number of inpatient admissions to MOH hospitals and private sector healthcare facilities in Jeddah increased at a compounded annual growth rate of 1.4%, from 374,508 patients in 2009G to 396,473 patients in 2013G, and is estimated to have reached 402,904 patients in 2014G. Pediatrics and Obstetrics and Pediatrics accounted for the highest percentage of inpatients during 2013G, representing 46.3% of the total number of inpatients.

Table 27: The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Jeddah

Number of Inpatients	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Ophthalmology	16,285	19,473	26,217	30,960	31,342	31,704	17.8%
Orthopedics	22,773	21,647	21,136	20,758	21,008	21,145	-2.0%
ENT (Ear, Nose, and Throat)	28,959	27,183	26,947	26,895	27,491	27,936	-1.3%
General Surgery	44,173	44,578	43,909	43,441	44,010	44,484	-0.1%
Internal Medicine	57,949	56,132	57,470	57,061	59,160	61,223	0.5%
Obstetrics and Gynecology	80,376	86,937	86,413	89,692	91,929	93,471	3.4%
Pediatrics	99,247	93,221	91,072	90,217	91,543	92,165	-2.0%
Others	24,746	28,547	27,803	29,564	29,990	30,776	4.9%
Total	374,508	377,718	380,967	388,588	396,473	402,904	1.4%

Source: Roland Berger Report

3-3-3 Healthcare sector in Madinah

The number of hospitals in Madinah increased from 31 in 2009G to 32 in 2013G. The number of MOH hospitals remained the same at 20 hospitals for the same period based on MOH statistics, and the number of hospitals in Madinah is estimated to be 35 in 2014G.

Table 28: The Number of MOH Hospitals and Private Sector Hospitals in Madinah

Number of hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	20	20	20	20	20	21
Private Sector Hospitals	11	12	12	12	12	14
Total	31	32	32	32	32	35
Percentage of Total						
MOH Hospitals	64.5%	62.5%	62.5%	62.5%	62.5%	60.0%
Private Sector Hospitals	35.5%	37.5%	37.5%	37.5%	37.5%	40.0%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	0.0%	0.0%	0.0%	0.0%	5.0%
Private Sector Hospitals	-	9.1%	0.0%	0.0%	0.0%	16.7%
Compound Annual Growth Rate for All Hospitals	-	3.2%	0.0%	0.0%	0.0%	9.4%

Source: Roland Berger Report

In terms of bed capacity, the total number of beds in Madinah increased from 3,298 in 2009G to 4,002 in 2013G, and is estimated to have reached 4,482 beds in 2014G. This increase is due to an increase in bed numbers in MOH hospitals and private sector hospitals. The percentage of private sector hospitals from total number of beds in Madinah increased from 30% in 2009G to 34.8% in 2014G.

Table 29: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Madinah

Number of Beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	2,308	2,357	2,580	2,647	2,768	2,921
Private Sector Hospitals	990	728	799	1,035	1,234	1,561
Total	3,298	3,085	3,379	3,682	4,002	4,482
Percentage of Total						
MOH Hospitals	70.0%	76.4%	76.4%	71.9%	69.2%	65.2%

Number of Beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Private Sector Hospitals	30.0%	23.6%	23.6%	28.1%	30.8%	34.8%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	2.1%	9.5%	2.6%	4.6%	5.5%
Private Sector Hospitals	-	-26.5%	9.8%	29.5%	19.2%	26.5%
Compound Annual Growth Rate for All Hospitals	-	-6.5%	9.5%	9.0%	8.7%	12.0%

Source: Roland Berger Report

The number of medical clinics in Madinah increased from 171 in 2009G to 185 in 2013G (which represents a compound annual growth rate of 2.0%), and is estimated to have reached 189 clinics in 2014G.

Table 30: The Number of Medical Clinics in Madinah

Number of Medical Clinics	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Hospitals and health centers of MOH	154	163	163	174	174	179
Private clinics	17	17	17	11	11	10
Total	171	180	180	185	185	189
Percentage of Total						
Hospitals and health centers of MOH	90.1%	90.6%	90.6%	94.1%	94.1%	94.7%
Private clinics	9.9%	9.4%	9.4%	5.9%	5.9%	5.3%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
Hospitals and health centers of MOH	-	5.8%	0.0%	6.7%	0.0%	2.9%
Private clinics	-	0.0%	0.0%	-35.3%	0.0%	-9.1%
Compound Annual Growth Rate for All Hospitals	-	5.3%	0.0%	2.8%	0.0%	2.2%

Source: Roland Berger Report

** Does not include the clinics of other government hospitals and outpatient clinics of private sector hospitals*

On the demand side, the number of outpatient visits to MOH hospitals and private sector healthcare facilities in Madinah increased at a compounded annual growth rate of 5.2%, from 3.6 million visits in 2009G to 4.4 million in 2013G. Number of outpatient visits in Madinah is estimated to be 4.7 million in 2014G. Internal medicine, obstetrics and gynecology visits comprised the largest number of visits totaling 669,623 and 554,019 respectively in 2013G.

Table 31: Outpatient Visits to MOH Hospitals and Private Sector Hospitals in Madinah

Outpatient Visits	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Ophthalmology	188,657	201,634	283,844	313,587	338,410	366,625	15.7%
Orthopedics	308,193	319,971	326,884	351,065	374,125	394,720	5.0%
ENT (Ear, Nose, and Throat)	228,374	172,043	321,852	362,923	397,614	437,049	14.9%
Pediatrics	306,329	360,529	402,953	440,642	464,093	476,442	10.9%
Dental Medicine	396,322	435,682	465,881	506,555	537,458	557,199	7.9%
Obstetrics and Gynecology	414,085	459,885	481,267	521,048	554,019	574,200	7.5%
Internal Medicine	581,658	466,534	559,431	598,816	669,623	755,620	3.6%
Others	1,156,566	1,203,293	907,256	995,690	1,056,796	1,108,862	-2.2%
Total	3,580,184	3,619,571	3,749,368	4,090,326	4,392,138	4,670,717	5.2%

Source: Roland Berger Report

On the demand side, the number of inpatients in MOH Hospitals and Private Sector Hospitals in Madinah increased at a compound annual growth rate of 8.5%, from 165,669 in 2009G to 229,821 in 2013G, and is estimated to have reached 254,194 patients in 2014G. Internal medicine and obstetrics and gynecology comprised the largest number of inpatients in 2013G, representing 48.8% of the total inpatient numbers in Madinah.

Table 32: The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Madinah

Number of Inpatients	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G- 2013G
Ophthalmology	5,974	6,732	7,072	7,530	8,462	9,352	9.1%
Orthopedics	14,430	17,556	15,956	16,990	21,213	22,437	10.1%
ENT (Ear, Nose, and Throat)	14,159	9,973	11,812	14,592	19,755	21,479	8.7%
General Surgery	15,142	16,659	22,080	22,277	26,237	27,973	14.7%
Pediatrics	15,711	18,340	21,409	24,992	29,174	38,887	16.7%
Obstetrics and Gynecology	39,968	41,756	40,664	40,742	55,628	59,172	8.6%
Internal Medicine	52,142	44,825	39,651	42,065	56,443	60,995	2.0%
Others	8,143	10,370	11,429	13,402	12,909	13,899	12.2%
Total	165,669	166,211	170,073	182,590	229,821	254,194	8.5%

Source: Roland Berger Report

3-3-4 Healthcare sector in Aseer

The number of hospitals in Aseer increased from 32 in 2009G to 39 in 2013G, and the number of MOH hospitals increased from 23 to 28 for the same period. The number of hospitals in Aseer is estimated to reach 40 in 2014G.

Table 33: The Number of MOH Hospitals and Private Sector Hospitals in Aseer

Number of Hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	23	23	23	27	28	28
Private Sector Hospitals	9	9	9	11	11	12
Total	32	32	32	38	39	40
Percentage of Total						
MOH Hospitals	71.9%	71.9%	71.9%	71.1%	71.8%	70.0%
Private Sector Hospitals	28.1%	28.1%	28.1%	28.9%	28.2%	30.0%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	0.0%	0.0%	17.4%	3.7%	0.0%
Private Sector Hospitals	-	0.0%	0.0%	22.2%	0.0%	9.1%
Total	-	0.0%	0.0%	18.8%	2.6%	2.6%

Source: Roland Berger Report

In terms of bed capacity, the total number of beds in Aseer increased from 3,365 in 2009G to 4,054 in 2013G, and is estimated to have reached 4,169 beds in 2014G. This increase in bed capacity in Aseer is in both government and private sector hospitals.

Table 34: The Number of Beds in MOH hospitals and Private Sector Hospitals in Aseer

Number of Hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	2,565	2,814	2,720	2,870	3,170	3,239
Private Sector Hospitals	800	800	800	841	884	930
Total	3,365	3,614	3,520	3,711	4,054	4,169
Percentage of Total						

Number of Hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	76.2%	77.9%	77.3%	77.3%	78.2%	77.7%
Private Sector Hospitals	23.8%	22.1%	22.7%	22.7%	21.8%	22.3%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	9.7%	-3.3%	5.5%	10.5%	2.2%
Private Sector Hospitals	-	0.0%	0.0%	5.1%	5.1%	5.2%
Total	-	7.4%	-2.6%	5.4%	9.2%	2.8%

Source: Roland Berger Report

The number of medical clinics in Aseer increased from 325 in 2009G to 347 in 2013G (which represents a compounded annual growth rate of 1.7%), and is estimated to have reached 353 in 2014G.

Table 35: The Number of Medical Clinics in Aseer

Number of Medical Clinics	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Hospitals and health centers of MOH	322	326	326	344	345	351
Private clinics	3	3	2	2	2	2
Total	325	329	328	346	347	353
Percentage of Total						
Hospitals and health centers of MOH	99.1%	99.1%	99.4%	99.4%	99.4%	99.4%
Private clinics	0.9%	0.9%	0.6%	0.6%	0.6%	0.6%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
Hospitals and health centers of MOH	-	1.2%	0.0%	5.5%	0.3%	1.7%
Private clinics	-	0.0%	-33.3%	0.0%	0.0%	0.0%
Total	-	1.2%	-0.3%	5.5%	0.3%	1.7%

Source: Roland Berger Report

** Does not include the clinics of other government hospitals and outpatient clinics of private sector hospitals*

On the demand side, the number of outpatient visits to MOH hospitals and private sector healthcare facilities in Aseer increased at a compounded annual growth rate of 1.0%, from 1.7 million visits in 2009G to 1.8 million in 2013G, and is estimated to be 30,000 visits higher in 2014G than in 2013G. Internal medicine and obstetrics and gynecology visits comprised the largest number of visits totaling 292,601 and 279,498 visits respectively in 2013G.

Table 36: Outpatient Visits to MOH Hospitals and Private Sector Hospitals in Aseer

Outpatient Visits	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Dental Medicine	128,048	126,550	111,047	105,448	101,794	102,780	-5.6%
Ophthalmology	113,353	124,809	122,742	126,080	124,509	127,465	2.4%
ENT (Ear, Nose, and Throat)	137,826	141,973	135,699	142,031	144,895	146,719	1.3%
Orthopedics	172,632	184,623	175,509	164,075	157,146	158,669	-2.3%
Pediatrics	198,043	228,315	215,193	216,947	207,878	210,412	1.2%
Obstetrics and Gynecology	274,254	289,272	279,092	288,972	279,498	280,825	0.5%
Internal Medicine	283,945	283,955	278,657	282,190	292,601	294,806	0.8%
Others	418,219	479,359	493,092	504,599	485,895	504,460	3.8%
Total	1,726,320	1,858,856	1,811,031	1,830,342	1,794,216	1,826,136	1.0%

Source: Roland Berger Report

The number of inpatient admissions to MOH hospitals and private sector healthcare facilities in Aseer increased at a compound annual growth rate of 0.8%, from 183,626 patients in 2009G to 189,935 patients in 2013G. And the number of inpatients in Aseer is estimated to reach 192,780 in 2014G. Patients of internal medicine and pediatrics comprised the largest number of inpatients in 2013G, representing 45% of the total inpatient numbers in Aseer.

Table 37: The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Aseer

Number of Inpatients	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Ophthalmology	3,875	3,382	3,658	3,442	3,632	3,862	-1.6%
ENT (Ear, Nose, and Throat)	13,896	14,977	14,483	15,432	16,399	17,443	4.2%
Orthopedics	17,695	19,824	19,328	17,826	18,133	17,953	0.6%
General Surgery	24,267	22,876	19,467	18,332	18,843	19,051	(6.1%)
Obstetrics and Gynecology	35,548	37,615	35,972	35,287	36,301	36,228	0.5%
Pediatrics	29,577	37,014	35,069	35,753	36,444	36,034	5.4%
Internal Medicine	48,142	47,382	45,851	46,547	48,991	50,935	0.4%
Others	10,626	10,830	11,036	10,898	11,192	11,274	1.3%
Total	183,626	193,900	184,864	183,517	189,935	192,780	0.8%

Source: Roland Berger Report

3-3-5 Healthcare Sector in Hail

The number of hospitals in Hail increased from 10 in 2009G to 12 in 2013G, and the number of MOH hospitals increased from 9 to 11 for the same period. The number of hospitals in Hail is estimated to stay the same in 2014G.

Table 38: The Number of MOH Hospitals and Private Sector Hospitals in Hail

Number of hospitals	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	9	11	11	11	11	11
Private Sector Hospitals	1	1	1	1	1	1
Total	10	12	12	12	12	12
Percentage of Total						
MOH Hospitals	90.0%	91.7%	91.7%	91.7%	91.7%	91.7%
Private Sector Hospitals	10.0%	8.3%	8.3%	8.3%	8.3%	8.3%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	22.2%	0.0%	0.0%	0.0%	0.0%
Private Sector Hospitals	-	0.0%	0.0%	0.0%	0.0%	0.0%
Total	-	20.0%	0.0%	0.0%	0.0%	0.0%

Source: Roland Berger Report

In terms of bed capacity, the total number of beds in Hail increased from 1,005 in 2009G to 1,185 in 2013G, and is estimated to have reached 1,357 beds in 2014G. This increase in bed capacity in Hail is in both government and private sector hospitals. The percentage of MOH hospitals from total number of beds in Hail increased from 93.4% in 2009G to 94.4% in 2014G, and this percentage is estimated at 94.4% in 2014G.

Table 39: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Hail

Number of Beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	939	1,062	1,095	1,095	1,125	1,281
Private Sector Hospitals	66	60	60	60	60	76
Total	1,005	1,122	1,155	1,155	1,185	1,357
Percentage of Total						

Number of Beds	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
MOH Hospitals	93.4%	94.7%	94.8%	94.8%	94.9%	94.4%
Private Sector Hospitals	6.6%	5.3%	5.2%	5.2%	5.1%	5.6%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	13.1%	3.1%	0.0%	2.7%	13.9%
Private Sector Hospitals	-	-9.1%	0.0%	0.0%	0.0%	26.7%
Total	-	11.6%	2.9%	0.0%	2.6%	14.5%

Source: Roland Berger Report

The number of medical clinics in Hail increased from 102 in 2009G to 113 in 2013G (which represents a compounded annual growth rate of 2.6%), and is estimated to have reached 115 clinics in 2014G.

Table 40: The Number of Medical Clinics in Hail

Number of Medical Clinics	2009G	2010G	2011G	2012G	2013G	2014G (estimated)
Hospitals and health centers of MOH	102	104	107	111	111	113
Private clinics	-	-	2	2	2	2
Total	102	104	109	113	113	115
Percentage of Total						
MOH Hospitals	100.0%	100.0%	98.2%	98.2%	98.2%	98.3%
Private Sector Hospitals	0.0%	0.0%	1.8%	1.8%	1.8%	1.7%
Total	100%	100%	100%	100%	100%	100%
Annual Growth Rate						
MOH Hospitals	-	2.0%	2.9%	3.7%	0.0%	1.8%
Private Sector Hospitals	-	-	-	0.0%	0.0%	0.0%
Total	-	2.0%	4.8%	3.7%	0.0%	1.8%

Source: Roland Berger Report

** Does not include the clinics of other government hospitals and outpatient clinics of private sector hospitals.*

On the demand side, the number of outpatient visits to MOH hospitals and private sector healthcare facilities in Hail increased at a compound annual growth rate of 3.2%, from 1.3 million visits in 2009G to 1.5 million in 2013G, and is estimated to have remained at 1.5 million in 2014G. Internal medicine and obstetrics visits comprised the largest number of visits totaling 243,702 and 195,541 visits in 2013G, respectively.

Table 41: Outpatient Visits to MOH Hospitals and Private Sector Hospitals in Hail

Outpatient Visits	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Dental Medicine	154,018	175,793	93,502	88,378	91,519	93,441	-12.2%
Ophthalmology	60,212	68,136	97,998	93,400	97,940	103,511	12.9%
Orthopedics	129,175	144,217	139,688	130,720	134,298	136,327	1.0%
ENT (Ear, Nose, and Throat)	130,344	144,241	134,441	129,693	136,630	143,791	1.2%
Pediatrics	129,072	139,797	182,230	173,805	176,468	174,319	8.1%
Obstetrics and Gynecology	169,873	189,588	205,585	190,749	195,541	195,092	3.6%
Internal Medicine	220,020	246,270	237,829	222,396	243,702	271,320	2.6%
Others	292,601	328,617	389,635	375,011	383,395	388,806	7.0%
Total	1,285,315	1,436,659	1,480,908	1,404,152	1,459,493	1,506,607	3.2%

Source: Roland Berger Report

The number of inpatient admissions to MOH hospitals and private sector healthcare facilities in Hail increased at a compounded annual growth rate of 1.1%, from 81,911 patients in 2009G to 85,514 patients in 2013G, and is estimated to have reached 88,429 patients in 2014G. Patients of internal medicine and pediatrics comprised the largest number of inpatients in 2013G, representing 53.3% of the total number of inpatient admissions in Hail.

Table 42: The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Hail

Number of Inpatients	2009G	2010G	2011G	2012G	2013G	2014G (estimated)	CAGR 2009G-2013G
Ophthalmology	706	816	910	856	852	868	4.8%
ENT (Ear, Nose, and Throat)	5,789	5,171	5,040	5,432	5,493	5,684	(1.3%)
General Surgery	5,022	4,817	5,363	5,845	5,848	5,999	3.9%
Orthopedics	5,922	5,750	6,730	6,298	6,301	6,448	1.6%
Obstetrics and Gynecology	12,304	14,048	13,555	14,150	14,369	14,919	4.0%
Pediatrics	19,527	17,480	18,675	18,868	18,965	19,491	(0.7%)
Internal Medicine	25,898	27,709	26,493	26,074	26,601	27,759	0.7%
Others	6,743	7,006	6,926	7,076	7,085	7,261	1.2%
Total	81,911	82,797	83,692	84,599	85,514	88,429	1.1%

Source: Roland Berger Report

3.4 Competition and Market Share

Table 43: The Company's Market Share by Inpatients (2013G)

City	2013G
Riyadh	1.7%
Jeddah	4.2%
Madinah	3.3%
Aseer	5.3%
Total	3.0%

Source: The Company

Table 44: The Company's Market Share by Outpatient Visits (2013G)

City	2013G
Riyadh	1.2%
Jeddah	6.5%
Madinah	3.1%
Aseer	10.1%
Total	3.2%

Source: The Company

3-4-1 Competitive Landscape in Riyadh

Major hospitals in Riyadh account for more than half of bed capacity of private and MOH hospitals. Since actual information for 2014G is not available, the market share figures listed below were calculated based on 2013G information.

Table 45: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Riyadh (2013G)

Hospital	Number of Beds	Percentage of Total
King Fahd Medical City	1,500	12.2%
King Saud Medical City	1,446	11.8%
Dr. Sulaiman Al Habib Medical Group	982	8.0%
Dallah Hospital	403	3.3%

Hospital	Number of Beds	Percentage of Total
Riyadh Care Hospital	340	2.8%
Al Yamamah Hospital	310	2.5%
Al Hammadi Hospital	300	2.4%
Specialized Medical Center Hospital	275	2.2%
Al Iman Hospital	220	1.8%
SGH Riyadh	212	1.7%
Prince Salman Hospital	210	1.7%
Al Mouwasat Hospital	200	1.6%
Najd Consulting Hospital	160	1.3%
Dr Abdul Rahman Al-Mishari Hospital	140	1.1%
Consulting Clinics in Kingdom Hospital	130	1.1%
Riyadh National Hospital	124	1.0%
Major Hospitals in Riyadh	6,952	56.5%
Other Hospitals in Riyadh	5,354	43.5%
Total Number of Beds in MOH Hospitals and Private Sector Hospitals in Riyadh	12,306	100.0%

Source: Roland Berger Report

As for bed capacity in private sector hospitals in Riyadh, the largest private sector hospitals collectively account for almost 56.5% of the total number of private sector hospitals in the city. SGH Riyadh has the sixth largest bed capacity among the private sector hospitals as at 2013G.

Table 46: The Number of Beds in Private Sector Hospitals in Riyadh (2013G)

Hospital	Number of Beds	Percentage of Total
Dr. Sulaiman Al Habib Medical Group	982	22.5%
Dallah Hospital	403	9.2%
Riyadh Care Hospital	340	7.8%
Al Hammadi Hospital	300	6.9%
Specialized Medical Center Hospital	275	6.3%
SGH Riyadh	212	4.9%
Al Mouwasat Hospital	200	4.6%
Najd Consulting Hospital	160	3.7%
Dr Abdul Rahman Al-Mishari Hospital	140	3.2%
Consulting Clinics in Kingdom Hospital	130	3.0%
Riyadh National Hospital	124	2.8%
Other private sector hospitals in Riyadh	1,103	25.2%
Total private sector hospitals in Riyadh	4,369	100.0%

Source: Roland Berger Report

3-4-2 Competitive Landscape in Jeddah

The 15 largest MOH and private sector hospitals in Jeddah account for 71.2% of total bed capacity. Since actual information for 2014G is not available, the market share figures listed below were calculated based on 2013G information.

Table 47: The Number of Beds in MOH Hospitals and Private Sector Hospitals in in Jeddah (2013G)

Hospital	Number of Beds	Percentage of Total
King Fahad Hospital	901	14.9%
Dr. Sulaiman Faqih Hospital	600	9.9%
King AbdulAziz Hospital and Tumor Center	480	8.0%
Delivery and pediatrics hospital	355	5.9%
Bagedo & Dr. Erfan General Hospital	325	5.4%
International Medical Center (IMC)	300	5.0%
Al Amal Dental Health Complex - Jeddah	200	3.3%
Dr. Baksh Hospital	200	3.3%
SGH Jeddah	191	3.2%
New Jeddah National Hospital	140	2.3%
Al Aziziyah Maternity And Children's Hospital in Jeddah	125	2.1%
United Doctors Hospital	120	2.0%
Al Hayat Hospital - Jeddah	120	2.0%
Bugshan Hospital	120	2.0%
Mustaqbal	120	2.0%
Top 15 hospitals	4,297	71.2%
Other Hospitals in Jeddah	1,735	28.8%
Total Number of Beds in MOH and Private Sector Hospitals in Jeddah	6,032	100.0%

Source: Roland Berger Report

The top ten hospitals in Jeddah cover around 73.6% of the total number of beds available in private sector hospitals in the city.

Table 48: The Number of Beds in Private Healthcare Facilities in Jeddah (2013G)

Hospital	Number of Beds	Percentage of Total
Dr. Sulaiman Faqih Hospital	600	19.7%
Bagedo & Dr. Erfan General Hospital	325	10.7%
International Medical Center (IMC)	300	9.9%
Dr. Baksh Hospital	200	6.6%
Saudi German Hospital – Jeddah	191	6.3%
New Jeddah National Hospital	140	4.6%
United Doctors Hospital	120	3.9%
Al Hayat Hospital	120	3.9%
Bugshan Hospital	120	3.9%
Mustaqbal	120	3.9%
Top ten hospitals	2,236	73.6%
Other hospitals in Jeddah	803	26.4%
Total number of Jeddah private sector hospitals	3,039	100.0%

Source: Roland Berger Report

Most private sector hospitals are able to provide most healthcare services provided by MOH and other government hospitals, covering a wide range of therapeutic areas and offering a comprehensive range of services to their patients. Private sector hospitals distinguish themselves by varying degrees of specialization in fine therapeutic areas, focusing on specific outpatient clinics, and targeting different segments of patients.

3-4-3 Competitive Landscape in Madinah

The top fifteen (15) hospitals account for 74.9% of total bed capacity in Madinah in private sector and MOH hospitals. Since actual information for 2014G is not available, the market share figures listed below were calculated based on 2013G information.

Table 49: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Madinah (2013G)

Hospital	Number of Beds	Percentage of Total
Obstetrics & Gynecology Hospital	500	12.5%
Madinah National Hospital	500	12.5%
King Fahad Hospital	423	10.6%
Yanbu General Hospital	279	7.0%
Ohud Hospital	261	6.5%
Aldar Hospital	200	5.0%
Prince Abdalmuhsen Hospital	160	4.0%
SGH Madinah	154	3.8%
Al Mouwasat Hospital - Madinah	120	3.0%
Al Ansar Hospital	100	2.5%
Yanbu National Hospital	74	1.8%
Meqat General Hospital	65	1.6%
Sameer Ibrahim Saeedi Hospital	60	1.5%
Khyber General Hospital	50	1.2%
Al-Henakiah General Hospital	50	1.2%
Top 15 Hospitals	2,996	74.9%
Other Hopsitals inMadinah	1,006	25.1%
Total Number of Beds in MOH Hospitals and Private Sector Hospitals in Madinah	4,002	100%

Source: Roland Berger Report

Saudi German Hospital - Madinah has the third largest bed capacity in Madinah among the private sector hospitals as at 2013G.

Table 50: The Number of Beds in Private Sector Hospitals in Madinah (2013G)

Hospital	Number of Beds	Percentage of Total
Madinah National Hospital	500	40.5%
Aldar Hospital	200	16.2%
SGH Madinah	154	12.5%
Al Mouwasat Hospital - Madinah	120	9.7%
Yanbu National Hospital	74	6.0%
Other private sector hospitals in Madinah	186	15.1%
Total private sector healthcare facilities in Al-Madinah	1,234	100%

Source: Roland Berger Report

3-4-4 Competitive Landscape in Aseer

The top ten (10) hospitals in Aseer account for more than half of the bed capacity in private sector and MOH hospitals. Since actual information for 2014G is not available, the market share figures listed below were calculated based on 2013G information.

Table 51: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Aseer (2013G)

Hospital	Number of Beds	Percentage of Total
Aseer Central Hospital	500	12.3%
Khamis Mushait General Hospital	500	12.3%
Al Hayat National Hospital	212	5.2%
Abha Private Hospital	200	4.9%
Delivery and pediatrics hospital	200	4.9%
SGH Aseer	183	4.5%
Muhayl Hospital	100	2.5%
Al-Bark Hospital	50	1.2%
Al Qahma Hospital	50	1.2%
Dr. Ghassan N. Pharaon General Hospital	50	1.2%
Top ten hospitals	2,045	50.4%
Other hospitals in Aseer	2,009	49.6%
Total number of MOH private sector hospitals in Aseer	4,054	100%

Source: Roland Berger Report

Saudi German Hospital - Aseer has the third largest bed capacity among the private sector hospitals as at 2013G.

Table 52: The Number of Beds in Private Sector Hospitals in Aseer (2013G)

Hospital	Number of Beds	Percentage of Total
Al Hayat National Hospital	212	24.0%
Abha Private Hospital	200	22.6%
SGH Aseer	183	20.7%
Dr. Ghassan N. Pharaon General Hospital	50	5.7%
Magrabi Eye, ENT and Dental Center	14	1.6%
Other private sector hospitals in Aseer	225	25.5%
Total private sector hospitals in Aseer	884	100%

Source: Roland Berger Report

3-4-5 Competitive Landscape in Hail

Top five (5) hospitals in Hail account for 74.7% of total bed capacity in private and government hospitals.

Table 53: The Number of Beds in MOH Hospitals and Private Sector Hospitals in Hail (2013G)

Hospital	Number of Beds	Percentage of Total
King Khalid University Hospital	350	29.5%
Hail General Hospital	300	25.3%
Obstetrics & gynecology Hospital	120	10.1%
Al-Rashid Hospital	65	5.5%
Mental Health Hospital	50	4.2%
Top five Hospitals	885	74.7%
Other Hail Hospitals	300	25.3%
Total Number of Beds in MOH Hospitals and Private Sector Hospitals in Hail	1,185	100%

Source: Roland Berger Report

3.5 Overview of the Medical Supplies and Equipment Sector

As for demand for medical supplies and equipment, improvements in infrastructure and the rapid expansion of hospitals and healthcare facilities throughout the Kingdom have led to significant improvements to the medical supplies and equipment industry. There is increase in demand for healthcare facilities driven by the aging of the Kingdom's population and the significant increase in demand for medical supplies and equipment. However, local production is limited to basic products by a number of manufacturers, and most of products continue to be imported from outside the Kingdom.

The following table sets forth the prices of medical equipment and items sold in the medical equipment industry.

Table 54: Improvements in the Medical Supplies and Equipment Sector

Product (SAR million)	2010G	2011G	2012G	2013G	2014G
Orthopedics and prosthetics	239	272	411	422	463
Dental Medicine products	298	367	451	511	563
Patient Assistance Equipment	303	449	542	629	697
Medical Consumables	743	889	1,152	1,430	1,570
Diagnostic Imaging	1,034	1,225	1,459	1,622	1,763
Other products	1,804	1,955	2,281	2,585	2,849
Total	4,421	5,157	6,296	7,199	7,905

Source: Roland Berger Report

4. Background of the Company and the Nature of its Business

4.1 Introduction

Middle East Healthcare Company was established as a closed Saudi joint stock company in Jeddah pursuant to Ministerial Resolution number (2554) dated 16/03/1425H (corresponding to 5/5/2004G) and registered in Jeddah under commercial registration number 4030149460 on 06/04/1425H (corresponding to 25/5/2004G), with its headquarters located at Batterjee Street, Al Zahraa District, Jeddah. The current paid-up share capital of the Company is (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, consisting of (92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals each. The latest capital increase from (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals to (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals was achieved through the capitalisation of (SAR 153,400,000) one hundred fifty-three million four hundred thousand Saudi Riyals from the retained earnings balance as at 31 December 2014G.

The below table highlights the most important changes made to the Company's share capital since its incorporation and up to the date of this Prospectus.

Table 55: The most important changes made to the Company's share capital and Bylaws

Date	Legal Form	Capital Before Change (SAR)	Capital After Change (SAR)	Nominal Value Per Shares (SAR)	Paid Amount (SAR)	Reason for the Change
16/03/1425H (corresponding to 05/05/2004G)	Closed Joint Stock Company	--	590,000,000	50	590,000,000 (Cash and in-kind)	Establishment of the Company
02/02/1435H (corresponding to 05/12/2013G)	Closed Joint Stock Company	590,000,000	767,000,000	10	177,000,000[7]	Effecting the Reorganisation and transferring the assets (in-kind contributions) contributed by some Shareholders to the Company and issuing new shares for such assets' book value (except for Dammam land which was valued at market value) through the capitalization of the Shareholders' account
28/07/1436H (corresponding to 17/05/2015G)	Closed Joint Stock Company	767,000,000	920,400,000	10	153,400,000[8]	Issuing bonus shares to the existing Shareholders through capitalization of retained earnings

Source: The Company

Section 4-3 "Development and Increases of the Company's Share Capital" sets out the details of the increases to the Company's share capital since its incorporation in 2004G and up to the date of this Prospectus.

The Company's main activity is to own, manage, operate and maintain hospitals. Currently, the Company fully owns four (4) hospitals located in Jeddah (SGH Jeddah), Riyadh (SGH Riyadh), Al Madinah (SGH Madinah) and Khamis Mushait (SGH Aseer). The Company also owns 32.33% of the share capital of NHC, a closed joint stock company registered in Hail to setup, manage, operate and maintain hospitals. NHC is currently in the process of developing a new hospital in Hail (SGH Hail), for which the construction works started on 21/07/1427H (corresponding to 15/08/2006G) and which is expected to commence its operation in the second quarter of 2016G (SGH Hail).

In addition, the Company is currently developing the necessary designs and plans to build a new hospital in Dammam (SGH Dammam), to be established on a plot of land owned by the Company. The Company has not yet initiated the construction works for said project (for more information on SGH Dammam, please see Section 4-18-2 "SGH Dammam Project" of this Prospectus). The Company also entered into Management Supervision Agreements in relation to a number of hospitals outside of the Kingdom, namely in Dubai, Cairo and Sanaa, (for more information on the Management Supervision Agreements, please see Section 4-20 "Hospital Management Supervision Agreements with Foreign Hospitals" of this Prospectus).

All of the abovementioned hospitals use the "Saudi German Hospital" brand name as their trade name. For more information on such hospitals, please see Section 4-12 "Description of MEAHCO Hospitals" of this Prospectus.

8 For more information on the calculation method of this amount, please see Table 59 of this Prospectus.
9 For more information regarding the calculation method of this amount, please see Section 4-3-7 "Second Capital Increase in 2015G" of this Prospectus.

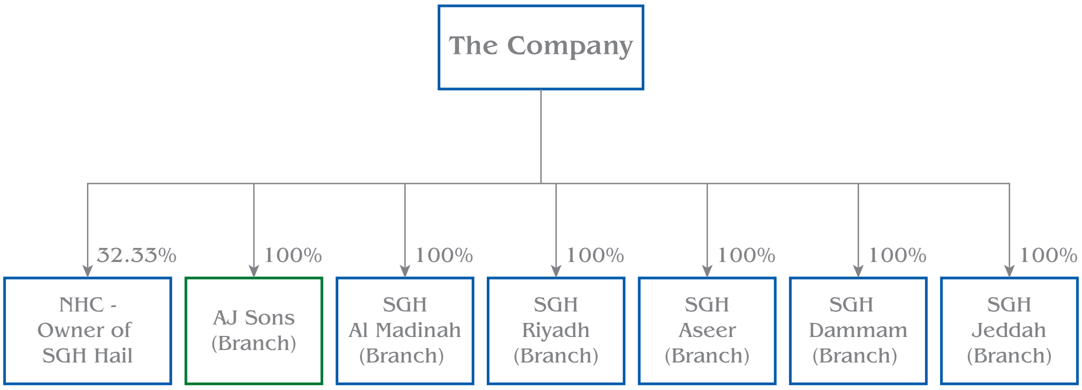
The Company also fully owns AJ Sons branch registered with the Ministry of Commerce and Industry under the name "Abduljaleel Ibrahim Batterjee Sons Development Company" with commercial registration number 4030181710 dated 04/08/1429H (corresponding to 05/08/2008G), which is mainly involved in procurement and supply of medical instruments and equipment and medical consumables. For more information on this branch, please see Section 4-13 "Description of AJ Sons" of this Prospectus.

For the six-month period ended on 30 June, 2015G, the Company's revenues amounted to (SAR 763,645,666) seven hundred sixty-three million six hundred forty-five thousand six hundred sixty-six Saudi Riyals and its net profits amounted to (SAR 197,180,249) one hundred ninety-seven million one hundred eighty thousand two hundred forty-nine Saudi Riyals. For the six-month period ended on 30 June, 2015G, the bed capacity of the four (4) MEAHCO Hospitals mentioned above was 788 beds and 281 clinics.

4.2 Legal Structure of the Company, its Branches and Subsidiary

The following chart shows the legal structure of the Company, its branches and Subsidiary:

Figure 1: Legal Structure of the Company



Source: The Company

As detailed in the figure above, the Company currently owns four (4) hospitals in several cities of the Kingdom under the name "Saudi German Hospital":

- SGH Jeddah, a hospital established in 1988G in Jeddah on a plot of land owned by the Company and registered with the Ministry of Commerce and Industry as a branch fully owned by the Company under commercial registration number 4030124187 dated 05/02/1419H (corresponding to 31/05/1998G).
- SGH Asser, a hospital established in 2000G in Khamis Mushait and registered with the Ministry of Commerce and Industry as a branch fully owned by the Company under commercial registration number 5855019364 dated 28/12/1420H (corresponding to 03/04/2000G).
- SGH Riyadh, a hospital established in 2000G in Riyadh on a plot of land owned by the Company and registered with the Ministry of Commerce and Industry as a branch fully owned by the Company under commercial registration number 1010162269 dated 24/07/1421H (corresponding to 21/10/2000G).
- SGH Madinah, a hospital established in 2002G in Madinah and registered with the Ministry of Commerce and Industry as a branch fully owned by the Company under commercial registration number 4650032396 dated 18/02/1423H (corresponding to 01/05/2002G).

In addition to the abovementioned hospitals, the Company owns 32.33% of the share capital of NHC, a closed joint stock company registered in Hail, which is currently building a new hospital in Hail (SGH Hail). On 06/08/1436H (corresponding to 24/05/2015G), the Company entered into an agreement to manage and operate SGH Hail, which is expected to commence operations during the second quarter of 2016G (for more information on SGH Hail, please see Section 4-18-1 "SGH Hail Project" of this Prospectus).

The Company is also currently developing the necessary designs and plans to build a new hospital in Dammam (SGH Dammam), to be established on a plot of land owned by the Company. The Company registered a new branch in Dammam for the purpose of establishing SGH Dammam under commercial registration number 2050105713 dated 18/07/1436H (corresponding to 07/05/2015G). The construction works for SGH Dammam have not been commenced yet by the Company (for more information on SGH Dammam, please see Section 4-18-2 "SGH Dammam Project" of this Prospectus).

The Company also fully owns AJ Sons branch registered with the Ministry of Commerce and Industry under name "Abduljaleel Ibrahim Batterjee Sons Development Company" with commercial registration number 4030181710 dated 04/08/1429H (corresponding to 05/08/2008G), which is mainly involved in procurement and supply of medical instruments and equipment and medical consumables (for more information on this branch, please see Section 4-13 "Description of AJ Sons" of this Prospectus).

4.3 Evolution and Increases of the Company's Share Capital

4-3-1 Share Capital of the Company at incorporation in 2004G

The Company was established in 2004G with a share capital of (SAR 590,000,000) five hundred ninety million Saudi Riyals divided into 11,800,800 (eleven million eight hundred thousand eight hundred) shares with a nominal value of (SAR 50) fifty Saudi Riyals each, of which (SAR 840,800) eight hundred forty thousand eight hundred were cash shares issued to Founding Shareholders in consideration of the payment by them of (SAR 42,040,000) forty-two million forty thousand Saudi Riyals as a part of the share capital of the Company, while the remaining shares amounting to (10,959,200) ten million nine hundred fifty-nine thousand two hundred shares were in-kind shares issued to the founding shareholder, BAB. The following table sets out the in-kind contributions made by BAB, which were valued based on their net book value as registered in BAB's accounts as at this date, which consisted of the following:

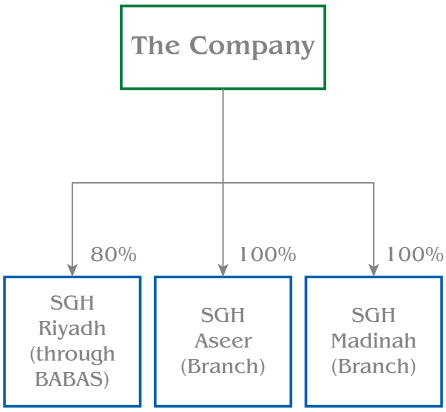
Table 56: Details of the in-kind contributions made by BAB upon the Company's incorporation

	BAB in-kind contributions upon the Company's incorporation	Valuation based on Net Book Value as at 2004G (SAR Million)		
		Total Assets	Total Liabilities	Net Book Value
1	80% of the shares in BABAS which owned SGH Riyadh	300.2	68.9	231.3
2	SGH Aseer	337.1	249.1	88.0
3	SGH Madinah	308.7	80.0	228.7
	Total	946.0	398.0	548.0

Source: The Company

Figure (2) below represents the ownership structure of the assets owned by the Company upon its incorporation.

Figure 2: Ownership structure of the assets owned by the Company upon its incorporation



** The percentages mentioned in the chart reflect the ownership percentages in a company or a branch.*

4-3-2 The First Capital Increase and Reorganisation of the Company's Ownership in 2013G

Prior to 30/09/2013G, the assets specified in the following table were owned by some of the Company's Shareholders, and were subsequently transferred by them to the Company ("Contributed Assets"), as further explained in the following paragraphs of this subsection:

Table 57: Contributed Assets (in-kind contribution) held by some of the Company's Shareholders prior to 30/09/2013G

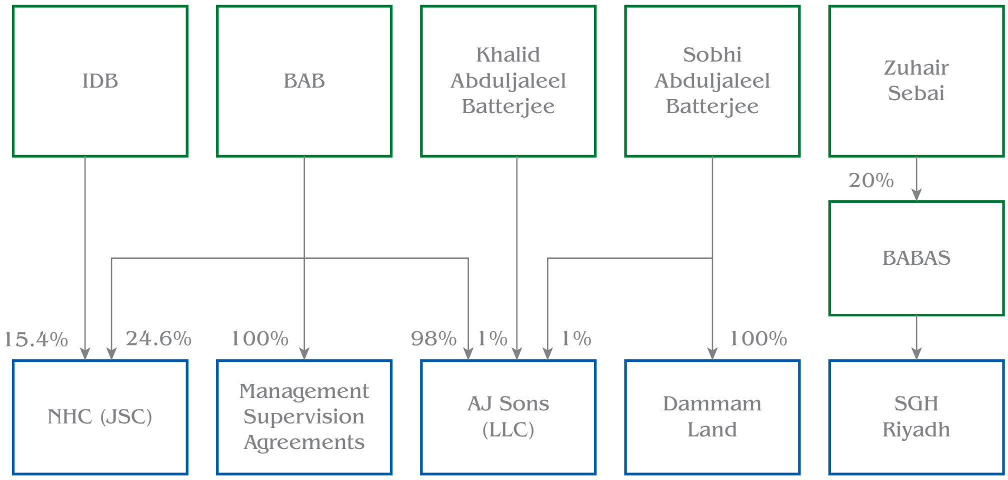
Asset	The Shareholder owning the Asset	Net book value of the Asset in SAR as at 30/09/2013G (except for the Dammam Land which was transferred at market value)
SGH Jeddah	BAB	75,848,568
20% of BABAS (owner of SGH Riyadh)	Zuhair Ahmed Al-Sebai	25,000,000
39.96% of NHC (owner of SGH Hail (under construction))	BAB (24.58%) and IDB (15.38%)	25,980,000
98% of AJ Sons	BAB	7,971,432
Dammam Land (30,000 m2)	Sobhi Batterjee	42,200,000

Asset	The Shareholder owning the Asset	Net book value of the Asset in SAR as at 30/09/2013G (except for the Dammam Land which was transferred at market value)
Management Supervision Agreements	BAB	-
Total		177,000,000

Source: The Company

Figure (3) below represents the ownership structure of the assets mentioned above prior to 30/09/2013G.

Figure 3: Ownership structure of Contributed Assets by some Shareholders prior to 30/09/2013G



On 30/09/2013G, the Shareholders mentioned in Table 57 above agreed to transfer the ownership of the assets specified in the same table to the Company, who became the owner of such assets ("Reorganisation") in preparation for the listing of the Company on Tadawul and offering of a portion of its shares to the public. In this respect, such Shareholders and the Company agreed on 30/09/2013G in the form of consent letters to transfer the ownership of the above assets to the Company, in consideration for the issuance of new shares by the Company such that the eventual shareholding of the Company (after the Reorganisation) would reflect fair value of the Contributed Assets being transferred to the Company and the assets already owned by the Company. The Reorganisation was undertaken in two stages as follows:

Stage I: The assets were transferred to the Company at their respective net book value (except for the Dammam Land which was transferred at market value as at 04/11/1434H (corresponding to 30/09/2013G), in addition to the Management Supervision Agreements assigned for no consideration) to the Company (including related benefits, rights and liabilities) from that date, in consideration for issuing new shares in the Company to the abovementioned Shareholders on the basis of their pro-rata ownership percentage in the Company's share capital. For clarity, the ownership of the Contributed Assets was transferred at book value (except for the Dammam Land which was transferred at market value, and the Management Supervision Agreements which were assigned for no consideration), while the said Shareholders agreed to redistribute the new shares resulting from the capital increase among themselves at the agreed fair value of the Contributed Assets as well as the other assets held by the Company at that time. Section 4-3-3 "Details of the Contributed Assets used in the First Capital Increase" of this Prospectus discusses the assets contributed by the said Shareholders to the Company in the context of the Reorganisation.

In light of the Shareholders' consent mentioned above, the EGA of the Company resolved, on 02/02/1435H (corresponding to 5/12/2013G), to authorize the increase of the Company's share capital from (SAR 590,000,000) five hundred ninety million Saudi Riyals to (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals, divided into (76,700,000) seventy-six million seven hundred thousand equal shares with a nominal value of (SAR 10) ten Saudi Riyals each through the issuance of (3) three shares for each (10) ten shares owned by the Shareholders of the Company. The EGA resolved to decrease the nominal value of each share from (SAR 50) fifty Saudi Riyals to (SAR 10) ten Saudi Riyals. The capital increase was implemented through the capitalization of (SAR 177,000,000) one hundred seventy-seven million Saudi Riyals from the Shareholders' current account (that represents the value of the Contributed Assets as previously explained) to the share capital account of the Company, as evidenced in the Auditor's certificate dated 29/01/1435H (corresponding to 02/12/2013G) ("First Capital Increase").

Stage II: Following the issuance of said shares pursuant to the First Capital Increase, the Shareholders, as a second step, agreed to adjust and redistribute their respective ownership percentages in the Company (by redistribution of the new Shares issued by the Company among themselves) in proportion to the agreed fair value of all the assets of the Company including the Contributed Assets.

Following the First Capital Increase and in view of effecting the transfer of the legal title to the Contributed Assets, the Company entered into a Reorganisation Agreement dated 23/02/1435H (corresponding to 26/12/2013G) with its main Shareholders ("Reorganisation Agreement"), namely BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, IDB, Arab Fund and Zuhair Ahmed Al-Sebai, pursuant to which they agreed to implement their agreement subject of the abovementioned letters signed by them on 30/09/2013G and to take certain steps to redistribute the Company's shares among the Shareholders in proportion to the agreed fair value of the assets held by the Company (including the Contributed Assets). They also agreed to initiate the implementation of the steps relating to the Reorganisation.

Certain formalities relating to the registration of the legal title of the Contributed Assets in the name of the Company were completed during 2014G and 2015G, whereas the Company assumed all rights and obligations attached to the Contributed Assets as of 30/09/2013G (which were the basis for the First Capital Increase).

The following table sets forth the key steps taken by the Company and its Shareholders as of 30/09/2013G in the context of the First Capital Increase mentioned above and subsequent redistribution of the Shares resulting from such increase among the Company's Shareholders as a result of the Reorganisation process:

Table 58: Summary of steps and formalities completed before and after the First Capital Increase

<table>
<tr><th>Date</th><th>Steps and Formalities</th></tr>
<tr><td>24/11/1434H (corresponding to 30/09/2013G)</td><td>The Shareholders mentioned below agreed to transfer the ownership of the Contributed Assets in exchange for new shares to be issued by the Company to all its Shareholders on a pro rata basis:

Assets contributed by BAB: BAB agreed to transfer the following assets to the Company

100% of SGH Jeddah.
98% of AJ Sons.
24.58% of NHC's share capital.
Management Supervision Agreements in relation hospitals located outside the Kingdom, wholly and partially owned by BAB.

Assets contributed by Zuhair Ahmed Al-Sebai: Zuhair Ahmed Al-Sebai agreed to transfer his shares in BABAS (which used to own SGH Riyadh), representing 20% of BABAS' share capital, to the Company. As a result, BABAS and SGH Riyadh owned by it, became fully owned by the Company.
Assets contributed by Sobhi Abduljaleel Batterjee: Sobhi Abduljaleel Batterjee agreed to transfer a 30,000 m2 vacant plot of land situated in Dammam to the Company.
Assets contributed by IDB: IDB agreed to transfer all of its shares in NHC, representing 15.38% of its capital.

The Shareholders also agreed, pursuant to consent letters signed by them, to transfer all rights and liabilities attached to the Contributed Assets to the Company as of 24/11/1434H (corresponding to 30/09/2013G).</td></tr>
<tr><td>02/02/1435H (corresponding to 05/12/2013G)</td><td>Pursuant to the Shareholders' consent to transfer the Contributed Assets, an EGA meeting was held to approve the increase of the Company's capital from (SAR 590,000,000) five hundred ninety million Saudi Riyals to (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals, which resulted in the issuance of (17,700,000) seventeen million and seven hundred thousand new shares to the Company's Shareholders pro-rata to their respective ownership percentages divided into (3) three bonus shares for each (10) ten shares owned by Shareholders registered in the Company's records at the date the EGA meeting. Such increase was paid for through capitalization of the Shareholders' current account amounting to (SAR 177,000,000) one hundred seventy-seven million Saudi Riyals, and which represents the book value of the Contributed Assets as at 24/11/1434H (corresponding to 30/09/2013G) (except for the Dammam Land which was transferred at the market value and the Management Supervision Agreements which were assigned for no consideration in the context of such capital increase).</td></tr>
<tr><td>23/02/1435H (corresponding to 26/12/2013G)</td><td>
Following the EGA's approval of the said capital increase, the Company and its main Shareholders, including the Shareholders who transferred their ownership in the Contributed Assets, entered into the Reorganisation Agreement, for purposes of the redistribution of the Company's shares among all Shareholders, in order to assign to each Shareholder the actual ownership stake he is entitled to in the Company, based on the agreed fair value of all of the Company's assets (including the fair value of the Contributed Assets) compared to the Contributed Assets assigned by them. A relevant valuation method was used in the valuation of the Contributed Assets as well as all other assets previously owned by the Company (for more information, please see Section 4-3-4 of this Prospectus).
Determine the legal formalities required to be completed by the Company and the concerned Shareholders to transfer the legal title to each of the Contributed Assets to the Company.
</td></tr>
<tr><td>02/03/1435H (corresponding to 03/01/2014G)</td><td>Completion of the formalities for the transfer of the legal title to BAB's shares in NHC, to the Company.</td></tr>
<tr><td>03/03/1435H (corresponding to 04/01/2014G)</td><td>Completion of the formalities for the transfer of the legal title to IDB's shares in NHC, to the Company.</td></tr>
<tr><td>07/03/1435H (corresponding to 08/01/2014G)</td><td>Completion of the formalities for the transfer of the legal title to Zuhair Ahmed Al-Sebai's shares in BABAS (which used to own SGH Riyadh) to the Company and BABAS' conversion into a branch fully owned by the Company.</td></tr>
<tr><td>07/03/1435H (corresponding to 08/01/2014G)</td><td>Completion of the formalities for the transfer of the legal title to BAB's shares in AJ Sons to the Company.</td></tr>
</table>

Date	Steps and Formalities
11/05/1435H (corresponding to 12/03/2014G)	Completion of the formalities for the transfer of the legal title to SGH Jeddah to the Company and its conversion into a branch fully owned by the Company.
16/06/1435H (corresponding to 16/04/2014G)	Transfer of SGH Jeddah's MOH license to the Company.
29/04/1436H (corresponding to 18/02/2015G)	Transfer by Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee of their 2% stake in AJ Sons, at nominal value, to the Company and conversion of AJ Sons into a branch fully owned by the Company.
14/07/1436H (corresponding to 03/05/2015G)	Transfer of the Management Supervision Agreement entered into with EDHC to the Company.
06/08/1436H (corresponding to 24/05/2015G)	Transfer of the Management Supervision Agreement entered into with ESHCO and assignment of a portion of the Management Supervision Agreement entered into with SYH, to the Company.
06/08/1436H (corresponding to 24/05/2015G)	Execution by the Company and BAB of a consultancy agreement to effect their existing arrangement by virtue of which BAB provides consultancy services to the Company ("Consultancy Agreement")

Source: The Company

Note: The legal formalities for the transfer of the legal title to the Dammam Land from Sobhi Batterjee to the Company are still under process.

4-3-3 Details of the Contributed Assets upon which the First Capital Increase was Based

The following table shows a breakdown of the Contributed Assets upon which the First Capital Increase was based:

Table 59: Value and date of transfer of the beneficial and legal ownership of the Contributed Assets upon the First Capital Increase

Asset	Value in SAR as at 30/09/2013G	Valuation method	Date of beneficial ownership transfer	Date of legal ownership transfer
SGH Jeddah	75,848,568	Book Value	04/11/1434H (corresponding to 30/09/2013G)	11/05/1435H (corresponding to 12/03/2013G)
20% of BABAS (owner of SGH Riyadh)	25,000,000	Book Value	04/11/1434H (corresponding to 30/09/2013G)	07/03/1435H (corresponding to 08/01/2014G)
39.96% of NHC (owner of SGH Hail (under construction))	25,980,000	Book Value	04/11/1434H (corresponding to 30/09/2013G)	03/03/1435H (corresponding to 04/01/2014G)
98% of AJ Sons	7,971,432	Book Value	04/11/1434H (corresponding to 30/09/2013G)	07/03/1435H (corresponding to 08/01/2014G)
Dammam Land	42,200,000	Market Value	04/11/1434H (corresponding to 30/09/2013G)	-
Management Supervision Agreements	Such agreements were transferred for no consideration	N/A	04/11/1434H (corresponding to 30/09/2013G)	06/08/1436H (corresponding to 24/05/2015G)
Total	177,000,000	-	-	

Source: The Company

4-3-4 Valuation of the Contributed Assets as Part of the Reorganisation

The in-kind shares resulting from the First Capital Increase were issued to the Shareholders of the Company (including BAB, IDB, Zuhair Ahmed Al-Sebai and Sobhi Abduljaleel Batterjee) in return for their consent to transfer the ownership of all the abovementioned Contributed Assets, which constituted part of the Reorganisation process. The Shareholders then redistributed such shares among them based on the fair value of the said shares and the Assets Contributed to the Company. The table below shows the fair value of all Contributed Assets as at 24/11/1434H (corresponding to 30/09/2013G).

Table 60: Fair Value of the Contributed Assets

Asset	Valuation in SAR as at 30/09/2013G	Valuation method
SGH Jeddah	1,218,867,000	Discounted Cash Flow
20% of BABAS (owner of SGH Riyadh)	142,096,000	Discounted Cash Flow
39.96% of NHC (owner of SGH Hail (under construction))	29,219,000	Discounted Cash Flow
98% of AJ Sons	11,803,000	Discounted Cash Flow
Dammam Land (30,000 m2)	42,200,000	Market value
Management Supervision Agreements/Consultancy Services	142,346,000	Discounted Cash Flow
Total	1,586,531,000	-

Source: The Company

4-3-5 Date on which all Rights and Liabilities relating to the Contributed Assets were Financially Assumed by the Company

As mentioned above, the Company and the Shareholders who transferred the Contributed Assets in the context of the Reorganisation, agreed, by virtue of consent letters from the Shareholders to the Company and the Reorganisation Agreement, to transfer all rights and liabilities attached to the Contributed Assets as of 24/11/1434H (corresponding to 30/09/2013G). The transfer of legal title to the Contributed Assets and registration of such assets in the Company's name was, however, completed at later dates during the course of 2014G and 2015G. Therefore, the financial impact of the Contributed Assets' transfer to the Company took effect as of 24/11/1434H (corresponding to 30/09/2013G). In addition, the EGA had resolved to authorize the First Capital Increase on 02/02/1435H (corresponding to 05/12/2013G), following which the Reorganisation Agreement was entered into by the Shareholders on 23/02/1435H (corresponding to 26/12/2013G) to document the arrangements and steps undertaken in the context of the Reorganisation.

4-3-6 Detailed Description of the Contributed Assets

The following is a detailed description of the Contributed Assets:

SGH Jeddah

BAB agreed to transfer the ownership of its SGH Jeddah branch to the Company in the context of the First Capital Increase at book value as at 24/11/1434H (corresponding to 30/09/2013G) for (SAR 75,848,568) seventy-five million eight hundred forty-eight thousand five hundred sixty-eight Saudi Riyals.

SGH Jeddah was established in 1988G as a sole proprietorship and was registered with the Ministry of Commerce and Industry as a branch of BAB on 05/02/1419H (corresponding to 31/05/1998). The MOH license granted to SGH Jeddah was transferred to the Company on 16/06/1435H (corresponding to 16/04/2014G).

SGH Jeddah is located on Batterjee Street, Jeddah on a plot of land owned by the Company, and consists of inpatient and outpatient facilities, operating rooms, laboratories, pharmacies, supporting services departments and staff accommodation. As at 30 June, 2015G, the capacity of SGH Jeddah was 191 beds and 105 outpatient clinics.

BABAS/SGH Riyadh

SGH Riyadh was established on 24/07/1421H (corresponding to 21/10/2000G) as a branch owned by BABAS. In 2013G, Zuhair Ahmed Al-Sebai agreed to transfer his entire stake representing 20% of the share capital of BABAS to the Company in the context of the First Capital Increase at book value as at 24/11/1434H (corresponding to 30/09/2013G) for (SAR 25,000,000) twenty-five million Saudi Riyals.

BABAS was established as a limited liability company on 26/07/1421H (corresponding to 23/10/2000G) and was jointly owned upon incorporation by BAB (80%) and Zuhair Ahmed Al-Sebai (20%). The Company then replaced BAB as the majority shareholder in BABAS after it acquired 80% of its shares, as a result of the in-kind contribution made by BAB in the share capital of the Company upon its incorporation in 2004G. The formalities for the transfer of Zuhair Ahmed Al-Sebai's shares in BABAS (then the owner of SGH Riyadh) to the Company were completed on 07/03/1435H (corresponding to 08/01/2014G).

As a result of the Reorganisation, and given that BABAS became fully owned by the Company, the Company decided to convert BABAS, the owner of SGH Riyadh, from a limited liability Company into a branch fully owned by the Company.

SGH Riyadh is located on King Fahd Road, Riyadh and consists of inpatient and outpatient facilities, operating rooms, laboratories, pharmacies, supporting services departments and staff accommodation. As at 30 June 2015G, the capacity of SGH Riyadh was 219 beds and 69 outpatient clinics.

National Hail Company (NHC)

IDB and BAB agreed to transfer all of their respective shares representing 39.96% of the share capital of NHC (which owns SGH Hail (under construction)) to the Company in the context of the First Capital Increase for (SAR 25,980,000) twenty-five million, nine hundred eighty thousand Saudi Riyals. The formalities for the transfer of the said shares in NHC were completed on 03/03/1435H (corresponding to 04/01/2014G).

NHC was established as a closed joint stock company pursuant to Ministerial Resolution number S/30 dated 06/02/1428H (corresponding to 24/02/2007G) by BAB, IDB and a group of other investment institutions and individuals. The Company's shareholding stake in NHC dropped to 32.33% following an increase in NHC's share capital on 08/05/1435H (corresponding to 09/03/2014G), in which the Company decided not to take part.

Abduljaleel Batterjee Sons Company (AJ Sons)

BAB agreed to transfer its entire 98% stake in AJ Sons' share capital (the trading arm of the Company specialized in medical equipment) to the Company in the context of the First Capital Increase at book value as at 24/11/1434H (corresponding to 30/09/2013G) for (SAR 7,971,432) seven million nine hundred seventy-one thousand four hundred thirty-two Saudi Riyals.

AJ Sons was established as a limited liability company on 04/08/1429H (corresponding to 05/08/2008G) and was initially jointly owned by BAB (98%), Sobhi Abduljaleel Batterjee (1%) and Khalid Abduljaleel Batterjee (1%). On 07/03/1435H (corresponding to 08/01/2014G), the formalities for the transfer of BAB's shares in AJ Sons to the Company were completed. Thereafter, Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee transferred their respective 1% stakes in AJ Sons, amounting to (500) five hundred shares, to the Company at their nominal value on 29/04/1436H (corresponding to 18/02/2015G), in conjunction with AJ Sons' conversion into branch fully owned by the Company under the same trade name.

Dammam Land

Sobhi Abduljaleel Batterjee agreed to transfer the legal tile of a vacant plot of land located in the city of Dammam of 30,000 m2 (Dammam Land) to the Company in the context of the First Capital Increase at its agreed market value for (SAR 42,200,000) forty-two million, two hundred thousand Saudi Riyals. Such market value was based on two appraisals prepared by two real estate appraisers. Below is an overview of such appraisers:

- Bussma for Real-Estate Management: A limited liability company established by a group of real estate investors, that is specialized in the real estate field and carries out the provision of full-fledged real estate services and solutions, including marketing of all types of residential and commercial real properties, property and wealth management, real property valuation, provision of studies, research and real estate consultations.
- Century 21 Saudi Arabia: A limited liability company that carries out the provision of real estate services in line with international standards on one hand, while relying on local experience on the other hand. The company provides a set of real estate services including, among others, marketing, leasing and sale of residential and commercial real estate properties, property management, property valuation, provision of studies, research and real estate consultations.

The Dammam Land was valued based on the valuation of the first appraiser at (SAR 42,200,000) forty-two million two hundred thousand Saudi Riyals on 11/07/1434H (corresponding to 21/05/2013G) and the valuation of the second appraiser at (SAR 60,000,000) sixty million Saudi Riyals on 05/12/1434H (corresponding to 10/10/2013G). The Dammam Land will be used to establish the new SGH Dammam, which is fully owned by the Company. It is worth mentioning that, the Dammam Land is a part of a 90,000 m^2 plot owned by the Shareholder, Sobhi Abduljaleel Batterjee. The ownership of such land is evidenced by a single title deed number 230108011063 dated 08/02/1435H (11/12/2013G) under the name of the Shareholder, Sobhi Abduljaleel Batterjee. The Company agreed with the said Shareholder to effect the transfer of the legal title of the Dammam Land to the Company in two steps:

Step I: The Shareholder, Sobhi Abduljaleel Batterjee, transfers the legal title of the entire 90,000 m^2 plot of land to the name of the Company.

Step II: The Company then transfers a portion of the plot of land of an area of 60,000 m^2 to the name of the Shareholder, Sobhi Abduljaleel Batterjee.

The reason behind the transfer of the legal title to the entire plot of land in the manner described under steps I and II above is that the entire plot of land (including the Dammam Land) is documented by a single title deed under the name of the Shareholder, Sobhi Abduljaleel Batterjee, as explained above, and the process of allotting the Dammam Land into a separate title deed is a time consuming process. Therefore, the Company agreed with the Shareholder, Sobhi Abduljaleel Batterjee, that he shall transfer the legal title to the entire plot of land as a first step following which the remaining portion of the land he effectively owns shall be allotted as a second step.

The legal formalities for transfer of the legal title to the entire plot of land, including the Dammam Land, is still under process. Sobhi Abduljaleel Batterjee provided an undertaking to the Company that he will re-purchase the land (which will be removed from the Company's asset list), return an amount equivalent to the value of the land transfer date (this amount would then be an addition to the Company's assets) if he is unable to transfer the legal title of the land before 02/04/1438H (corresponding to 31/12/2016G), and then lease it to the Company for 30 years subject to the Company's request.

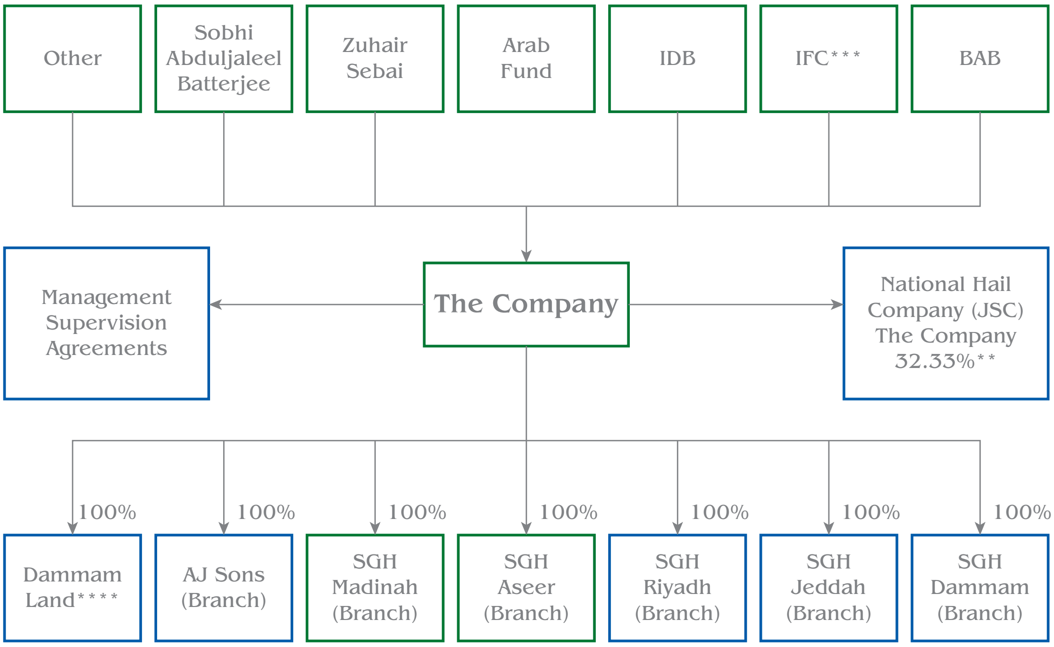
Management Supervision Agreements with BAB

BAB agreed to transfer and assign the Management Supervision Agreements entered into with entities affiliated to it and established outside of the Kingdom, which own hospitals operating under the brand name of "Saudi German Hospital" in Cairo-Egypt, Sanaa-Yemen, and Dubai-UAE, to the Company. As a result of such assignments the Company replaced BAB in supervising the management of such hospitals, and became entitled to receive any resulting management fees agreed upon. It is worth mentioning that the Management Supervision Agreements were assigned for no consideration in the context of the First Capital Increase. However, upon the later redistribution of shares among the Shareholders, the net value of the Management Supervision Agreements and the consultancy services provided by BAB to the Company, was set at SAR 142.3 million.

The Contributed Assets Post- Reorganisation

The following chart shows the ownership structure of the Company's assets, including the Contributed Assets Post-Reorganisation

Figure 4: The ownership structure of the Company's assets, including the Contributed Assets Post- Reorganisation*



** The percentages mentioned in the chart reflect the ownership percentages in a company or a branch.*

***The Company's ownership percentage in NHC, following a recent increase in NHC's share capital decreased from 39.96% to 32.33%.*

**** IFC became a shareholder in the Company following the completion of the Reorganisation as of 15/07/1436H (corresponding to 04/05/2015G).*

***** The transfer of ownership of the Dammam Land from SAB to the Company is still under process.*

4-3-7 Second Capital Increase in 2015G

On 28/07/1436H (corresponding to 17/05/2015G), the EGA authorized the increase of the Company's share capital from (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals to (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals each by issuing (1) one share for each (5) five shares in the Company. The Second Capital Increase was paid for through the capitalization of (SAR 153,400,000) one hundred fifty-three million four hundred thousand Saudi Riyals from the retained earnings account as at 31 December 2014G.

4.4 Substantial Shareholders

Below are the details of the Substantial Shareholders who own (directly or indirectly) 5% or more of the Company's share capital prior to and after the Offering:

Table 61: Details of the Major Shareholders who own (directly or indirectly) 5% or more of the Company's share capital

Shareholder Name	Pre-Offering					Post-Offering				
	Number of Shares	Nominal Value (SAR)	Direct Holding (%)	Indirect Holding (%)	Total Ownership %	Number of Shares	Nominal Value (SAR)	Direct Holding (%)	Indirect Holding (%)	Total Ownership %
BAB	71,911,610	719,116,100	78.1308%	-	78.1308%	50,338,127	503,381,270	54.6916%	-	54.6916%
IFC	11,081,616	110,816,160	12.0400%	-	12.0400%	7,757,131	77,571,310	8.4280%	-	8.4280%
Sobhi Abduljaleel Batterjee	1,267,180	12,671,800	1.3768%	46.7230%	48.0998%	887,026	8,870,260	0.9637%	32.7061%	33.6698%
Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	15.2988%	15.3004%	1,001	10,010	0.0011%	10.7092%	10.7103%

Source: The Company

4.5 Changes in Ownership of the Company

On 16/03/1425H (corresponding to 05/05/2004G), the Company was incorporated as a closed Saudi joint stock company with a share capital of (SAR 590,000,000) five hundred ninety million Saudi Riyals divided into (11,800,000) eleven million eight hundred thousand equal shares with a nominal value of (SAR 50) fifty Saudi Riyals. The Company was registered with the commercial registry in Jeddah under number 4030149460 dated 06/04/1425H (corresponding to 25/05/2004G).

The table below shows the complete ownership structure of the Company at the time of its incorporation:

Table 62: Company's ownership structure on 16/03/1425H (corresponding to 05/05/2004G),

Shareholder Name	In-Kind Shares	Cash Shares	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	10,959,200	-	10,959,200	547,960,000	92.875%
IDB	-	420,000	420,000	21,000,000	3.559%
Arab Fund	-	400,000	400,000	20,000,000	3.390%
SAMC	-	9,400	9,400	470,000	0.080%
KAMIC	-	9,400	9,400	470,000	0.080%
Sobhi Abduljaleel Batterjee	-	200	200	10,000	0.002%
Khalid Abduljaleel Batterjee	-	200	200	10,000	0.002%
Abduljaleel Ibrahim Batterjee	-	200	200	10,000	0.002%
Thuraya Muhyiddin Nazir	-	200	200	10,000	0.002%
Huda Abduljaleel Batterjee	-	200	200	10,000	0.002%
Sabah Abduljaleel Batterjee	-	200	200	10,000	0.002%
Makarim Sobhi Abduljaleel Batterjee	-	200	200	10,000	0.002%
Sultan Sobhi Abduljaleel Batterjee	-	200	200	10,000	0.002%
Abduljaleel Khalid Abduljaleel Batterjee	-	200	200	10,000	0.002%
Saud Abdulwahad Al-Fadel	-	200	200	10,000	0.002%
Total	10,959,200	840,800	11,800,000	590,000,000	100%

Source: The Company

On 28/06/1425H (corresponding to 14/08/2004G), KAMIC purchased (200) two hundred shares in the Company from Abduljaleel Ibrahim Batterjee, representing his entire shareholding in the Company. In addition, on 16/01/1435H (corresponding to 19/11/2013G), SAMC purchased (200) two hundred shares in the Company from Thuraya Muhyiddin Nazir, representing her entire shareholding in the Company, while Zuhair Ahmed Al-Sebai purchased (100) one hundred shares in the Company from Saud Al-Fadel (who initially owned (200) two hundred shares in the Company). As a result of such transfer of share ownership, the ownership structure of the Company on 16/01/1435H (corresponding to 19/11/2013G) became as follows:

Table 63: Company's ownership structure on 16/01/1435H (corresponding to 19/11/2013G)

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	10,959,200	547,960,000	92.875%
IDB	420,000	21,000,000	3.559%
Arab Fund	400,000	20,000,000	3.390%
SAMC	9,600	480,000	0.081%
KABIC	9,600	480,000	0.081%
Sobhi Abduljaleel Batterjee	200	10,000	0.002%
Khalid Abduljaleel Batterjee	200	10,000	0.002%
Huda Abduljaleel Batterjee	200	10,000	0.002%
Sabah Abduljaleel Batterjee	200	10,000	0.002%
Makarim Sobhi Abduljaleel Batterjee	200	10,000	0.002%
Sultan Sobhi Abduljaleel Batterjee	200	10,000	0.002%
Abduljaleel Khalid Abduljaleel Batterjee	200	10,000	0.002%
Saud Abdulwahad Al-Fadel	100	5,000	0.001%
Zuhair Ahmed Al-Sebai	100	5,000	0.001%
Total	11,800,000	590,000,000	100%

Source: The Company

On 02/02/1435H (corresponding to 05/12/2013G), the EGA approved the increase of the Company's share capital from (SAR 590,000,000) five hundred ninety million Saudi Riyals to (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals, divided into (76,700,000) seventy-six million seven hundred thousand equal shares with a nominal value of (SAR 10) ten Saudi Riyals each, through the issuance of (3) three shares for each (10) ten shares owned by the shareholders of the Company as at the date of the EGA meeting. The nominal value of the share was reduced from (SAR 50) fifty Saudi Riyals to (SAR 10) ten Saudi Riyals. The First Capital Increase was paid for through the transfer of (SAR 177,000,000) one hundred seventy-seven million Saudi Riyals from the Shareholders' current account to the share capital account. The table below shows the resulting shareholding structure as at 20/02/1435H (corresponding to 23/12/2013G):

Table 64: Ownership structure of the Company after the First Capital Increase on 20/02/1435H (corresponding to 23/12/2013G)

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	71,234,800	712,348,000	92.875%
IDB	2,730,000	27,300,000	3.559%
Arab Fund	2,600,000	26,000,000	3.390%
SAMC	62,400	624,000	0.081%
KABIC	62,400	624,000	0.081%
Sobhi Abduljaleel Batterjee	1,300	13,000	0.002%
Khalid Abduljaleel Batterjee	1,300	13,000	0.002%
Huda Abduljaleel Batterjee	1,300	13,000	0.002%
Sabah Abduljaleel Batterjee	1,300	13,000	0.002%
Makarim Sobhi Abduljaleel Batterjee	1,300	13,000	0.002%
Sultan Sobhi Abduljaleel Batterjee	1,300	13,000	0.002%
Abduljaleel Khalid Abduljaleel Batterjee	1,300	13,000	0.002%
Saud Abdulwahad Al-Fadel	650	6,500	0.001%
Zuhair Ahmed Al-Sebai	650	6,500	0.001%
Total	76,700,000	767,700,000	100%

Source: The Company

On 23/02/1435H (corresponding to 26/12/2013G), the Company entered into the Reorganisation Agreement, which led to changes in the Company's ownership structure following completion of the ownership transfer of the Contributed Assets described in Section 4-3 "Development and Increases of Company's Share Capital" above and the redistribution of the new shares resulting from the First Capital Increase among the shareholders through internal transfers of the shares among BAB, IDB, Zuhair Ahmed Al-Sebai and Sobhi Abduljaleel Batterjee in proportion to the value of their respective Contributed Assets in the context of the Reorganisation. The following table shows the Company's ownership structure following the Reorganisation on 23/02/1435H (corresponding to 26/12/2013G) and the subsequent redistribution process of the shares among the Shareholders of the Company:

Table 65: The Company's ownership structure following the Reorganisation on 23/02/1435H (corresponding to 26/12/2013G)

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	69,161,020	691,610,200	90.171%
Zuhair Ahmed Al-Sebai	3,575,798	35,757,980	4.662%
IDB	1,592,304	15,923,040	2.076%
Arab Fund	1,246,802	12,468,020	1.626%
Sobhi Abduljaleel Batterjee	1,062,475	10,624,750	1.385%
SAMC	28,795	287,950	0.038%
KABIC	28,795	287,950	0.038%
Khalid Abduljaleel Batterjee	617	6,170	0.001%
Huda Abduljaleel Batterjee	617	6,170	0.001%
Sabah Abduljaleel Batterjee	617	6,170	0.001%
Makarim Sobhi Abduljaleel Batterjee	617	6,170	0.001%
Sultan Sobhi Abduljaleel Batterjee	617	6,170	0.001%
Abduljaleel Khalid Abduljaleel Batterjee	617	6,170	0.001%
Saud Abdulwahad Al-Fadel	309	3,090	0.0004%
Total	76,700,000	767,000,000	100%

Source: The Company

On 19/09/1435H (corresponding 16/07/2014G), the Company, BAB, Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee entered into a set of agreements with IFC (then a shareholder in BAB) to effect IFC's entry into the Company as a shareholder in the Company (and IFC's simultaneous exit from BAB). Pursuant to the said agreements, IFC agreed to purchase from BAB (9,234,680) nine million two hundred thirty-four thousand six hundred eighty shares, representing 12.04% of the Company's share capital in exchange for IFC's shares in BAB. Such purchase was conditional upon the satisfaction of a number of conditions, including obtaining the consent of the relevant governmental authorities in the Kingdom to IFC's entry into the Company (and its exit from BAB). All such conditions were satisfied and IFC's ownership of (9,234,680) nine million two hundred thirty-four thousand six hundred eighty shares in the Company became effective on 15/07/1436H (corresponding to 04/05/2015G). The following table shows the ownership structure of the Company after IFC had joined as a new shareholder as at 15/07/1436H (corresponding to 04/05/2015G).

Table 66: The ownership structure of the Company after IFC entry into the Company on 15/07/1436H (corresponding to 04/05/2015G)

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	59,926,340	599,263,400	78.131%
IFC	9,234,680	92,346,800	12.040%
Zuhair Ahmed Al-Sebai	3,575,798	35,757,980	4.662%
IDB	1,592,304	15,923,040	2.076%
Arab Fund	1,246,802	12,468,020	1.626%
Sobhi Abduljaleel Batterjee	1,062,475	10,624,750	1.385%
SAMC	28,795	287,950	0.038%

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
KABIC	28,795	287,950	0.038%
Khalid Abduljaleel Batterjee	617	6,170	0.001%
Huda Abduljaleel Batterjee	617	6,170	0.001%
Sabah Abduljaleel Batterjee	617	6,170	0.001%
Makarim Sobhi Abduljaleel Batterjee	617	6,170	0.001%
Sultan Sobhi Abduljaleel Batterjee	617	6,170	0.001%
Abduljaleel Khalid Abduljaleel Batterjee	617	6,170	0.001%
Saud Abdulwahad Al-Fadel	309	3,090	0.0004%
Total	76,700,000	767,000,000	100%

Source: The Company

On 28/07/1436H (corresponding to 17/05/2015G), the EGA of the Company resolved to approve the increase of the Company's share capital from (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals to (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals each by issuing (1) one share for each (5) five shares in the Company. The Second Capital Increase was paid for through the capitalization of (SAR 153,400,000) one hundred fifty-three million four hundred thousand Saudi Riyals from the retained earnings account as at 31 December 2014G.

The table below shows the ownership structure of the Company after the said capital increase as at 28/07/1436H (corresponding to 17/05/2015G):

Table 67: Ownership structure of the Company after the Second Capital Increase on 28/07/1436H (corresponding to 17/05/2015G)

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	71,911,610	719,116,100	78.131%
IFC	11,081,616	110,816,160	12.040%
Zuhair Ahmed Al-Sebai	4,290,958	42,909,580	4.662%
IDB	1,910,765	19,107,650	2.076%
Arab Fund	1,496,162	14,961,620	1.626%
Sobhi Abduljaleel Batterjee	1,274,970	12,749,700	1.385%
SAMC	34,554	345,540	0.038%
KABIC	34,554	345,540	0.038%
Khalid Abduljaleel Batterjee	740	7,400	0.001%
Huda Abduljaleel Batterjee	740	7,400	0.001%
Sabah Abduljaleel Batterjee	740	7,400	0.001%
Makarim Sobhi Abduljaleel Batterjee	740	7,400	0.001%
Sultan Sobhi Abduljaleel Batterjee	740	7,400	0.001%
Abduljaleel Khalid Abduljaleel Batterjee	740	7,400	0.001%
Saud Abdulwahad Al-Fadel	371	3,710	0.0004%
Total	92,040,000	920,400,000	100%

Source: The Company

On 09/08/1436H (corresponding to 27/05/2015G), Sobhi Abduljaleel Batterjee transferred (7,790) seven thousand seven hundred ninety shares in the Company to Khalid Abduljaleel Batterjee, Makarim Sobhi Abduljaleel Batterjee, Sultan Sobhi Abduljaleel Batterjee, and four new board members, namely: Saleh Ahmed Hefni, Ali Abdulrahman Al-Gwaiz, Mohammed Moumena and Rudwan Batterjee as Qualification Shares.

The table below shows the ownership structure after the transfer of the said shares as at 09/08/1436H (corresponding to 27/05/2015G):

Table 68: Company's ownership structure on 09/08/1436H (corresponding to 27/05/2015G)

Shareholder Name	Number of Shares	Nominal Value of Shares (SAR)	Percentage of Ownership
BAB	71,911,610	719,116,100	78.131%
IFC	11,081,616	110,816,160	12.040%
Zuhair Ahmed Al-Sebai	4,290,958	42,909,580	4.662%
IDB	1,910,765	19,107,650	2.076%
Arab Fund	1,496,162	14,961,620	1.626%
Sobhi Abduljaleel Batterjee	1,267,180	12,671,800	1.377%
SAMC	34,554	345,540	0.038%
KABIC	34,554	345,540	0.038%
Khalid Abduljaleel Batterjee	1,430	14,300	0.002%
Rudwan Khalid Batterjee	1,430	14,300	0.002%
Saleh Ahmed Hefni	1,430	14,300	0.002%
Ali Abdulrahman Al-Gwaiz	1,430	14,300	0.002%
Mohammed Abdulrahman Moumena	1,430	14,300	0.002%
Makarim Sobhi Abduljaleel Batterjee	1,430	14,300	0.002%
Sultan Sobhi Abduljaleel Batterjee	1,430	14,300	0.002%
Abduljaleel Khalid Abduljaleel Batterjee	740	7,400	0.001%
Huda Abduljaleel Batterjee	740	7,400	0.001%
Sabah Abduljaleel Batterjee	740	7,400	0.001%
Saud Abdulwahad Al-Fadel	371	3,710	0.0004%
Total	92,040,000	920,400,000	100%

Source: The Company

4.6 Ownership Structure of the Company pre- and post- the Offering

The current share capital of the Company is (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals per share. Following the Offering, the Company's share capital will remain unchanged, and (27,612,000) twenty-seven million, six hundred twelve thousand shares of the Company representing 30% of its share capital shall be offered by the Selling Shareholders to the public for subscription. The Company will not grant any preferential rights to the current Shareholders or to any other person. Below is the Company's shares ownership structure pre- and post- the Offering:

Table 69: Ownership Structure of the Company's Shares pre- and post- the Offering

Shareholders	Pre-Offering				Post–Offering			
	Number of Shares	Nominal Value (SAR)	Percentage of Ownership		Number of Shares	Nominal Value (SAR)	Percentage of Ownership	
			Direct	Indirect			Direct	Indirect
BAB*	71,911,610	719,116,100	78.1308%	-	50,338,127	503,381,270	54.6916%	-
IFC	11,081,616	110,816,160	12.0400%	-	7,757,131	77,571,310	8.4280%	-
Zuhair Ahmed Al-Sebai	4,290,958	42,909,580	4.6621%	-	3,003,671	30,036,710	3.2634%	-
IDB	1,910,765	19,107,650	2.0760%	-	1,337,535	13,375,350	1.4532%	-
Arab Fund	1,496,162	14,961,620	1.6256%	-	1,047,313	10,473,130	1.1379%	-
Sobhi Abduljaleel Batterjee	1,267,180	12,671,800	1.3768%	46.7230%	887,026	8,870,260	0.9637%	32.7061%

Shareholders	Pre-Offering				Post–Offering			
	Number of Shares	Nominal Value (SAR)	Percentage of Ownership		Number of Shares	Nominal Value (SAR)	Percentage of Ownership	
			Direct	Indirect			Direct	Indirect
SAMC	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
KABIC	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	15.2988%	1,001	10,010	0.0011%	10.7092%
Makarim Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Sultan Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Rudwan Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Saleh Ahmed Hefni	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Ali Abdulrahman Al-Gwaiz	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Mohammed Abdulrahman Moumena	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Huda Abduljaleel Batterjee	740	7,400	0.0008%	4.8402%	518	5,180	0.0006%	3.3881%
Sabah Abduljaleel Batterjee	740	7,400	0.0008%	3.5979%	518	5,180	0.0006%	2.5185%
Abduljaleel Khalid Abduljaleel Batterjee	740	7,400	0.0008%	0.0008%	518	5,180	0.0006%	0.0005%
Saud Abdulwahad Al-Fadel	371	3,710	0.0004%	-	260	2,600	0.0003%	-
Public	-	-	-	-	27,612,000	276,120,000	30.000%	-
Total	92,040,000	920,400,000	100%		92,040,000	920,400,000	100%	

Source: The Company

** BAB pledged (1,500,000) one million and five hundred thousand of its shares in the Company in favour of IFC pursuant to a Share Pledge Agreement dated 19/09/1435H (corresponding to 16/07/2014G) in consideration for facilities made available by IFC to BAB. As shown in the shareholder' register, all of BAB's shares in the Company are restricted under the Dividend Assignment Agreement dated 19/09/1435H (corresponding to 16/07/2014G) pursuant to which BAB assigned all of its dividends in the Company to IFC. This agreement will remain effective after the Offering, and IFC shall have the right to, subject to the regulatory approvals, acquire (1,500,000) one million and five hundred thousand of BAB's shares in the Company in the event that BAB defaults on its obligations under such agreement.*

4.7 Overview of the Shareholding Companies and Institutions

There are currently (6) six entities, among which corporate and supra-national organizations, that own shares in the Company, namely:

- BAB;
- IFC;
- IDB;
- Arab Fund;
- SAMC; and
- KAMIC

The following is a brief overview on such corporate and supra-national organizations.

4-7-1 BAB

BAB is a limited liability company incorporated in the Kingdom with commercial registration number 4030088663 dated 03/02/1413H (corresponding to 02/08/1992) with a share capital of (SAR 1,036,000,000) one billion thirty-six million Saudi Riyals, divided into (103,600,000) one hundred three million six hundred thousand shares, with a nominal value of (SAR 10) ten Saudi Riyals for per share.

BAB was a founding Shareholder in the Company and was instrumental in the incorporation and development of the Company and promotion of its hospitals brand "Saudi German Hospital". At the inception of the Company, BAB owned (10,959,200) ten million nine hundred fifty-nine thousand two hundred shares in the Company with a nominal value of (SAR 50) fifty Saudi Riyals each, representing 92.875% of its share capital. BAB currently owns (71,911,610) seventy-one million nine hundred eleven thousand six hundred ten shares, representing 78.1308% of the Company's share capital.

Following the completion of the Offering, BAB will hold (50,338,127) fifty million three hundred thirty-eight thousand one hundred twenty-seven shares, representing 54.691% of the Company's share capital. It will therefore remain the largest shareholder in the Company following completion of the Offering.

BAB does not currently conduct any activities that compete with those of the Company within the Kingdom. After the transfer of its healthcare assets in the Kingdom to the Company, BAB's activities became limited to holding equity stakes in a number of healthcare companies outside of the Kingdom in addition to healthcare educational companies within the Kingdom. Among such companies are:

- Emirates Healthcare Development Company (EHDC), a company established in Dubai which owns and operates SGH Dubai, UAE. BAB owns 99.97% of EHDC, and the remaining 0.030% is owned by Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, and Makarem Sobhi Abduljaleel Batterjee.
- Egyptian Saudi Healthcare Company (ESHCO), a company established in Egypt which owns SGH Cairo, Egypt and which is expected to commence its operation in the first quarter of 2016G. BAB owns 77.176% of ESHCO, and the remaining 22.824% is owned by Namaa for Real Estate Development, Sobhi Abduljaleel Batterjee, Saad Eldin Abdullah Sallam, Osama Abdulmonem Abdullah and Abdulhamid Abdulfattah Abdulhamid.
- Saudi Yemeni Health Care Company (SYH), a company established in the Republic of Yemen which owns and operates SGH Sanaa. BAB owns 62.922% of SYH, and the remaining 37.078% is owned by Yemen Airways, Retirement Fund in Yemeni Ministry of Interior, Yemeni General Corporation for Social Security and Global Investment House (Kuwait).
- Al-Batterjee College of Medical Science & Technology ("BMC"), a limited liability company established on 01/03/1426H (corresponding to 10/04/2005G) in the Kingdom, which owns and operates a medical college. BMC is owned by BAB, Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee.
- Bait Al-Batterjee Company for Education and Training ("BETA"), a limited liability company established on 10/05/1425H (corresponding to 28/06/2004G) in the Kingdom, which owns and operates a training center. BETA is owned by BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee, Abdul Majeed Abduljaleel Batterjee and Waleed Abduljaleel Batterjee.
- Al-Nokhbah for Medical Specialization in Cairo ("Al-Nokhbah"), is a limited liability company established 08/01/1426H (corresponding to 17/02/2005G) in Egypt, which owns and operates a number of clinics and diagnostic centers. Al-Nokhbah is owned by BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Abduljaleel Ibrahim Batterjee, Thuraya Muhyiddin Nazir, Huda Abduljaleel Batterjee and Sabah Abduljaleel Batterjee.

The following table describes the current ownership structure of BAB and its shareholders:

Table 70: Ownership Structure of the BAB

Partner's Name	Number of shares	Percentage of Ownership
Sobhi Abduljaleel Batterjee	61,929,221	59.777%
Khalid Abduljaleel Batterjee	20,261,279	19.557%
Waleed Abduljaleel Batterjee	7,742,003	7.473%
Huda Abduljaleel Batterjee	6,417,617	6.195%
Sabah Abduljaleel Batterjee	4,770,366	4.605%
Abdul Majeed Abduljaleel Batterjee	2,475,290	2.389%
Makarim Sobhi Abduljaleel Batterjee	1,056	0.001%
Rudwan Khalid Abduljaleel Batterjee	1,056	0.001%
Abduljaleel Khalid Abduljaleel Batterjee	1,056	0.001%
Sultan Sobhi Abduljaleel Batterjee	1,056	0.001%
Total	103,600,000	100%

Source: The Company

4-7-2 IFC

Established in 1956, IFC is an international organization, member of theWorld Bank Group and is owned by 184 member countries of the International Bank for Reconstruction and Development (the "IBRD" or the World Bank), including the Kingdom, which act as its shareholders. It is a legal entity separate and distinct from IBRD, and the rest of the World Bank Group, with its own Articles of Agreement, share capital, financial structure, management, and staff. IFC's total assets as of June 30, 2015G were over (USD 87,000,000,000) eighty-seven billion U.S. Dollars.

IFC was established to further economic growth in its developing member countries by promoting private sector development. It is an experienced supranational organization with over 50 years of experience in providing financing and financial services to the private sector in developing countries that are member of IFC. It combines the characteristics of a multilateral development bank with those of private financial institution.

IFC became first involved with BAB in 2007G as a lender to BAB's branch in Yemen and SYH, then in 2009G, as a direct lender to and a shareholder in BAB through holding 5.17% of its capital and a (USD 25,000,000) twenty-five million U.S. Dollars Ijara convertible loan facility provided to BAB. Following completion of the Reorganisation, IFC decided to exercise its conversion rights under the above Ijara loan facility and to exchange its resulting shareholding in BAB for 9,234,680 shares in the Company, representing 12.04% of the Company's share capital. On 15/07/1436H (corresponding to 04/05/2015G), all share transfers in BAB and the Company were completed and the ownership of IFC was effectively transferred from BAB to the Company.

4-7-3 IDB

IDB is an international financial institution established pursuant to the Declaration of Intent issued by the Conference of Finance Ministers of Muslim Countries held in Jeddah in Dhul Q'adah 1393H (corresponding to December 1973G). The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (corresponding to July 1975G), and the Bank started its function from 15/10/1395H (corresponding to 20/10/1975G).

The purpose of IDB is to foster the economic development and social progress of member states and Muslim communities individually and jointly in accordance with the principles of Shari'ah (Islamic Law).

The functions of IDB are to participate in equity capital, provide grants and different type of financing to feasible and productive projects and enterprises besides providing financial assistance to member countries in other forms for economic and social development. IDB Bank is also involved in establishing and operating special funds for specific purposes including a fund to assist the Muslim communities in non-member states, in addition to setting up trust funds. IDB is also authorized to accept deposits and to manage its financial resources through Shari'ah compliant vehicles. It is also charged with the responsibility of assisting its member states in the promotion of international trade, especially in capital goods, providing technical assistance and extending training facilities to personnel engaged in development of Shari'ah compliant activities in Muslim countries.

4-7-4 Arab Fund

The Arab Fund was established pursuant to its Establishment Agreement, which was approved by the Arab League on 07/09/1406H (corresponding 16/05/1968). The Arab Fund is an Arab regional financial institution that enjoys autonomous juridical personality and is based in the State of Kuwait. Its membership is exclusively comprised of Arab states, including the Kingdom. The principal purpose of the Arab Fund is to contribute to the financing of economic and social development throughout the Arab world by extending loans on concessionary terms to government and public corporations and enterprises of member-states.

Recognizing the need to enhance the developmental role of the private sector in member-states, the Arab Fund's Establishment Agreement was recently amended to authorize the Arab Fund to extend financing to private sector projects. This financing may take various forms, including direct loans, share capital equity investment, guarantees, lines of credit, other financing forms, as well as institutional support and advisory services.

4-7-5 SAMC

SAMC was founded on 27/03/1424H (corresponding 28/05/2003G) as a limited liability company under commercial registration number 4030143093, with a share capital of (SAR 1,000,000 one million Saudi Riyals, divided into (100) one hundred share, with a value of (SAR 10,000) ten thousand Saudi Riyals per share. SAMC's two shareholders, Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee, each own (50) shares, which is the equivalent of (SAR 500,000) five hundred thousand Saudi Riyals.

Table 71: Shareholders in SAMC

Shareholder Name	Percentage of Ownership
Khalid Abduljaleel Batterjee	50%
Sobhi Abduljaleel Batterjee	50%

Source: The Company

4-7-6 KAMIC

KAMIC was founded on 27/03/1424H (corresponding to 28/05/2003G) as a limited liability company under commercial registration number 4030143092, with a share capital of (SAR 1,000,000) one million Saudi Riyals, divided into (100) one hundred share, with a value of (SAR 10,000) ten thousand Saudi Riyals per share. KAMIC's two shareholders, Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee, each own 50 shares, which is the equivalent of (SAR 500,000) five hundred thousand Saudi Riyals.

Table 72: Shareholders in KAMIC

Shareholder Name	Percentage of Ownership
Khalid Abduljaleel Batterjee	50%
Sobhi Abduljaleel Batterjee	50%

Source: The Company

4.8 The Company's Subsidiary

4-8-1 National Hail Company

National Hail Company for Healthcare (NHC) is a closed Saudi joint stock company established pursuant to Ministerial Resolution number S/30 dated 06/02/1428H. (corresponding to 24/02/2007G) with commercial registration number 3350019735, dated 02/07/1428H (corresponding to 16/07/2007G). Its main activity includes managing, operating and maintaining hospitals. NHC has no intention to materially change the nature of its business as at the date of this Prospectus. Upon incorporation, NHC's share capital was (SAR 65,000,000) sixty-five million Saudi Riyals divided into (1,300,000) one million three hundred thousand shares with a nominal value of (SAR 50) fifty Saudi Riyals each. NHC's head office is located in the city of Hail.

On 08/05/1435H (corresponding to 09/03/2014G), NHC's extraordinary general assembly approved the increase of NHC's share capital from (SAR 65,000,000) sixty-five million Saudi Riyals to (SAR 80,350,000) eighty million three hundred fifty thousand Saudi Riyals divided into (8,035,000) eight million thirty-five thousand shares and the nominal value of the shares was lowered from (SAR 50) fifty Saudi Riyals to (SAR 10) ten Saudi Riyals each. This increase was paid for in cash by the High Commission for Hail Development who entered as a new shareholder in NHC, while the other NHC shareholders (including the Company) waived their pre-emptive right to subscribe to such increase shares to the benefit of the High Commission for Hail Development. Below is the ownership structure of the NHC after the abovementioned increase of the capital:

Table 73: Ownership Structure of the NHC

Shareholder Name	Number of Shares	Ownership (%)
The Company	2,598,000	32.334%
Ali Mohammad Al-Jumeiah	1,722,000	21.431%
High Commission for Hail Development	1,535,000	19.104%
Sultan Bin Abdul Aziz Al Saud Foundation (Charity)	500,000	6.223%
Naser Ibrahim Al Rasheed	300,000	3.734%
Suleiman Mohamed Saleh Al-Quarishi	150,000	1.867%
Saad Saleh Abdullah Al-Bahouth	120,000	1.493%
Alian Rashid Al Harbi	100,000	1.245%
Khalid Bin Mohammad Bin Ali Al Mutlaq	100,000	1.245%
Fahd Abdullah Mohamed Al Takhim	100,000	1.245%
Others	810,000	10.081%
Total	8,035,000	100%

Source: The Company

NHC is currently developing the SGH Hail hospital and is expected to operate it upon completion of its construction (For further details on the SGH Hail project, please see Section 4-18-1 “SGH Hail” of this Prospectus).

4.9 Company’s Vision, Mission and Strategy

4-9-1 Company’s Vision

To be the regional healthcare leader through the largest network of hospitals, delivering excellence in patient of care, and creating value for all stakeholders.

4-9-2 Company’s Mission

To provide quality healthcare in all specialties with highest level of ethical standards and personalized care to achieve superior medical outcome and patient satisfaction.

4.10 Competitive Advantages and Future Prospects

4-10-1 Competitive Advantages

The Management believes that the following competitive strengths distinguish the Company from its peers and provide the Company with significant opportunities to grow its business:

Strong Reputation among Medical Community

MEAHCO Hospitals are widely recognized by both healthcare professionals and patients for the quality of their medical services. The Management believes that the strong competitive position of the Company is a testament to the brand equity that has been developed over the last 26 years. The Company has built this reputation by focusing its efforts on hiring and retaining reputable and qualified physicians and nurses, abiding by strict ethical standards of medical practice and keeping itself abreast of latest developments in medical technology and treatments provided to patients. This has resulted in the Company becoming one of the leading healthcare providers in the Kingdom as evident from the fact that, during 2014G, MEAHCO Hospitals treated 45,063 inpatients and attended to 1,093,816 outpatient visits.

As a testament to the Company’s confidence in its level of services, the Company has established a satisfaction guaranty scheme at all its outpatient facilities, whereby any unsatisfied patient is entitled to obtain a complete refund of the amount paid for the services rendered.

In view of ensuring the highest levels of customer service, the Company has posted the contact details of its senior management team at different locations throughout the MEAHCO Hospitals’ facilities.

Geographical Presence Across Multiple Regions

The Company is one of the few healthcare companies in the Kingdom with presence across all major regions of the Kingdom through its hospitals in Jeddah, Riyadh, Madinah and Aseer. After the construction of hospitals in Hail and Dammam, the Company will have direct access to approximately 82% of the Kingdom's population.

In addition, the Company has been successfully operating and managing hospitals in multiple regions of the Kingdom which highlights the strength of its management information infrastructure, group-wide policies, procedures and medical protocols ensuring that these hospitals are effectively managed under one administrative umbrella.

Design of the Facilities and Possibility of Expanding

All MEAHCO Hospitals' facilities have been designed to allow for future expansions to be carried out in a seamless manner. Such design allows new buildings to be constructed and connected to existing facilities and new floors to be added to the existing buildings without affecting the operations of the MEAHCO Hospitals. Furthermore, total covered area of all the MEAHCO Hospitals (including SGH Hail) is 281,407 m^2 while the build-up area is 62,531 m^2 resulting in vacant land of 218,876 m^2 of which 152,206 m^2 can be used for future expansions.

Furthermore, each MEAHCO Hospital has housing compounds either on site or in close proximity to those hospitals which ensures prompt response to any medical emergency that may arise during day to day operations. This has also helped the Company manage its rental expense.

Administrative, Technical and Financial Experience of the Institutional Shareholders of the Company

The Company has a strong and stable shareholders base. It includes BAB (which is the Company's founding Shareholder and was instrumental in promoting and developing the Company's healthcare operations), IFC (which was established in 1956, is a member of the World Bank Group and is owned by the 184 member states including the Kingdom that acts as its shareholders), IDB (which is an international financial institution established in 1973 for the purposes of fostering economic development and social progress in its member states and Muslim communities) and Arab Fund (which is a regional financial institution established in 1968 by 17 Arab countries including Saudi Arabia to promote economic development throughout the Arab world). Presence of these companies and institutions as Shareholders along with being represented in the Company's Board allow the Company to benefit from their experiences in all operational, financial, administrative and governance aspects.

The Company's International Visiting Professors Program

The Company has a longstanding relationship with leading consultants working in German and European hospitals and leading medical colleges through which its patients are able to get access to medical procedures that may not otherwise be available locally. At present, the Company has agreements in place with 40 visiting professors of different medical specialties, which resulted in 148 visits during 2014G. The visiting professors introduce Company's medical staff to latest medical procedures and techniques and train them on those procedures. The program also includes visits by the Company's doctors to medical colleges and hospitals in Germany in order to facilitate two-way knowledge transfer.

Complete Healthcare Services Provider

The Company offers comprehensive healthcare services through numerous therapy areas including but not limited to the ones listed below:

- Cardiology
- Plastic Surgery
- Pediatrics
- Cardiothoracic Surgery
- Neurosurgery
- Obstetrics & Gynecology
- Rheumatology
- Dermatology
- Pediatric Surgery
- Neurology
- Ophthalmology
- Emergency Medicine
- Urology
- Dental & Maxillofacial
- Internal Medicine
- Orthopedics
- General Surgery
- Ear, Nose & Throat
- Oncology / Nuclear Medicine
- Psychiatry

Among the above services, the Company is particularly renowned for its leading trauma and orthopedic surgery expertise, namely advanced scoliosis corrective surgeries and joint replacement surgeries in addition to its program for screening neonates for hip congenital disease. The Company's orthopedic department was also awarded the "Excellence in Surgery" award from Arab Health for the year 2014G.

In addition, all MEAHCO Hospitals have radiology services, pharmacies, laboratories, intensive care units in addition to specialized treatment units for oncology, gynecology, dialysis, physiotherapy, orthopedics and cardiology patients.

The wide spectrum of healthcare services available in MEAHCO Hospitals has allowed the Company to retain its patient base.

Strict focus on Quality

The Company seeks to provide high quality healthcare services. The following MEAHCO Hospitals have received the Joint Commission International ("**JCI**") accreditation. Below are the details of accreditation certificates provided to MEAHCO Hospitals:

Table 74: Certificates and Accreditations obtained by MEAHCO Hospitals from JCI

Licensing Body	Details	Accreditation Period for SGH Jeddah	Accreditation Period for SGH Riyadh	Accreditation Period for SGH Aseer	Accreditation Period for SGH Madinah
JCI	JCI standards and evaluation methods provide quantifiable benchmarks for patient care quality. Through JCI accreditation and certification, healthcare organizations have access to a variety of resources and services that connect them with the international community: an international quality measurement system for benchmarking; risk reduction strategies and best practices; tactics to reduce adverse events; and annual executive briefing programs.	From 26/07/1436H (corresponding to 15/05/2015G) to 28/08/1439H (corresponding to 14/05/2018G)	From 24/11/1436H (corresponding to 08/09/2015G) to 27/12/1439H (corresponding to 07/09/2018G)	From 04/08/1436H (corresponding to 22/05/2015G) to 06/09/1439H (corresponding to 21/05/2018G)	From 13/02/1434H (corresponding to 26/12/2014G) to 07/04/1439H (corresponding to 25/12/2017G)

Source: The Company

Information Systems

The Company uses an advanced Oracle based enterprise resource planning system to facilitate information flow and support management in making decisions through timely provision of financial data. Furthermore, all MEAHCO Hospitals have a well-integrated hospital information system and picture archiving and communication system through which patients' electronic medical records and images can be accessed remotely and shared in an easy, fast and secured manner. Such system has a built-in intelligence to trigger alerts if laboratory and radiological results are beyond a certain threshold which require immediate attention. The Company also developed a mobile application providing several services to the Company's customers, including arrangement of appointments with doctor and obtaining medical information.

Qualified Medical Staff

The Company believes that the main driver of its success in providing high quality healthcare services lies in the expertise of its doctors and that hiring surgeons and physicians who have established reputation for clinical excellence is essential in successful implementation of the Company's vision. Department heads at MEAHCO Hospitals have an average of 15 years of experience in their chosen areas of specialty. The MEAHCO Hospitals also offer competitive compensation to its doctors and has instituted various incentive mechanisms that have helped the Company recruit and retain key physicians.

Moreover, all consultants working at MEAHCO Hospitals have obtained board certificates or equivalent medical specialization certificates.

Robust Financial Position

The Company's revenue increased at a CAGR of 22.2% from 2012G to 2014G and earnings at a CAGR of 56.7% during the same period as a result of the increase in the number of patients and the economies of scale resulting from the growth of operations. In view of the Company's low leverage and strong equity base, management believes that it has the capacity to finance future expansions through internally generated cash flows and loans from third party lenders. Given the steady growth and profitability of the Company and its stable financial position, the Company is currently contributing to constructing SGH Hail through NHC. Furthermore, the Company intends to construct a new hospital in Dammam to further consolidate its position within the healthcare industry. For more information on the Company's revenues, please see Section 6-5 "Management Discussion and Analysis of Financial Position and Results of Operations of the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2012G, 2013G and 2014G" of this Prospectus.

Relationship with Insurance Companies

The Company enjoys strong relationships with leading insurance companies in the Kingdom that allows the Company to accommodate the requests of its patients in a timely manner. The Company also has a team within each of the MEAHCO Hospitals to manage the insurance claims and receivables collection period. Average length of relationship with leading insurance companies is more than 15 years (for more information on agreements with insurance companies, please see Section 12-6-1 "Medical Services Agreements" of this Prospectus).

Strong Referral Relationship with MOH

The Company has been treating MOH referral patients since 2005G. The MEAHCO Hospitals are considered to be one of MOH's major referral hospitals particularly in relation to cases that require critical care. The Company believes that around 90% of cases referred by MOH in 2014G required some form of critical care, which is a testament to the quality of medical services provided at the MEAHCO Hospitals.

Diversified Client Base

The client list of the Company includes all major cooperative health insurance companies customers, MOH, Saudi Aramco, Saudi Electricity Company, GOSI etc. (For more details about agreements entered into by the Company with the main customers, please see Section 12-6 "Material Agreements" of this Prospectus).

Volume of the Company's Operations

As of 31 December 2014G, the Company had 778 beds. It also served 45,063 inpatients during the year, performed nearly 24,663 surgeries; and attended to 1,093,816 outpatient visits at its clinics making it one of the largest healthcare services providers in the Kingdom. The Company is able to leverage its strong position within the healthcare industry to benefit its procurement practice by being able to negotiate lower prices and/or better payment terms in relation to the purchase of its medical instruments and consumables.

4-10-2 Strategy and Future Plans

The Company continuously strives to enhance the quality of healthcare services provided at its hospitals, while at the same time improving its financial and operational efficiency. Below are the key strategies employed to achieve these goals:

Expand in New Cities

The Company believes that growing economic welfare and awareness of healthcare services and compulsory health insurance system will lead to greater demand for healthcare services in the Kingdom. Company intends to grow by establishing new hospitals in Hail and Dammam**.** The Company's decision with regard to expansion of its operations is based on several factors, including demographics, revenue potential of local population, competitive landscape, location and cost of facilities. Key highlights related to these projects are as follows:

- SGH Hail capacity is 150 beds and 35 outpatient clinics. Construction of SGH Hail is expected to be completed during the first quarter of 2016G and operations are expected to start during the second quarter of 2016G.
- SGH Dammam capacity is 150 beds and 100 outpatient clinics. Construction of SGH Dammam is expected to commence in 2016G.

For more details on SGH Hail and SGH Dammam, please see Section 4-18 "Company's Current Projects" of this Prospectus.

Expand Current Facilities of MEAHCO Hospitals

In view of the growing demand for its services, the Company is in the process of implementing plans to increase its beds capacity at its existing MEAHCO Hospitals by a further 85 beds over the next three years (SGH Jeddah – 32 additional beds, SGH Riyadh – 30 additional beds, and SGH Madinah – 23 additional beds). Furthermore, the Company also plans to open 62 new outpatient clinics during the same period (SGH Jeddah – 22 additional clinics, SGH Aseer – 40 additional clinics). The Company is also in the process of planning for the expansion of its outpatient facilities in Jeddah and Riyadh.

Improve Profitability and Increase Beds Utilisation

The Company intends to improve profitability by increasing average income per bed and/or decreasing average length of stay for inpatients where the case permits. It also intends to focus on providing its services to more complicated cases that require advanced medical treatment in addition to improving qualities of cases and beds utilization rates in order to increase average income per bed. In addition, the Company intends to expand its practice with minimally invasive surgical techniques which eliminate the need for surgical intervention while achieving better surgical results. Patient recovery time is also shorter in minimal invasive surgeries, freeing up beds for other patients who require longer recovery time, thereby helping the Company in increasing its average income per bed.

Increase Outpatient Income

The Company intends to further strengthen its outpatient practice by adding clinics and recruiting more doctors as well as enhancing its outpatient offerings like cancer screening, breast disease clinics, diabetic foot clinics, health check-up programs, weight reduction and nutrition clinics.

4.11 Significant Developments that Occurred in the Company, MEAHCO Hospitals and Capital since their Establishment

The origins of the Company can be traced back to 1988G, when SGH Jeddah was established, followed by SGH Aseer and SGH Riyadh in 2000G and SGH Madinah in 2002G, respectively. Upon the Company's incorporation in 2004G, SGH Madinah and SGH Aseer and BAB's 80% of shares in BABAS (then the owner and operator of SGH Riyadh) were transferred to the Company as in-kind contribution by BAB as a founding Shareholder in the Company. Moreover, SGH Jeddah and the remaining shares in BABAS (constituting 20% of its capital) as well as a number of other assets were transferred to the Company as part of the Reorganisation in 2013G, (For more details, please see Section 4-3 "Development and Increases of Company's Share Capital" of this Prospectus).

The Company is mainly involved in owning, managing, and operating hospitals. The total number of beds in MEAHCO Hospitals is 778 as at 31 December 2014G.

Below is a summary of the most important development milestones witnessed by the Company since incorporation:

Table 75: Major Developments of the Company

Year	Developments
SGH Jeddah	
1988G	Establishment of SGH Jeddah.
1989G	Concluding a medical service agreement with Saudi Aramco.
1990G	Launching Interventional Radiology Services.
1993G	Concluding a medical service agreement with GOSI.
1996G	Launching Magnetic Resonance Imaging services (MRI).
1997G	First epilepsy surgery.
1999G	Establishment of heart diseases and Oncology Center.
1999G	First open heart surgery, coronary artery bypass grafting (CABG).
1999G	Launching radiology services with linear particle accelerator in department of oncology.
1999G	First heart catheter in cardiology department.
1999G	First permanent pacemaker implantation in the cardiology department.
1999G	First balloon valuloplasty in the cardiology department.
2000G	Launching the visiting professors program.
2005G	Obtaining Makkah Region Quality Program (MRQP) accreditation.
2008G	Expanding the emergency department.
2009G	Receiving "Excellence in Imaging and Diagnostics" award from the Arab Health Exhibition & Congress.
2009G	Receiving JCI accreditation for the first time.
2011G	Expanding and renewing ICU.
2012G	Renewal of JCI accreditation.
2014G	Orthopedics Department received "Excellence in Surgery" Award from the Arab Health Exhibition & Congress.
2014G	Launching Cardiac Patients Care Unit.
2015G	Launching Dental Clinic.
2015G	Refurbishing operating rooms.
2015G	Receiving the last accreditation from JCI.
2015G	Receiving accreditation from CBAHI.
SGH Aseer	
2000G	Establishment of SGH Aseer.
2000G	Launching Visiting Consultants' Program.

Year	Developments
2002G	Concluding a medical service agreement with Saudi Aramco.
2002G	Saudi Commission for Health Specialties approving SGH Aseer as a continuing education hospital.
2002G	Concluding a training agreement with International Academy for Health Specialties.
2005G	Launching a geriatrics center.
2005G	Obtaining (ISO 2000:9001).
2009G	Receiving JCI accreditation for the first time.
2010G	Launching interventional radiology services.
2011G	Concluding an agreement with MOH in Jazan in order to refer critically ill patients.
2012G	Renewal of JCI accreditation.
2013G	Concluding a medical service agreement with Southern Region Electricity Company.
2014G	Expanding SGH Aseer through adding a fourth floor.
2015G	Expanding ICU.
2015G	Receiving the last accreditation from JCI.
SGH Riyadh	
2000G	Establishment of SGH Riyadh.
2007G	Concluding a medical service agreement with Saudi Aramco.
2006G	First open-heart surgery.
2006G	First case of test-tube baby in vitro fertilization department.
2009G	Receiving JCI accreditation for the first time.
2012G	Renewal of JCI accreditation.
2014G	Expanding emergency room, operating rooms and audiology clinic.
2015G	Launching intravenous nutrition services, isolation rooms in the emergency room, neonatal intensive care unit (NICU) and expanding dental clinic.
2015G	Receiving the last accreditation from JCI.
SGH Madinah	
2002G	Establishment of SGH Madinah.
2004G	Launching Plastic Surgery Department.
2005G	Concluding medical service agreements with Saudi Aramco, Saudi Electricity company and MOH.
2009G	Receiving JCI accreditation for the first time.
2010G	Launching chemotherapy outpatient clinics.
2010G	Department of radiology received “Excellence in Surgery” award from the Arab Health Exhibition & Congress.
2012G	Renewal of JCI accreditation.
2013G	Expanding pediatric intensive care unit (PICU) and cardiac patients care unit.
2014G	Receiving the last accreditation from JCI.
2014G	Launching labor examination unit.
2014G	Expanding operating rooms.
SGH Hail	
2006G	Commencing construction of SGH Hail.

Source: The Company

4.12 Description of MEAHCO Hospitals

The Company currently owns four (4) hospitals, namely, SGH Jeddah, SGH Riyadh, SGH Aseer and SGH Madinah. The following table sets out a summary of MEAHCO Hospitals:

Table 76: A summary of MEAHCO Hospitals as at 30 June 2015G

Hospital	Land Area (m2)	Built-Up Area (m2)	Real estate ownership	Number of clinics	Number of Beds	Number of Doctors
SGH Jeddah	33,375	57,787	The Company	105	191	238
SGH Riyadh	37,567	46,870	The Company	69	219	126
SGH Aseer	55,644	49,093	The Company	56	194	102
SGH Madinah	65,606	48,151	The Company	51	184	100

Source: The Company

4-12-1 Description of SGH Jeddah

SGH Jeddah commenced its operations in 1988G and is a tertiary care hospital with all medical and surgical specialties, diagnostic facilities and support services.

Location

The hospital is located on Batterjee Street in the prime Al Zahra district area of Jeddah, only a few kilometers from the Jeddah airport and in close proximity to the major arterial roads of Jeddah.

Facility Description

SGH Jeddah facility is built over an area of 33,375 m^2 which consists of the main inpatient hospital building, outpatient facility, the specialty center (which includes the cardiology care unit, open heart operating room and the oncology center), the administrative offices, and residential compounds and buildings for medical staff which are designated as follows:

The main inpatient facility is a six-story building with emergency rooms, operating rooms, diagnostic departments of radiology and laboratory, pharmacy, delivery units, ICU, NICU, and inpatient rooms.

The outpatient facility is the primary building that houses 105 outpatient clinics for various specialties with minor procedure rooms, diagnostic departments of radiology and laboratory, the main auditorium with a seating capacity of up to 400 people and meeting rooms for the medical conferences and community programs.

The specialty center linked to the main inpatient facility has neurosurgery center, cardiac center with cathlab, oncology center with chemo and radio therapy facilities, including the liner accelerator, and a nephrology center with renal dialysis units.

The SGH Jeddah support facilities include a large warehouse with storage facility for medical, pharmaceutical and other consumables, a multi-story car park with capacity of over 450 cars with direct patient access to the different floors of the outpatient clinics.

SGH Jeddah also has staff housing facilities that can accommodate all medical, nursing and paramedical staff. These provide significant advantage in case of medical emergencies for the concerned specialty staff to attend to such cases and greatly impact the quality of care. The hospital has also other residential compounds near the hospital campus for administrative and other staff. SGH Jeddah housing also provides higher comfort and security for the families of the staff.

Operations, Medical Staff and Accreditation

SGH Jeddah is one of the major healthcare providers in the Western Province of the Kingdom with 24 specialties. In 2014G, it recorded 527,180 outpatient visits, 17,079 inpatient admissions, 8,562 surgeries and 1,905 deliveries. As at 30 June 2015G, the capacity of SGH Jeddah is 191 beds and 105 outpatient clinics.

As at 06/08/1436H (corresponding to 24/05/2015G), SGH Jeddah employed 1,715 employees, including 238 doctors, 322 nurses as well as other medical staff, who oversee the needs of the patients.

SGH Jeddah has modernized the procedures for making medical appointments and uses electronic patient files in diagnosis and treatment of medical conditions. In addition, SGH Jeddah patients are provided access to their laboratory reports through the Company's website for a period fifteen (15) days after their treatment.

SGH Jeddah renewed its JCI accreditation in 2015G. In addition, SGH Jeddah received CBAHI accreditation for a period of three (3) years commencing on 06/01/1437H (corresponding to 19/10/2015G).

4-12-2 Description of SGH Riyadh

SGH Riyadh is a multi-specialty, tertiary care hospital and commenced its operations in 2001G.

Location

SGH Riyadh is located on the King Fahad Road close to the main business and residential districts, easily accessible from King Khalid International Airport in addition to all areas of Riyadh and neighboring areas.

Facility Description

SGH Riyadh is built on a plot of land with an area of 37,567 m^2. Total built-up area is 46,870 m^2 which consists of inpatient and outpatient facilities, operating rooms, laboratories and pharmacies.

To effectively manage the patient traffic and workflow, all outpatient clinics at SGH Riyadh are located on the ground floor with easy access to the support departments of radiology, laboratory and pharmacy. Furthermore, keeping in view the comfort of patients, same-day surgery operating rooms are located in an area adjacent to the emergency care facility.

Oncology department's facility has been designed and constructed such that linear accelerators can be installed in a seamless manner should the management decide to offer radiation therapy services at SGH Riyadh (which at present are offered at SGH Jeddah and SGH Aseer).

The delivery rooms, intensive care units and operating rooms are all located on the same floor along with inpatient rooms to service these facilities. Furthermore all delivery rooms are connected to NICU and PICU to facilitate quick transfer of newborns to such units if needed. The main building also includes a 400 seat auditorium where symposiums, community activities and training programs are held for SGH Riyadh's medical staff.

SGH Riyadh also has underground parking and staff accommodation in close proximity to the hospital to ensure quick response time for cases that require immediate care.

All support functions and ancillary departments are located in the basement. SGH Riyadh also has capacity to install an additional electricity generator to facilitate future expansions.

Operations, Medical Staff and Accreditation

SGH Riyadh provides a wide range of healthcare services in both its inpatient departments and outpatient clinics. In 2014G, it recorded 202,517 outpatient visits, 9,462 inpatient admissions, 5,240 surgeries and 859 deliveries. As at 30 June 2015G, the capacity of SGH Riyadh is 219 beds and 69 outpatient clinics.

As at 06/08/1436H (corresponding to 24/05/2015G), SGH Riyadh employed 824 employees, including 126 doctors, 227 nurses as well as other medical staff, who oversee the needs of the patients.

SGH Riyadh renewed its JCI accreditation in 2015G.

4-12-3 Description of SGH Aseer

SGH Aseer commenced operations in 2000G. SGH Aseer is a multispecialty, tertiary care hospital considered as one of the major healthcare providers in the southern region of the Kingdom.

Location

SGH Aseer is located on the Abha-Khamis Mushait highway in Aseer. SGH Aseer is easily accessible from the airport and by road from other parts of Aseer and neighboring regions.

Facility Description

SGH Aseer is built on a plot of land with an area of 55,644 m^2. Total built-up area is 49,093 m^2 which consists of inpatient and outpatient facilities, operating rooms, chemo and radio therapy facilities, including linear accelerator, laboratories and pharmacies.

To effectively manage the patient traffic and workflow, all outpatient clinics at SGH Aseer are located on the ground floor with easy access to the support departments of radiology, laboratory and pharmacy. Furthermore, keeping in view the comfort of patients, same-day surgery operating rooms are located in an area adjacent to the emergency care facility.

The delivery rooms, intensive care units and operating rooms are all located on the same floor along with inpatient rooms to service these facilities. Furthermore all delivery rooms are connected to NICU and PICU to facilitate quick transfer of newborns to such units if needed. The main building also includes a 400 seat auditorium where symposiums, community activities and training programs are held for SGH Aseer's medical staff.

SGH Aseer also has underground parking and staff accommodation in close proximity to the hospital to ensure quick response time for cases that require immediate care.

All support functions and ancillary departments are located in the basement. SGH Aseer also has capacity to install an additional electricity generator to facilitate future expansions.

Operations, Medical Staff and Accreditation

SGH Aseer provides a wide range of healthcare services in both its inpatient departments and outpatient clinics. In 2014G, SGH Aseer recorded 211,064 outpatient visits, 10,368 inpatient admissions, 5,075 surgeries and 1,041 deliveries. As at 30 June 2015G, the capacity of SGH Aseer is 194 beds and 56 outpatient clinics.

As at 06/08/1436H (corresponding to 24/05/2015G), SGH Aseer employed 976 employees, including 102 doctors, 335 nurses as well as other medical staff, who oversee the needs of the patients.

SGH Aseer has modernized the procedures for making medical appointments and uses electronic patient files in diagnosis and treatment of medical conditions.

SGH Aseer renewed its JCI accreditation in 2015G.

4-12-4 Description of SGH Madinah

SGH Madinah is a multi-specialty, tertiary care hospital that commenced operations in 2003G.

Location

SGH Madinah is located in Madinah outside the Haram area, situated on Prince Naif bin Abdulaziz Road. Given its location, SGH Madinah is accessible to both Muslims and non-Muslims.

Facility Description

SGH Madinah is built on a plot of land with an area of 65,606 m^2. Total built-up area is 48,151 m^2 which consists of inpatient and outpatient facilities, operating rooms, laboratories and pharmacies.

To effectively manage the patient traffic and workflow, all outpatient clinics at SGH Madinah are located on the ground floor with easy access to the support departments of radiology, laboratory and pharmacy. Furthermore, keeping in view the comfort of patients, same-day surgery operating rooms are located in an area adjacent to the emergency care facility.

Oncology department's facility has been designed and constructed such that linear accelerators can be installed in a seamless manner should the management decide to offer radiation therapy services at SGH Madinah (which at present are offered at SGH Jeddah and SGH Aseer).

The delivery rooms, intensive care units and operating rooms are all located on the same floor along with inpatient rooms to service these facilities. Furthermore all delivery rooms are connected to NICU and PICU to facilitate quick transfer of newborns to such units if needed. The main building also includes a 400 seat auditorium where symposiums, community activities and training programs are held for SGH Madinah's medical staff.

SGH Madinah also has underground parking and staff accommodation in close proximity to the hospital to ensure quick response time for cases that require immediate care.

All support functions and ancillary departments are located in the basement. SGH Madinah also has capacity to install an additional electricity generator to facilitate future expansions.

Operations, Medical Staff and Accreditation

SGH Madinah is one of the major healthcare providers in the Western Province and provides a wide range of healthcare services in both its inpatient departments and outpatient clinics. In 2014G, it recorded 153,055 outpatient visits, 8,154 inpatient admissions, 2,971 surgeries and 1,476 deliveries. As at 30 June 2015G, the capacity of SGH Madinah is 184 beds and 51 outpatient clinics.

As at 06/08/1436H (corresponding to 24/05/2015G), SGH Madinah employed 682 employees, including 100 doctors, 188 nurses as well as other medical staff, who oversee the needs of the patients.

SGH Madinah renewed its JCI accreditation in 2014G.

4.13 Description of AJ Sons

AJ Sons' main activity is procurement and supply of medical instruments, implants and consumables to the MEAHCO Hospitals as well as other hospitals. As at 30 June 2015G, AJ Sons employed 23 employees.

The Company has entered into an exclusive reseller agreement with BAB (which, in turn, has agency agreements in place with foreign suppliers) in order to distribute products traded by AJ Sons inside the Kingdom. For more details about the exclusive reseller agreement, please see subsection (A) of Section 12-6-1 "Medical Services Agreements" of this Prospectus.

4.14 MEAHCO Hospitals Services

MEAHCO Hospitals provide a wide range of medical services in their outpatient clinics and inpatients departments. There is no material difference with regard to services provided by these hospitals as they include services for outpatients and inpatients, within 24 different medical specialties. In addition, the MEAHCO Hospitals offer emergency services, medical laboratory services, radiology services, and pharmaceutical services.

The table below sets out the categories of services provided by the medical departments within MEAHCO Hospitals, according to inpatient hospital beds and outpatient clinics:

Table 77: Categories of services provided by MEAHCO Hospitals

Specialization	Sub Specialization	
Anaesthesiology	General Surgery Neurosurgery Obstetrics and Gynecology Eye Surgery	Cardiothoracic Surgery Dental and Maxillofacial Surgery Pediatric Surgery Urology
	Orthopedics Ear, Nose and Throat surgery	Vascular Surgery Plastic Surgery Pain Treatment
Cardiology	General Cardiology	Interventional Cardiology
	Electrophysiology (only in SGH Jeddah)	
Dental Surgery and Maxillofacial Surgery	Oral and Maxillofacial Surgery Orthodontology Periodontics Dental Prosthetics	Endodontics Dental and Oral Surgery Stomatology General Dentistry
	Pediatric Dentistry (only in SGH Jeddah)	
Dermatology	General Dermatology Plastic surgery	Andrology and Venereology
Intensive Care Unit	There is no subspecialty	
Internal Medicine	General Internal Medicine Clinical Nutrition Unit (only in SGH Jeddah and SGH Riyadh) Endocrine, metabolism and diabetes Gastroenterology, Hepatology and Endoscopy Geriatrics (only in SGH Aseer and SGH Riyadh)	Hematology Infectious Diseases (only in SGH Jeddah) Nephrology Pulmonology and Pneumology Family Medicine (only in SGH Jeddah and SGH Madinah)
Medical Laboratories	Microbiology Parasites Unit Virology Unit Blood Diseases Unit and Coagulation Unit Medical Biochemistry Unit	Toxins Unit Immunity and Vaccines Unit Immunohematology Unit (Blood Bank) Urine Analysis Unit Histopathology Unit
Medical Imaging	Neuroradiology Traumatology and Musculoskeletal Diseases Cardiothoracic Surgery Abdominal Imaging	Pediatric Imaging Interventional Radiology Angiography Ultrasound
Neurology	Neurophysiology Test Autoimmune Disorders of the Central Nervous System	Epilepsy Central Nervous System Infections
	Sleep Lab (not available in SGH Aseer)	
Neurosurgery	General Neurosurgery	Brain Blood Vessels Surgery
	Epilepsy Surgery (only in SGH Jeddah and SGH Aseer) Stereotaxic Surgery (only in SGH Aseer and SGH Jeddah) Endoscopic Brain Surgery (only in SGH Aseer)	
Obstetrics and Gynecology	General Obstetrics Advanced Obstetric Cases General Gynecology	Gynecologic Oncology Hysteroscopy Laparoscopic surgery for women
	Fertilization in Medical Laboratories (only in SGH Riyadh)	

Specialization	Sub Specialization	
Oncology	Systemic Chemotherapy Targeted Therapy	Monoclonal Antibody Therapy
	External Beam Radiation Therapy (only in SGH Jeddah and SGH Aseer)	
Ophthalmology	Cataract Surgery Glaucoma Surgery Corneal Surgery	Lacrimal Surgery Ophthalmology Diagnostic Investigations Refractive Surgery
	Vitreoretinal Surgery (only in SGH Jeddah)	
Orthopedics	Spine Surgery Healing Joints Hand and Shoulder	Traumatology Arthroscopy Sports Injuries
	Pediatrics (only in SGH Jeddah) Oncology and Microscopic Surgery (only in SGH Jeddah)	
Pediatrics	General Pediatrics Neonatology	Pediatric Cardiology (Interventional)
	Pediatric Cardiology (Diagnostic Service) (only in SGH Jeddah) Pediatric Gastroenterology (only in SGH Jeddah) Pediatric Endocrinology (only in SGH Jeddah) Pediatric Hematology (only in SGH Jeddah) Pediatric Surgery (only in SGH Jeddah and SGH Riyadh)	
Physiotherapy	Orthopedic and Traumatology Laboratory Rehabilitation after Neurosurgeries and Neurological Diseases Women's health Program Oncology Rehabilitation Rehabilitation After Sports Injuries	Geriatric Rehabilitation Pediatric Rehabilitation Weight Losing Program Swimming and Hydrotherapy Home care services
	Rehabilitation After Cardiopulmonary Surgeries and Entering the Cardiac Care Unit Intensive Care Unit and Pediatric Intensive Care Unit Services	
Psychology	Adult Psychiatry Adult and Pediatric Psychiatry Geriatric Psychiatry Addiction Psychiatry	Psychosomatic Medicine Treatment With Pain Emergency Psychiatry
	Psychotherapy (not available in SGH Madinah) (General psychiatry is available within MEAHCO Hospitals, while subspecialties are not available except in SGH Jeddah)	
Rheumatology	General Rheumatology Osteoporosis Connective Tissue Disorders Crystal Related Arthropathies	Inflammatory Musculoskeletal Disorders Degenerative Arthropathies Autoimmune Disorders Paraneoplastic Musculoskeletal Disorders Inherited Collagen Disorder
Surgery	Plastic Surgery (Reconstructive and Cosmetic) General Surgery Gastrointestinal Surgery Traumatology Endocrine Surgery Head and Neck Surgery	Oncological Surgery Proctology and Proctosurgery Endoscopic Surgery Breast Surgery Hepatobiliary Surgery Vascular Surgery
Urology	General Urology Department Kidney Surgery	Ureteral Endoscopic Surgery Oncological Surgery
	Endoscopic Urinary Tract Surgery (only in SGH Jeddah)	

Source: The Company

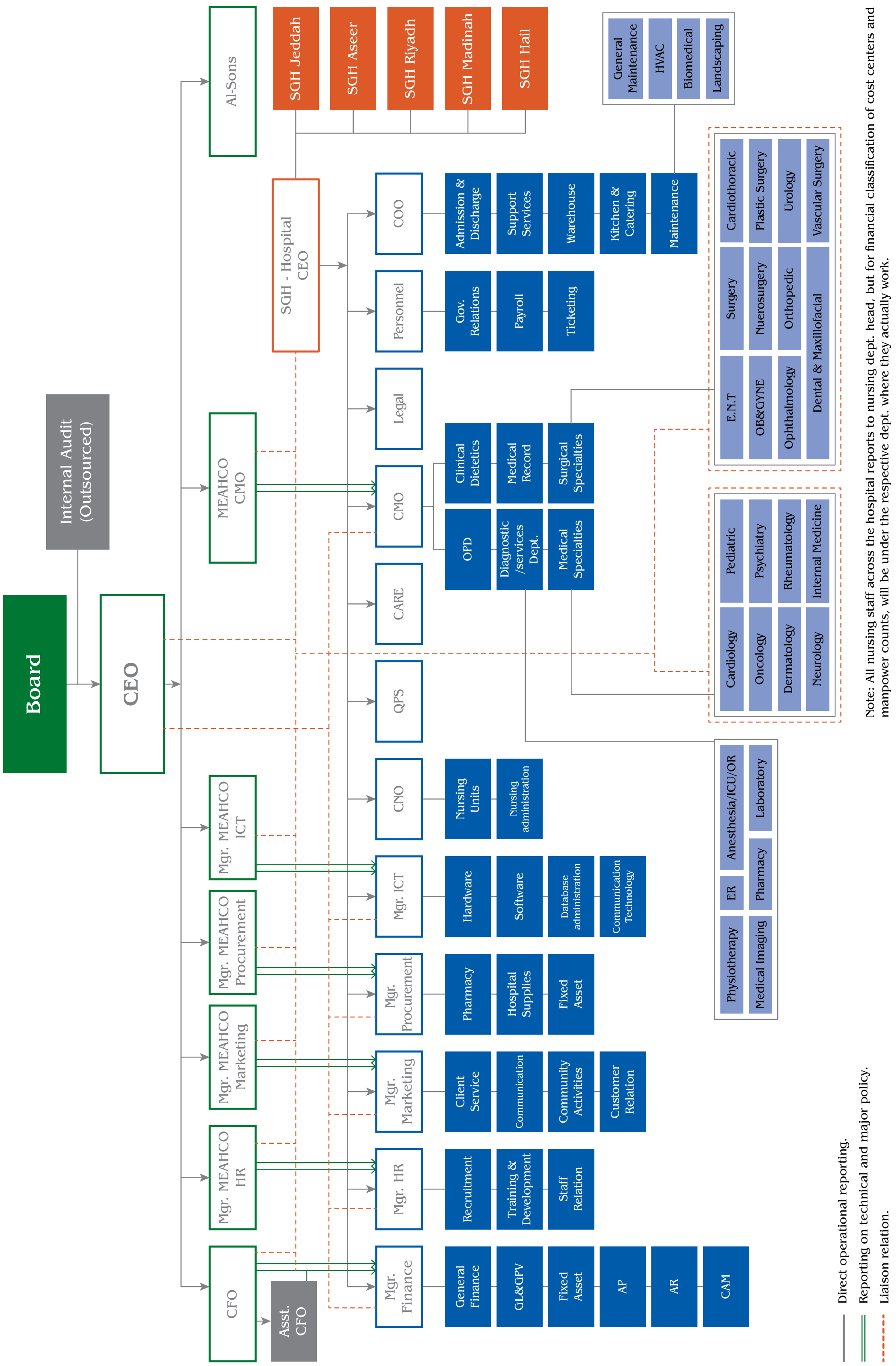
4.15 MEAHCO Hospitals Main Departments and Committees

MEAHCO Hospitals include medical departments providing similar medical services as well as multiple administrative departments in order to manage all operations in each hospital. Furthermore, each hospital has a number of specialized medical committees that are responsible for monitoring the quality of medical services provided together with the performance of the medical staff at the MEAHCO Hospitals, in order to report to the hospital's senior management.

4-15-1 Management Structure of the Company

The chart below shows the management structure of the Company:

Figure 5: Management Structure of the Company



Below is a detailed description of each medical department and committee as well as administrative departments over MEAHCO Hospitals.

4-15-2 Medical Departments

The main Medical Departments within MEAHCO Hospitals include the following:

Department of Anaesthesia

The Department of Anaesthesia is a critical department within MEAHCO Hospitals, monitoring the use and practice of any type of sedation performed by any other department. Moreover, Anaesthesiologists prepare the patient before the operation and monitor the patient after the operation to ensure a successful recovery from anaesthetics.

The Department of Anaesthesia does not only manage patients undergoing operations, but also provides services for terminal patients to help them control the pain. Generally, the Department of Anaesthesia provides the following services:

- Local anesthesia, topical application and minor nerve blocks
- Peripheral nerve blocks/ultrasound guided nerve block
- Management of procedures for rendering a patient unconscious and/or insensible to pain and stress during surgical, obstetrical and certain medical procedures
- The support and protection of life functions under the stress of anesthetic and surgical manipulation and other medical procedures
- The clinical treatment of patient unconscious from whatever cause
- The treatment of problems through pain relief
- The treatment of problems through cardiac and respiratory resuscitation
- The application of specific methods of inhalation and pulmonary care
- The clinical management of various fluid, electrolyte and metabolic disturbances
- The management of critically ill patients including special care units

Department of Cardiology

The Department of Cardiology provides services for the treatment of various heart conditions, including preventative and intervening treatments. The Department of Cardiology provides diagnostic bundle that include ECG (electrocardiogram), echocardiography, with the possibility of using stress testing in both modalities and diagnostic cardiac catheter. Nuclear imaging of the heart is also a major diagnostic tool to assess the function of the muscle of the heart and assess the site of infection.

Interventional or management services provided by the Department of Cardiology include managing emergency cases, such as acute coronary syndrome and acute myocardial infarction. Treatments for such cases can include dissolving the thrombus by thrombolytic therapy or intervention by cardiac catheterization, in which cardiologists perform a primary intervention (the patient goes directly from the ER to cardiac catheter for diagnostic procedure and insertion of coronary stents in case of existing lesion). Emergency services are also available at all times.

The cardiology department also has the capability to do intravascular ultrasound (IVUS) to differentiate between different types of diseases of the coronary arteries. Other interventional procedures include:

- Percutaneous Coronary Interventions (PCI)
- Coronary Stenting
- Intravascular Ultrasound (IVUS)
- Pressure Wire Assessment of Coronary Flow
- Percutaneous Balloon Valvuloplasty (PBV)
- Vascular Closure (by any means)

Electrophysiologic study of the heart is the science of analyzing and treatment of diseases that affect the electrical function of the heart and cause arrhythmias, treatment include detection of abnormal foci of electrical activity and their ablation, as well as the following:

- Radiofrequency Catheter Ablation
- Temporary Pacemaker Insertion.
- Permanent Pacemaker Insertion (including implantation, replacement or testing), both single and dual chamber
- Implantable Caridovertor Defibrillator (ICD) (including implantation, replacement, or testing)
- Tilt table testing for neurally mediated hypotension/syncope
- DC Cardioversion, elective or emergency
- Biventricular Pacing (cardiac resynchronization therapy)
- Lead Pacemaker or ICD lead extraction

Department of Cardiothoracic Surgery

The Department of Cardiothoracic Surgery is a branch of the Cardiology Department which intervenes in any cardiac case where non-surgical measures fail or in cases when surgery is necessary. The Department of Cardiothoracic Surgery also assists the department specializing in chest medicine (subspecialty of internal medicine) by providing surgery services for patients with chest related illnesses.

Surgeries of the heart include heart valve repair or replacement whether with artificial or tissue valve, coronary arteries bypass and graft, repair of congenital heart abnormalities. Chest surgery include major surgeries of the lungs, like the removal of lungs or their lobes, biopsies, repair of hernias of the diaphragm and removal of tumors.

Department of Dentistry, Oral and Maxillofacial Surgery

Department of Dentistry, Oral and Maxillofacial Surgery provides services to patients who require head, neck, teeth or jaw treatment. It also provides high quality services covering a wide range of specialties and subspecialties.

- Dentists offer general dentistry treatment, including all necessary procedures to repair and restore teeth
- All procedures necessary for the replacement of missing teeth
- All procedures necessary for the treatment of periodontal disease except bone grafts
- Extraction of teeth and impacted teeth which present no unusual preoperative problems
- All procedures necessary for preventive treatment and its applications
- Endodontics where there are no unusual preoperative problems
- Dentures and Dental Implants

In addition to general dentistry, the Department of Dentistry, Oral and Maxillofacial Surgery also includes pediatric dentistry, periodontics, oral cavity, dentures and dental implants, endodontics, orthodontics as well as oral and maxillofacial surgery.

Department of Dermatology

Department of Dermatology treats ailments affecting a patient's skin, including both medical and cosmetic conditions, and now features cosmetic services for otherwise healthy patients. The department is considered a highly specialized center within MEAHCO Hospitals, due to the caliber of its staff in terms of medical experience and reputation for care quality.

Services of the Department of Dermatology range from simple diagnostic tests, like allergy testing, to melanocyte transplants, including a new treatment for patients with stable resistant vitiligo which was introduced in the Middle East for the first time by the dermatological center in MEAHCO Hospitals.

The Department of Dermatology is equipped with advanced laser equipment to treat skin lesions, including:

- Vascular Laser, to treat vascular diseases
- Q-switch Laser Technology, to treat pigmented lesions
- Hair Removal Laser, to reduce and remove unwanted hair
- Refractional Laser, to reduce scarring and wrinkles, as well as to tighten skin

The Department of Dermatology also offers a new treatment involving platelet-rich plasma (PRP), which consists of blood plasma that has been enriched with platelets. It contains several different growth factors and other cytokines for skin regeneration and hair growth.

Emergency Department

The Company considers trauma as one of its core services, and focuses on providing the highest quality services possible. The Emergency Department is further organized in a "trauma team" or "code yellow team" trained to deal with multi-trauma cases or disaster scenarios. The scope of services provided by the department is not confined to trauma; however, it extends to include all care services for all emergency patients in order to meet the broad requirements of the Emergency Department in a challenging health care environment.

This department offers the following medical services:

- General surgery emergencies
- Internal treatment and various subspecialties such as Nephrology, Chest, Diabetes and Endocrinology
- Cardiology
- Obstetrics and Gynecology
- Pediatrics
- Vascular Surgery
- Neurology and Neurosurgical Cases
- Oral and Maxillofacial Surgery
- Cardiothoracic
- Urology

Intensive Care Unit

ICU is the major care provider that provides support to critical cases admitted under different specialties, in which patients are in need of immediate and extensive care. Bringing in doctors with varying specialties, the ICU is able to provide multiple services for patients whose lives are in danger. Thus, the ICU is equipped with the equipment and staff necessary to closely monitor a patient's physiological functions.

In addition to vital signs, the ICU can monitor cardiac status both invasively and non-invasively, intra-arterial blood pressure monitoring, respiratory carbon dioxide.

The ICU team has extensive experience in managing trauma patients, post-operative care and providing total parenteral nutrition (nutrition for long cases of coma or cases with major gastrointestinal diseases).

The ICU offers other services including the following:

- The clinical treatment of patient unconscious from various causes
- The management of problems in pain relief
- The management of problems in cardiac and respiratory resuscitation
- The application of artificial respiration and pulmonary care procedures
- The clinical treatment of various fluid, electrolyte and metabolic disturbances
- The treatment of critically ill patients including special care units

Department of Internal Medicine

The Department of Internal Medicine is considered a multi-disciplinary department that offers basic medical care to its patients and to many patients under other departments. It has an especially high flow of outpatients, and deals with the most prevalent and important diseases in the society like diabetes mellitus and hypertension. It also deals with the dangerous infections of great society concerns like Dengue fever and corona. It has a full range of subspecialties, a staff with extensive experience and fully equipped units, providing supervision and integration of food and care services for respiratory tract diseases. Moreover, it has Family Medicine units across MEAHCO Hospitals.

The Department of Internal Medicine offers general medical services such as outpatient facility for those who complain of simple signs and symptoms, in addition to more specialized and subspecialized services for more complex cases. The Department of Internal Medicine features several subspecialties, which are covered by the subunits below.

- The Gastroenterology Unit is concerned with diseases of the gastrointestinal tract (GIT) and also endoscopies of the GIT, whether endoscopes of the upper GIT (stomach and esophagus), endoscopes of the biliary tract (that deal with cases of biliary stone and their complications) or lower GIT endoscopy, which deals with diseases of the colon or rectum. Endoscopes provide both diagnostic and therapeutic approaches, where they can take biopsy or remove small tumors or stop bleeding by cautery.
- The Pulmonology Unit is concerned with diseases of the chest, and is mostly clinical but also has different diagnostic and interventional services. The pulmonary (lung) function test is an important routine test to assess the improvement or deterioration of chronic chest conditions and is used in pre-operative assessment of chest cases before operation. Bronchoscopes (endoscope of the bronchus), whether diagnostic or therapeutic, are also an essential diagnostic tool for taking biopsies or removal of inhaled foreign bodies.
- The Nephrology Unit treats renal disease, which is currently a major public health danger. The Nephrology Unit provides diagnostic services for new cases or regular hemodialysis for the chronic cases. In addition, the Nephrology Unit provides services to patients treated in other departments and who are suffering from renal ailments.
- The Endocrinology Unit is concerned with the diagnosis and treatment of diseases of the internal glands specifically pituitary, thyroid, supra-renal, endocrine diseases of the gonads; parathyroid and diabetes mellitus and its complications.
- The Hematology Unit is concerned with blood diseases, their diagnosis and treatment. Benign hematology cases are dealt with by an internal medicine consultant, while malignant hematology cases are referred to the Oncology Department.
- The Infectious Diseases Unit provides patients with diagnosis of complex diseases that are difficult to diagnose, including idiopathic bacterial, viral, and parasitic diseases. Infectious disease cases are on the rise, and as the Infectious Disease Unit’s services are much needed, it is now extending its services throughout the Department of Internal Medicine.

Medical Laboratories Department

The Medical Laboratories Department is a medical infrastructure department on which all other departments depend. The Medical Laboratories Department also acts as a referral lab for many local labs and hospitals in the community. It provides all routine laboratory tests for inpatients, outpatients, emergency room patients and nursing facility patients at all times of day.

The department offers the following medical services:

- Microbiology Unit is mainly concerned with cultures, to look for suspected pathogens which, if found, are further identified based on biochemical tests. Also, sensitivity testing is carried out to determine whether the pathogen is sensitive or resistant to a suggested medicine. Results are reported with the identified organism(s) and the type and amount of drug(s) that should be prescribed for the patient.
- Parasites Unit is concerned with diagnosing parasites that could affect the human body.
- Virology Unit is concerned with identification of viruses (or viral components or antibodies) in blood, urine, and cerebrospinal fluid.
- Hematology Unit is concerned with conducting full blood tests to do full blood counts, abnormal hemoglobin types as well as many other specialized tests.
- Coagulation Unit analyzes coagulation and coagulation factor levels.
- Medical Biochemistry Unit examines serums to identify chemical substances in the blood. These include a range of substances, such as lipids, blood sugar, enzymes, hormones and electrolytes.
- Toxins Unit is mainly concerned with testing pharmaceutical and recreational drugs. Urine and blood samples are submitted to this unit.
- Immunology/Serology Unit uses the concept of antigen-antibody interaction as a tool to diagnose autoimmune

diseases. Compatibility of transplanted organs is also determined.

- Blood Bank Unit is concerned with determining blood groups, and performs compatibility testing on donor blood and recipients. It also prepares blood components, derivatives, and products for transfusion. This unit determines a patient's blood type and (Rh) status, checks for antibodies to common antigens found on red blood cells, and cross matches units that are negative for the antigen.
- Histopathology Unit processes solid tissue removed from the body (biopsies) for evaluation at the microscopic level, and diagnose the cause of disease, whether it is a tumor, inflammation or otherwise.
- Cytopathology examines smears of cells from all over the body (such as from the cervix) for evidence of inflammation, cancer, and other conditions.

Neurology Department

The Neurology Department treats medical matters dealing with the brain and/or the nervous system, and is among the Company's fastest-growing departments.

The Neurology Department offers diagnostic tools, like (EEG), digital EEG with different provocative tests, as well as prolonged EEG with video monitoring for some epileptic cases, nerve conduction studies, and evoked potential testing.

The Neurology Department also treats the following illnesses:

- Inflammatory disorders of the central nervous system, whether bacterial, viral, parasitic or otherwise.
- Autoimmune disorders of the central nervous system, whether primary or secondary.

The sleep lab is a diagnostic modality available at SGH Jeddah and SGH Madinah to diagnose sleep disorders and some respiratory disorders.

The stroke unit is a specialized unit which deals with cases of cerebral strokes or hemorrhages. The stroke unit has already been established in SGH Riyadh, and there are plans to establish similar units in SGH Madinah and SGH Jeddah in the near future.

Department of Neurosurgery

The Department of Neurosurgery is considered one of the main departments that deals with trauma cases in which MEAHCO Hospitals specialize, playing a significant role in providing emergency services to patients. The Department of Neurosurgery is equipped with well trained staff and the latest equipment, which enables them to leverage their extensive experience to deal with cases such as brain tumors, neurovascular disorders, spine disorders and trauma. Neurosurgeons use advanced diagnostic methods, including neurosurgical radiology, stereotactic biopsies and functional neurosurgical procedures.

OB/GYN Department

The OB/GYN Department offers a large variety of quality services providing treatment of a great variety of disorders of the female body and has recently performed advanced laparoscopic gynecological procedures in addition to handling advanced obstetric cases.

The OB/GYN Department offers a large variety of quality services to female patients at all hours, ensuring the privacy and comfort of patients. The OB/GYN Department offers the following medical services, among many others:

- Perineum, Genitourinary Tract, and vaginal related diseases
- Using laparoscopy with the bladder or rectum
- Various biopsies
- Vaginal injuries
- Vaginal related diseases
- Pelviscopy
- Hysteroscopy
- Colposcopy
- Cervix
- Cervicectomy
- Cone Biopsy or (LEEP conization)
- Excision of cervix stump
- Corpus Uteri
- Myomectomy (abdominal or vaginal)
- Hysterectomy (abdominal or vaginal)
- Uterine suspension
- Ovary
- Ovarian torsion
- Salpingectomy
- Oophorectomy

Department of Oncology

The Department of Oncology provides diagnostic, therapeutic and palliative care for cancer patients, using a comprehensive approach and offering both radiation as well as chemotherapy services. In particular, the Department of Oncology provides diagnosis and treatment for different types of tumors using different treatment modalities including external beam radiation therapy, systemic chemotherapy, monoclonal antibody therapy and targeted therapy.

The Department of Oncology offers the medical services for the treatment of the following illnesses, among many others:

- Gastrointestinal Cancer
- Pancreas Cancer
- Colon Cancer
- Rectal Cancer
- Anal Canal Cancer
- Breast Cancer
- Endocrine System
- Thyroid and Adrenal Gland Cancer
- Gastrointestinal Tract
- Respiratory System
- Urinary system: Urinary bladder, urethra, kidney, ureter
- Female genital system: Uterus, ovary, fallopian tubes
- Male Genital System
- Skin Malignancies and Malignant Melanomas

Department of Ophthalmology

The Department of Ophthalmology is equipped with the latest diagnostic modalities like applanation tonometry, retinoscopic visualization and visual field assessment, which enables ophthalmologists to diagnose and treat the complex diseases and lesions of the eye. The Department of Ophthalmology specializes in cataract surgery, dealing with traumatic and hemorrhagic accidents of the eye, scleral and conjunctival anomalies.

The Department of Ophthalmology provides a wide range of services to patients suffering from ailments afflicting their eyes, including:

- Cataract Surgery, including cataract extraction
- Corneal Surgery
- Refractive Surgery, including LASEK, and clear lens extraction, intra corneal ring implantation (ICL implantation) and corneal crosslinking
- Retina disorders, including management of many medical conditions including diabetic retinopathy, retinal arterial and venous occlusive diseases using argon laser focal treatment, and argon laser grid treatment
- Vitroretinal Surgery, including surgical management of retinal detachment and vitreous hemorrhage
- Oncology, including excision of ocular surface tumors
- Lacrimal Surgery
- Ophthalmology diagnostic investigations

Department of Orthopedics

Department of Orthopedics is considered among the most important departments within MEAHCO Hospitals as it treats all patients, from pediatric to geriatric populations. Diagnosing and treating bone injuries and diseases has become efficient and with quick turn-around, as a result of the use of advanced imaging methods. The Department of Orthopedics has unique expertise in sports injuries, spine surgery, trauma management, and pediatric developmental anomalies of the limbs and spine, including scoliosis. Hand surgery specialists manage deformities of the hand and wrist across all MEAHCO Hospitals, and SGH Jeddah specializes in hip and knee replacement surgeries.

The Department of Orthopaedics' general activities include the treatment of bone fractures and reconstruction of joints and bones, and its medical interventions include:

- Re-implantation of amputated limbs
- Screening of newborns through hip joint ultrasonography for congenital hip dysplasia
- Microscopic surgery on limbs with inoperable bone tumors
- Radiofrequency ablation of benign bone tumors with no incision
- Scoliosis correction surgeries

Department of Pediatrics

The Department of Pediatrics provides medical care for children who have experienced trauma or need medical treatment. The Department offers outpatient and inpatient services alike, Neonatal Intensive Care Unit (NICU), and Pediatric Intensive Care Units (PICU). The Department of Pediatrics comprises a bundle of subspecialties including general Pediatrics; Neonatology, Pediatric Cardiology (diagnostic and interventional), Pediatric Gastroenterology, Pediatric Endocrinology, Pediatric Hematology and Pediatric surgery. The Department of Pediatrics is a center of excellence to which patients, in the areas where it's located, are referred.

Department of Physiotherapy and Rehabilitation

The Department of Physiotherapy and Rehabilitation plays a key role in the care of trauma patients; assisting patients in brining back normal movement of the body after traumas and shocks. The Department of Physiotherapy and Rehabilitation provides continuous support for other departments such as the Department of Orthopedics, and the Department of Obstetrics and Gynecology helping with the recovery of their patients.

The Department of Physiotherapy and Rehabilitation offers the following medical services:

- Rehabilitation after orthopedic and trauma surgeries
- Rehabilitation after neurosurgeries and neurological diseases
- Rehabilitation after cardiopulmonary surgeries and cardiac care unit treatment
- Intensive care unit and pediatric intensive care unit services
- Women's health program
- Rehabilitation after oncological surgeries
- Aging rehabilitation
- Pediatric rehabilitation unit
- Weight loss program
- Swimming and hydrotherapy
- Home care services
- Rehabilitation after sports injuries

Department of Surgery

The Department of Surgery covers a vast number of pathologies and specialties, ranging from plastic surgery to oncology. MEAHCO Hospitals are composed of departments specialized in general and vascular surgery, which constantly implement state-of-the-art techniques in treating patients.

The Department of General Surgery has experienced staff in various modalities, including general abdominal surgery, oncological surgery, laparoscopic surgery, bariatric surgery and trauma management. The staff includes a number of specialists and surgeons who are experts in their fields, and use the latest diagnostic methodologies including CT, MRI and diagnostic laparoscopic procedures, diagnose and manage complex procedures involving the gastrointestinal tract, hepatobiliary system and various pathologies of the head, neck and thorax (excluding those of neurosurgery and cardiothoracic surgery domains).

The Department of Surgery also has a subspecialty in vascular surgery, which deals with the vascular system. Expert vascular surgeons use the latest and advanced radiological methodologies including four-dimensional duplex and Doppler studies. Common vascular procedures covering pathologies and anomalies of the vascular systems include thrombus extraction, vessel grafting, stenting, vessel stripping, vessel repair and bypass.

The Department of General Surgery offers a number of medical services, including but not limited to:

- General Surgery, including wound management, soft tissue and limb procedures
- Gastrointestinal Surgery, including esophagectomy, gastrectomy, colectomy, small bowel resection, and surgery
- Traumatology
- Endocrine Surgery
- Head and Neck Surgery, including salivary gland surgery, lip surgery, tracheostomy, neck dissection, tongue surgery, parotid and surgery
- Oncological Surgery
- Proctology and Proctosurgery, including Anal Sphincterotomy
- Laparoscopic Surgery
- Breast Surgery, including Axillary Node Dissection (with and without sentinel node) Breast Biopsy, Stereotactic Biopsy, Sentinel Node Excision Mastectomy/simple modified radical mastectomy abscess drainage
- Hepatobiliary Surgery
- Vascular Surgery including Angioplasty of Peripheral Arteries, Bypass Surgery, all vascular trauma, diabetic foot procedures, amputation (major and minor)

Department of Psychiatry

The Department of Psychiatry deals carefully with psychiatric and mental disorders of adults, children and the elderly. Psychiatric services are rendered by professionals in the fields of medicine, nursing, psychology and social work. The need for psychiatric is on the rise in the Kingdom, especially in the pediatric age group, where cases of autism and attention deficit and hyperactivity disorder are increasing. The Department of Psychiatry treats young adults suffering from addiction and stress reactions, as well as elderly patients with Alzheimer's, Dementia and other complications of aging.

The Department of Psychiatry also offers the following medical services, among many others:

- Psychosomatic medicine, including patients referred with comorbid medical conditions at the request of the treating medical or surgical consultant or team
- Pain treatment, including dealing of chronic pain via various techniques
- Emergency psychiatry services, including attempted suicide, substance abuse, depression, psychosis, violence or other rapid changes in behavior

- Psychotherapy, including cognitive behavior therapy (CBT), interpersonal therapy, psycho analytical therapy, support psychotherapy and psychotherapy for addicts

Department of Radiology and Medical Imaging

The Department of Radiology and Medical Imaging was established as a result of continuous technological developments, which has led to the adoption of new technologies, including PACS/RIS/Speech Recognition and Teleradiology, with the aim of paperless and filmless medical images. Images produced by the Department of Medical Imaging are used in all departments within MEAHCO Hospitals.

The Department of Radiology and Medical Imaging offers the following medical services:

- Magnetic Resonance Imaging (MRI), and Functional MRI (diffusion, perfusion)
- Computed Tomography (CT), including Cardiac CT, CT Angiography, and whole body CT for cancer screening
- Ultrasound (U/S) guided biopsies and aspirations, Radiofrequency Ablation, 3D & 4D U/S
- Nuclear Medicine (NM), including SPECTCT
- Special Investigations, including Barium studies, Hysterography, Mammography
- Angiography, like Vascular & Interventional procedures
- Conventional X-ray

Department of Rheumatology

The Department of Rheumatology treats patients with joint problems and autoimmune system diseases. The Department of Rheumatology provides treatment with new forms of medications that promise better results, less complications and higher success rate from the previously refractory cases.

The Department of Rheumatology offers medical services for the following disorders:

- General Rheumatology: regional disorders and non-surgical musculoskeletal disorders
- Osteoporosis and bone metabolic disorders
- Connective tissue disorders
- Inflammatory Arthropathies
- Crystal related Arthropathies
- Inflammatory musculoskeletal disorders
- Degenerative Arthropathies
- Autoimmune disorders
- Paraneoplastic musculoskeletal disorders
- Inherited collagen disorder

Department of Urology

The Urology Department treats medical diseases of the urinary tract system and the male reproductive system. It's concerned with treating the kidneys, ureters, urinary bladder, urethra and the male reproductive organs.

The Department of Urology has expert staff who use the latest diagnostic methodologies like uroflowmetry, diagnostic ureteroscopy and contrast urinary tract radiology. Urologists diagnose patients and manage the pathologies of the renal and urinary tract, such as ureteritis, stones, hypertrophied prostate, bladder tumors and hypospadias. The Department of Urology has specialists in ureteroscopic procedures, ureteral stenting, transurethral resection of the prostate and bladder and kidney surgeries.

4-15-3 Medical Committees

In addition to medical departments providing the foregoing services, each of MEAHCO Hospitals has a number of medical committees which monitor and evaluate the quality of services provided, and support the operations of different medical departments.

4-15-4 Administrative Departments across the Company

Finance Division

The Finance Division is responsible for coordinating and supervision of all tasks related to finance within MEAHCO Hospitals. The Finance Division's key responsibilities include:

- Monitoring and technical supervision of financial and accounting tasks assigned to each of MEAHCO Hospitals
- Developing and implementing the action plan and annual budgets in coordination with the Company's Chief Executive Officer ("**CEO**") and other Executive Management members
- Ensuring compliance with all related governance requirements
- Reviewing and monitoring key financial reports and performance indicators, and taking corrective actions when necessary
- Coordinating with external auditors, tax advisors, the internal audit division and other advisors and divisions
- Arranging all finance facilities

Medical Division

The Company's medical division is responsible for supervision of medical and clinical administrative tasks across all MEAHCO Hospitals. The Medical Division's key responsibilities include:

- Monitoring and technical supervision of medical divisions in each of MEAHCO Hospitals
- Supervising the quality of medical care provided across all MEAHCO Hospitals
- Reviewing operational key performance indicators and taking corrective actions when necessary
- Planning employment process for MEAHCO Hospitals in coordination with the human resources division, heads of departments, and executive heads at MEAHCO Hospitals as well as participating in recruiting and selecting senior medical staff members.
- Ensuring compliance with all regulatory requirements related to each clinical unit
- Developing and implementing operational protocols and policies in coordination with relevant medical divisions

Human Resources (HR) Division

The Human Resources Division is responsible for coordinating and supervising human resources departments across MEAHCO Hospitals. The Human Resources Division's key responsibilities include:

- Monitoring and technical supervision of human resources departments in each of MEAHCO Hospitals
- Developing and supervising implementation of human resources policies and procedures
- Supervising the development and implementation of training and employment plans in coordination with the Company's CEO, executive and human resources heads of MEAHCO Hospitals, and some other Executive Management members
- Launching initiatives related to the centralization of staff employment, renewing contracts and conducting surveys on staff satisfaction
- Monitoring compliance with various regulatory requirements such as the licenses of medical staff and the Saudization "Nitaqat" program

Marketing Division

The Marketing Division is responsible for coordinating and supervising marketing departments across MEAHCO Hospitals. The Marketing Division's key responsibilities include:

- Monitoring and technical supervision of marketing departments in all MEAHCO Hospitals
- Supervision of developing and implementing marketing plans in coordination with the Company's CEO, executive and marketing heads of MEAHCO Hospitals and some other Executive Management members
- Strengthening relationships with clients
- Coordinating and arranging marketing campaigns across MEAHCO Hospitals including advertisements, press releases, social communication activities and others
- Supervision of implementing the policies and procedures contained in the brand manual across all MEAHCO Hospitals

Procurement Division

The Procurement Division is responsible for coordinating and supervising procurement departments across MEAHCO Hospitals. The Procurement Division's key responsibilities include:

- Monitoring and technical supervision of procurement departments in all MEAHCO Hospitals
- Supervising the provision of medical equipment, consumables, pharmaceutical supplies to all MEAHCO Hospitals with the purpose of obtaining better terms with a higher volume of procurement
- Building and strengthening relationships with key suppliers

Information Technology (IT) Division

The Company's IT Division is responsible for coordinating and supervising IT departments across MEAHCO Hospitals. The IT Division's key responsibilities include:

- Monitoring and technical supervision of IT departments in each of MEAHCO Hospitals
- Network security across all MEAHCO Hospitals
- Providing continuous IT support 24/7 across all MEAHCO Hospitals
- Ensuring that the management information system data are available in a timely manner
- Developing and implementing the IT plan in coordination with the Company's CEO, executive heads of MEAHCO Hospitals and some other Executive Management members
- Ensuring compliance with the terms and conditions of software licenses across all MEAHCO Hospitals

Internal Audit

Keeping with best industry practices, Ernst & Young, an independent company with experience and knowledge of the local market, has been hired to conduct the internal audit task in the Company. The key responsibilities of internal audit in the Company include:

- Developing and implementing internal audit plans in accordance with the assessment of audit risks
- Identifying key development areas in the internal control environment and reporting such results to the Audit Committee

- Coordinating with the Audit Committee and external auditors to proactively understand and address the issues affecting the internal control environment

4-15-5 Coordination Committees Across the Company

The Company has developed organizational structures and a wide range of systems through establishing a number of coordination committees across the Company in order to ensure smooth coordination of the operations and services of all MEAHCO Hospitals, and capitalize on the accumulated experience with the objective of achieving coherence and integration among the services provided across MEAHCO Hospitals. These committees include:

- The Senior Management Committee which convene quarterly to monitor and evaluate performance against action plans to ensure that the Board of Directors decisions are executed across all MEAHCO Hospitals.
- Coordination Committees for Marketing, Finance, Human Resources, Information Technology and Procurement Divisions, which convene on monthly basis to monitor operations and key performance indicators, and act as a liaison between the Board of Directors and task forces operating in all MEAHCO Hospitals.

In addition, the Company's CEO, the Chief Operations Officer, and the head of the Medical Division hold weekly meetings with the executive heads of each of MEAHCO Hospitals. These meetings are considered platforms for each executive head in MEAHCO Hospitals to brief the Company's Executive Management team on essential operations and events and commercial developments related to the relevant hospital.

4-15-6 Administrative Departments Across Hospitals

In addition to the foregoing Company's divisions, the Company replicated a similar administrative structure in each of MEAHCO Hospitals comprising the following administrative departments:

Finance Department

The Finance Department deals with all the tasks in relation to the financial affairs of the relevant hospital, including the effectiveness of the financial transactions and management of customer accounts, including billing and collections, production of required financial reports, preparation of financial statements, compliance with the applicable standards of financial reporting, Zakat and taxes requirements, and ensuring the overall efficiency of the financial control environment. The Finance Division uses the Oracle Business suite as the back office system, which has also helped the internal control environment to ensure accuracy, comprehensiveness and effective and timely delivery. The financial affairs are organized under the following functions: Revenue Cycle Management, Accounts Receivable, Accounts Payable, Inventory, Cash Management, Payroll, Fixed Asset and Client Account Management.

The major responsibilities of the Finance Department include:

- Preparation, implementation, review, and revisions as required of the financial budgets in respect of profit and loss accounts, balance sheet, cash flows
- Working capital management such as accounts payables, accounts receivables and inventory management, management of compensation and other staff benefits
- Timely financial management reports for the higher management to support informed decision making and timely actions especially relating to all critical financial KPIs
- Dealing with the auditor, finalization of the monthly, quarterly, and yearly financial reports
- Ensuring compliance with management policies
- Ensuring compliance with statutory requirements, and external requirements such as bank securities
- Coordination with internal auditors and implement internal audit recommendations
- Closely working with taxation advisors on all matters of Zakat and other taxation and ensure timely filing of all tax returns
- Monitoring and managing the financial aspects of the inventory, including the main warehouses and area stores
- Ensuring accurate documentation and effective management of all fixed assets

In addition a finance meeting is held on a monthly basis to monitor KPIs, share best practices and provide inter-functional support.

Human Resources Department

The Human Resources Department is responsible for the processes relating to all staff divisions of the relevant hospital**.** This includes manpower planning, ensuring the current and long-term competencies and skill sets needed, reviewing work performance, developing and motivating employees to attract and retain experienced and qualified employees to support the business goals of the hospital**.**

Human Resources Department is responsible for:

- Efficient recruitment process that ensures the selection of qualified and well trained medical and non-medical candidates
- Ensuring that new hires receive the required orientation and mandatory training in order to familiarize them with the Company culture and the concerned hospital and department policies and procedures

- Effective performance management system that ensures the highest productivity of employees
- Analyzing the training needs of medical and non-medical staff and arranging the required training programs to increase skills and productivity accordingly
- Maintaining high performance and reduce employee turnover
- Complying with the legal requirements of Saudization and Nitaqat system
- Ensuring full regulatory compliance at all times including all licenses and permits for all staff including doctors' licenses

In addition, a human resources meeting is held on a monthly basis to monitor KPIs, share best practices and provide inter-functional support.

Personnel Department

The Personnel Department is responsible for ensuring compliance with all statutory, legal and other external requirements relating to all employees of the relevant hospital. This includes employment and residence visa processing for expatriates, liaising with MoL and other government agencies, ticketing for personal and official travel, and compliance with all rules and regulations, including the Nitaqat requirements.

Marketing Department

The Marketing Department is responsible for managing the marketing functions in the hospital that directly contribute to and support the strategic and commercial goals of the hospital. The Marketing Department is primarily responsible for implementing:

- Business plan/marketing plan
- Branding
- Marketing information system
- Market intelligence
- Client service function (Sales)
- Sales promotions and other activities
- Communication (media & public relations), exhibitions, events
- Customer relations
- Community activities
- Marketing training

In addition, a marketing meeting is held on a monthly basis to monitor KPIs, share best practices and provide inter-functional support.

Quality and Patient Safety (QPS) Department

The QPS Department manages the hospital's quality systems and protocols in coordination with the concerned medical specialty heads. The QPS Department is responsible for, among other things:

- Leading, coordinating, and monitoring the clinical standards and other compliance requirements of accreditation standards such as (JCI) across all areas of the hospital
- Establishing and implementing adequate infection control measures across the hospital
- Coordinating the various QPS hospital committees and providing logistical support
- Managing the medical information systems (MIS) and coordinating with the hospital Medical Division's head, hospital CEO and concerned medical department head(s) in order to initiate appropriate and timely corrective actions as required
- Training the medical, nursing, and other para medical staff on the medical standards and accreditation requirements and acting as the resources center at the hospital on matters relating to quality and patient safety

Nursing Department

The Nursing Department is responsible for the full range of nursing services of the concerned hospital which include the following:

- Nursing services of the inpatient areas, the critical areas, the operating rooms, emergency department, and outpatient areas, covering the patient services and patient documentation
- Providing support for matters related to costs and fees in respect of the various services provided by the department
- Work closely with the Quality and Patient Safety (QPS) and Medical departments relating to the QPS policies in addition to other KPIs
- Continuous education of the nursing teams (through the nursing education division) to ensure that the requisite skill sets are always maintained and upgraded
- Planning the staffing and recruitment of nursing personnel in coordination with the human resources department and hospital management
- Ensuring compliance with JCI and other applicable accreditation standards

Medical Division

The Medical Division is responsible for the clinical services of the hospital which include the following:

- Overseeing the clinical services of the inpatient areas including patient rounds and medication
- Overseeing the clinical services of the operating rooms, and critical areas such as the ICUs, NICUs and PICUs in addition to the outpatient areas
- Developing and implementing the schedules of clinic doctors and ensuring that demand for services are met
- Overseeing the quality and patient safety aspects across all clinical areas, including the technical committee functioning
- Planning of staffing and recruitment of medical personnel in coordination with the human resources department, the concerned department head and the concerned hospital CEO
- Overseeing medical related programs including medical conferences and continuing medical education
- Ensuring compliance with all requirements of JCI and any other applicable accreditation bodies

Information Technology (IT) Department

The IT Department is responsible for:

- Developing and executing the IT strategy in coordination with management and other related departments
- Managing the entire IT environment of the relevant hospital to ensure efficient operations, which includes software, hardware, networking, database administration, inter-branch connectivity, maintaining appropriate access control management system to regulate the system access for various employees based on the work requirements
- Maintaining the physical and system security of all server installations and other sensitive areas; continuously monitoring and managing IT security relating to external threats
- Managing and ensuring full IT security relating to use and access of IT systems through portable devices and remote access
- Management of systems relating to the safe-keeping of electronic medical records, hospital unit records, imaging records in respect of radiology and cardiology services
- Protecting confidentiality of the concerned hospital and clients information
- Ensuring an adequate control environment in coordination with the management, finance, and audit departments
- Managing, maintaining and protecting all in-house developed systems
- Ensuring compliance with all licensing and other legal requirements relating to the use of all third-party software applications
- Managing the communication infrastructure including the email servers and systems to ensure efficient and continuous operations
- Developing and maintaining all program documentation
- Planning and executing continuous ICT upgrades required to meet current and future business needs
- Establishing user manuals and conducting regular training programs to ensure adequate skill levels at all user groups
- Establishing periodical reviews and test, and IT contingency plans
- Ensuring compliance with the back-up policies

In addition, an IT meeting is held on a monthly basis to monitor KPIs, share best practices and provide inter-functional support.

Legal Department

The Legal Department provides the support to the management of the relevant hospital on operational and transactional matters, as required. Its main responsibilities include:

- Patient issues
- Personnel issues
- Providing the legal advice regarding agreements and contracts to the management if necessary
- Facilitating collection of accounts receivables as required by the management

Procurement Department

The Procurement Department undertakes the following responsibilities:

- Providing all medical and non-medical equipment, supplies and services ordered by the concerned hospital following management approval
- Preparing an accurate list of equipment, supplies and service contracts
- Researching information relating to the products and services prior to purchasing such products and services, to ensure that the relevant hospital obtains the best possible deal
- Developing an annual procurement plan
- Developing and maintaining current vendor list for all categories
- Ensuring compliance with all internal controls relating to the procurement department
- Continuously exploring alternative and more competitive sourcing for high value high volume supplies
- Developing strategic customers and vendors for key consumables and products
- Maintaining low purchase cycle through efficient internal process, and good customer relationship and leveraging economies of scale to achieve competitive purchase terms and other commercial benefits for the hospital

]In addition, a procurement meeting is held on a monthly basis to monitor KPIs, share best practices and provide inter-functional support.

Control and Risk Assessment Department

The heads of the Executive Management and concerned departments within the Control and Risk Assessment Department are primarily responsible for identifying and managing the risks related to their areas of specialty. The officials of Control and Risk Assessment Department act as facilitators and knowledgeable experts in all relevant areas of risks. The Control and Risk Assessment Department team also conducts a parallel and independent review to find out the extent of compliance with the established control measures in order to ensure full compliance. The Control and Risk Assessment Department is responsible for:

- Developing, reviewing and updating, on a regular basis, the risk profile of each department or function in the hospital in coordination with the relevant departments and other experts in the field, in addition to, the implementation of the function of the IT unit within the Control and Risk Assessment Department
- Developing, reviewing and updating, on regular basis, the agreed risk mitigation factors and control measures, in addition to, maintaining the Control and Risk Assessment Department IT unit accordingly
- Developing a plan for accurate independent audits for departments and functions within the relevant hospitals, and overseeing such audits
- Reviewing and following up on the reports of the Control and Risk Assessment Department in order to take the corrective actions according to the observations shown by the audit process
- Coordinating with the Internal Audit Department as needed

Maintenance Department

The Maintenance Department is responsible for conducting all the maintenance work at the relevant hospital and on all of its assets. This includes:

- Supervising the cycle of managing medical and other equipment including medical equipment planning and participating in their installation and regular maintenance
- Ensuring maximum operational life of all medical equipment through conducting an effective preventive maintenance as well as interventions to repair breakdowns
- Training users on how to use and take care of equipment
- Maintaining all the facilities including heating and ventilation systems, air conditioners, electricity, plumbing and mechanical facilities
- Maintaining all warranty documents and third party service contracts
- Managing and administering third party maintenance agreements, such as agreements in respect of photocopiers and escalators
- Reviewing all complaints lodged by the patients and users as well as resolving all maintenance problems
- Maintaining oxygen and medical gas supply system
- Maintaining generators and uninterruptible backup power systems
- Maintaining fire-fighting equipment and other supplies
- Complying with all the civil defense requirements and other regulatory requirements
- Planning and conducting trainings for fire drills in addition to providing staff training
- Internal and external maintenance including painting and landscaping

Admission and Discharge Department

The Admission and Discharge Department is responsible for all the tasks related to patient admission and discharge, including:

- Completing admission documents and ensuring the accuracy of all documents, including patient ID and approval documents, if any, and checking patient eligibility to receive treatment at the hospital as required
- Allocating rooms to patients in coordination with the concerned nursing unit
- Explaining to patients all the information and applicable terms, and removing any doubts they may have
- Completing all the procedures of registering patient admission, explaining to him/her the exceptions and other terms and obtaining his/her written approval
- Completing all the documents of patient discharge from the concerned hospital and any referrals to other hospitals
- Preparing patient invoices for cash paying customers and providing a receipt as evidence of settlement of an invoice prior to discharge
- Gathering and verifying all the documents related to patient invoices and charges and submitting such documents to the billing department
- Collecting cash payments related to exceptions and uncovered services
- Coordinating and maintaining the current inpatient information in case of referrals within nursing units, to the critical care centers or specialized centers

Fire Safety and Prevention Department

The Fire Safety and Prevention Department ensures achieving the highest standards of risk management in the prevention of all accidents and injuries and the promotion of health and safety, and is committed to maintaining a healthy and safe environment for patients, visitors and personnel. The Fire Safety and Prevention Department is responsible for:

- Providing a safe working environment and complying with all regulatory requirements
- Promoting safety goals and objectives in the field of strategic planning and services
- Providing guidance, education and training to enable the employees to work safely and effectively while performing their assigned roles
- Ensuring that all employees are aware of and trained on the measures to be taken in case of fire and evacuation
- Conducting reviews and audits to monitor compliance with such measures
- Using the results of reviews and audits when making continuous improvements to safety and security plan
- Ensuring compliance with all fire safety regulations and other regulations, instructions and requirements issued by agencies such as the Civil Defense

Transportation Department

The Transportation Department provides transportation services to the relevant hospital, and is responsible for:

- Managing, maintaining and operating the vehicle fleet according to the approved uses including the requirements of business and personal trips
- Preparing an accurate record for the issues related to all vehicles
- Managing personnel transportation to ensure timely transportation from the personnel's residence to the hospital and vice-versa
- Ensuring full compliance with all transportation safety standards and requirements
- Managing ambulance service including compliance with technical standards and requirements
- Managing preventive maintenance and repairing as needed
- Ensuring compliance with the regulatory requirements such as driver licenses
- Ensuring that all vehicles are functional and clean at all times

Housekeeping Department

The Housekeeping Department is responsible for supporting the services related to all staff residential units, including:

- Cleaning and maintaining all the common areas in the employee residential complexes
- Providing security and reception services in all employee residential complexes and imposing restrictions on access to certain areas, such as the residence of female employees
- Maintaining residential complex facilities including electricity, plumbing, mechanical and air conditioning facilities
- Providing pest control services in employee residences
- Supplying employee residential complexes with water
- Ensuring compliance of residents with all safety instructions including fire safety
- Coordinating with the Personnel Department and Human Resources Department regarding new allocations and vacating employee residential units
- Maintaining and preserving entertainment facilities such as pools and tennis courts, ensuring compliance with all safety instructions and orderly behavior, and wearing the uniform in all common or public areas within the residential complexes

Warehouses Department

The Warehouses Department is responsible for proper storage of all consumables and other medical and non-medical inventory at the concerned hospital. The responsibilities undertaken by the Warehouses Department include:

- Inspecting and receiving materials based on the official purchase orders
- Ensuring that the received goods meet the purchase order specifications
- Coding all materials according to the applicable coding system in SGH
- Preparing the documents of received goods to process payments
- Stocktaking according to the records of the computer system
- Providing proper storage according to the technical storage requirements and the Company's applicable storage policies
- Complying with the safety requirements for dangerous goods
- Complying with approved inventory levels for each material, including the maximum and minimum orders and reorder
- Reviewing inventory requests submitted by different departments and effectively delivering materials to the designated area stores or users' departments
- Ensuring proper movement of inventory, such as complying with standards for disposal of old products first and controlling slow moving and expired inventory and taking appropriate actions
- Supervising inventory in other designated areas such as kitchens or operating rooms so as to ensure compliance with applicable storage policies
- Preparing, analyzing and submitting management reports related to inventory to the Executive Management for taking the required decisions
- Ensuring safety of storage facilities including control over keys and imposing restriction on their accessibility
- Ensuring safety of storage facilities including fire and chemical safety
- Coordinating with the Finance Department in relation to process of stocktaking of inventory at the end of the year
- Complying with all internal controls and internal audit observations

Catering Department

The Catering Department undertakes all tasks in relation to preparing, storing and serving food to patients and employees. Its responsibilities include:

- Storing all kitchen supplies properly, including the administration of temperature and compliance with storage policies
- All the activities related to preparing and serving regular meals to patients, in addition to, the orders from the menu
- Managing the process of serving meals professionally to ensure compliance with all medical diet requirements
- Preparing and serving meals to employees according to eligibility
- Planning menus provided to patients to ensure their maximum satisfaction with food services
- Planning menus provided to employees to ensure maximum satisfaction with food services
- Ensuring proper use and maintenance of all kitchen and bakery equipment
- Ensuring compliance with food safety standards and maintaining necessary documents
- Ensuring strict compliance with healthy practices in the kitchen
- Ensuring control of access to the kitchen and wearing the uniform
- Ensuring compliance with fire safety instructions in the kitchen
- Ensuring compliance with all standards of infection control

Laundry Department

The Laundry Department undertakes the following responsibilities:

- Providing sufficient, clean and continuous supply of bed sheets to patient rooms
- Complying with the health standards of the laundry and its staff, as well as, all the requirements of infection control according to the Company's policy
- Ensuring that the equipment and safety standards meet the approved benchmarks
- Complying with the various cleaning policies related in particular to the laundry category
- Maintaining full separation between patient, staff and dirty laundries
- Providing sufficient, clean and continuous supply of bed sheets to all the areas in which operations are carried on such as operating rooms, delivery rooms and ICU
- Proper use and maintenance of all laundry equipment including services for tailoring of uniforms or any other requirements of the hospital
- Preparing records for all laundry services which include laundry and cleaning related services

4-15-7 Administrative Committees Across MEAHCO Hospitals

In addition to the aforementioned administrative departments, each MEAHCO Hospitals has a number of administrative committees that meet regularly to provide support and help to facilitate the operations of the departments of the relevant hospital. The Administrative Committees across hospitals include:

- The Hospital Operation Committee, which meets daily to provide instructions and guidance to operations team
- The Hospital Management Committee, which meets on a regular basis to implement the Executive Management Committee decisions and the corrective actions across MEAHCO Hospitals

Meetings are held on daily basis between heads of various medical departments and operations team to ensure availability of the required operational support to the relevant departments in respect of the procedures to be implemented during the day. Regular meetings are also held between heads of various medical departments and the senior management at MEAHCO Hospitals to share key developments in medical practice within their specialty and major departmental events.

4.16 Accreditations and Certifications

The Company's commitment to provide the highest standards of quality and safety is a top priority. As a result, MEAHCO Hospitals have obtained local and international accreditations and certifications in the medical field. SGH Jeddah received CBAHI accreditation for a period of three (3) years commencing on 06/01/1437H (corresponding to 19/10/2015G). In addition, MEAHCO Hospitals have obtained medical accreditation from JCI, reinforcing the Company's position as a provider of health care services compatible with the highest international standards (please see Table 16: Certificates and Accreditations obtained by MEAHCO Hospitals).

4.17 Key Customers

The Company's customers are divided into (4) four main categories:

- Cash customers: This category includes patients who directly pay themselves for treatment, such category represented 18.84% of the Company's net revenues as at 31 December 2014G.
- Customers covered by private insurance companies: This category includes patients whose treatment costs are borne by the insurance company, such category represented 39.50% of the Company's net revenues as at 31 December 2014G.
- Customers referred from MOH: This category includes patients referred from public hospitals by MOH who bears

their treatment costs, such category represented 30.63% of the Company's net revenues as at 31 December 2014G.

- Direct customers from companies: This category includes patients whose treatment costs are borne by their employers, such category represented 11.03% of the Company's revenues as at 31 December 2014G.

4.18 The Company's Current Projects

NHC is in the final phases of establishing SGH Hail, containing 150 beds and 35 outpatient clinics. As a result of establishing SGH Hail, the total number of beds in MEAHCO Hospitals is expected to increase from 778 in 2014G to 1,001 beds in 2016G following the opening of SGH Hail. Additionally, the number of outpatient clinics at the Company's level will gradually increase from 264 outpatient clinics in 2014G to 301 outpatient clinics in 2016G following the opening of SGH Hail.

In addition, the Company has finalized the preliminary designs for the construction of SGH Dammam with a capacity of 150 beds and 100 outpatient clinics. The Company intends to appoint a contractor to begin the construction of SGH Dammam. The following table shows a summary of SGH Hail and SGH Dammam project:

Table 78: Summary of SGH Hail and SGH Dammam Projects

Description	SGH Hail	SGH Dammam
Capacity	150 beds 35 outpatient clinics 6 operating rooms	150 beds 100 outpatient clinics 8 operating rooms
Project land area	89,213 m2	Approximately 30,000 m2
Project's built-up area (hospital buildings excluding staff housing)	19,551 m2	Approximately 39,283 m2
Project's expected cost (excluding land cost)	SAR 176,049,001	Approximately SAR 307,800,000
Project's expected cost (including land cost)	SAR 180,523,101	Approximately SAR 350,000,000
Date of project commencement	21/07/1427H (corresponding to 15/08/2006G)	The project is still in the phase of developing studies and plans and its construction works have not commenced as at the date of this Prospectus
Expected date of completion of construction	Q1 2016G	Q4 2017G
Expected date of operation	Q2 2016G	Q1 2018G
Completion Percentage (Paid Value)	61.16% (achieved from the entire project) 81.38% (the main hospital) 87.51% (staff housing)	N/A
Main licenses obtained	Ministry of Municipality and Rural Affairs license in respect of the civil construction works MOH preliminary approval	MOH preliminary approval
Main Licenses to be obtained	Final license from Hail Municipality Civil Defense License MOH License	
Project land ownership	Owned by NHC	Owned by the Company, noting that the formalities relating to the transfer of legal title of Dammam land are still in process as at the date of this Prospectus
Related-Party transaction	Yes	Yes
Source of funding	Shareholder equity 38.26% Loan from MoF 33.17% Suppliers Credit 6.67% Bank loans 21.90%	Self-funding sources Loan from MoF Suppliers Credit Bank loans

Source: The Company

4-18-1 SGH Hail project

SGH Hail will be a multi-specialties hospital providing high quality care with a capacity of 150 beds and 35 outpatient clinics.

Location

SGH Hail is located on King Abdulaziz Road in Al-Khozama district area in Hail, the largest city of the Hail Region north of the Kingdom, and is easily accessible from the airport.

Facility Description

Construction of SGH Hail commenced on a land owned by NHC with surface area 89,213 m^2. The total built-up area of SGH Hail and the staff accommodation is 31,776 m^2, including the hospital's building and staff accommodation. The SGH Hail building is comprised of inpatient wards, outpatient clinics, critical care units, operating rooms and laboratories as well as other support functions. Staff accommodation is also located in close proximity of the hospital premises.

Regulatory Approvals

NHC has already obtained preliminary approval from MOH and initial approval from the Ministry of Municipalities and Rural Affairs with respect to SGH Hail's civil construction work. Before the start of operations, SGH Hail will obtain final licenses from, amongst others, Hail Municipality, the Civil Defense Department and MOH.

Construction Cost and Funding Plan

On 20/08/1426H (corresponding to 24/09/2005G), NHC entered into an agreement with International Hospitals Construction Company ("**IHCC**") for architectural, civil, electrical and mechanical works for SGH Hail.

Construction of the SGH Hail is expected to be completed during the first quarter of 2016G. The Company expects to commence operations beginning the second quarter of 2016G. The reasons behind the delay in completing the SGH Hail project are beyond NHC's control including issues relating to its shareholders' loans with MoF, transfer of legal title of the project land to NHC and road planning. All of these issues have been resolved and the legal title of the land is now transferred to NHC.

The total estimated cost of the SGH Hail project is SAR 180.5 million, which includes the value of land on which SGH Hail is being built. As at 30 June 2015G, the total value of the land and facilities constructed was SAR 108.7 million which has been paid through equity contribution from the shareholders and the loan from MoF. The remaining expenditure required to complete the project is estimated at SAR 71.8 million and will be financed through suppliers' credit and Islamic facilities.

The following table details the total estimated cost for SGH Hail:

Table 79: Analysis of the Estimated Costs of the SGH Hail Project

Amounts are in million Saudi Riyals	Total Estimated Cost (in SAR)	Actual Cost as at 30/06/2015G
Land	4,474,100	4,474,100
Hospital Building	112,938,380	88,721,041
Staff Accommodation	18,000,000	15,535,639
Medical Equipment	45,110,621	-
Total estimated cost	180,523,101	108,730,780

Source: The Company

Utilities

NHC has already obtained approvals from the municipality for sewage and water connections. Electricity transformers and switch gears have also been installed at the site of SGH Hail. Construction of the required infrastructure needed to install the Saudi Electricity Company's connectivity equipment has also been completed in line with their requirements.

Operations and Staffing

Staff at SGH Hail will be recruited in two phases. NHC will initiate the recruitment process of SGH Hail's core team consisting of the SGH Hail CEO, CFO, marketing manager, CMO and warehouse supervisor by the beginning of the second quarter of 2016G. The medical staff comprising of 80 doctors and 160 nurses as well as para-medical and administrative staff will be recruited in phases by the end of the second quarter of 2016G.

Medical Departments

SGH Hail will provide a wide range of medical services that are largely similar to those at other MEAHCO Hospitals through the following departments:

- Cardiology
- Day Surgeries
- Dental Surgery
- Dermatology
- Internal medicine and Diabetes
- Emergency Medicine
- ENT (Ear, Nose &Throat)
- General Surgery
- Nephrology
- Neurosurgery
- Obstetrics/ Gynecology
- Ophthalmology
- Oral and Maxillofacial Surgery
- Orthopedics
- Pediatrics
- Plastic surgery
- Psychiatry
- Rheumatology
- Urology
- Vascular surgery

In view of the Company's multidisciplinary approach towards patient care, all these departments will be opened at the same time.

The SGH Hail Management Agreement

As mentioned above, NHC and the Company have entered into a Management Agreement dated 06/08/1436H (corresponding to 24/05/2015G) by virtue of which the Company will provide NHC with certain management services, including reviewing and recommending changes to the existing operational and HR policies and procedures of SGH Hail, recommending key medical staff, periodic reviews of SGH Hail's medical, administrative and financial operations, assisting with the set-up of adequate committees and reporting procedures for the management and monitoring of the hospital's operations and assisting in line with applicable standards and Saudi German Hospital brand.

4-18-2 SGH Dammam Project

SGH Dammam will be a multi-specialty, tertiary care hospital with a capacity of 150 beds and 100 outpatient clinics.

Location

SGH Dammam will be located on King Fahd Road, west of Faisaliah area in the city of Dammam. The facility will be easily accessible from the Dammam Airport.

Facility Description

SGH Dammam will be built on a plot of land with an area of 30,000 m^2 owned by the Company. Total built-up area is expected to be 39,283 m^2 which will include the hospital building and staff accommodation. The hospital's building will consists of inpatient and outpatient facilities, critical care units, operating rooms and laboratories in addition to other support functions.

Regulatory Approvals

The Company has been awarded preliminary approval from MOH to establish SGH Dammam, which was registered as a branch fully owned by the Company under commercial registration number 2050105713 dated 18/07/1436H (corresponding 07/05/2015G).

Construction Cost and Funding Plan

The Company is in the process of finalizing the preliminary designs for SGH Dammam, and will appoint a contractor to execute the hospital's construction work. The Company engaged a third party consultant to conduct a feasibility study of the project, and expects that the hospital's construction cost (including the value of the land) will be SAR 350 million. The Company intends to finance the project though internally generated funds, MoF loan and Islamic facilities. The Company will appoint a contractor to execute construction work after the completion of all designs and plans related to the mentioned project.

Medical Departments

SGH Dammam is expected to provide a wide range of medical services that are largely similar to those at other Company's hospitals through the following medical departments:

- Cardiology
- Day Surgeries
- Dental Surgery
- Dermatology
- Internal medicine and Diabetes
- Emergency Medicine
- ENT (Ear, Nose &Throat)
- Nephrology
- Neurosurgery;
- Obstetrics and gynecology
- Ophthalmology
- Oral and Maxillofacial Surgery
- Orthopedics
- Pediatrics
- Plastic surgery
- Psychiatry
- Rheumatology
- Urinary tract surgery
- Vascular surgery
- General Surgery

4.19 Employees

The following table shows the number of employees in the Company from 31 December 2012G to 31 December 2014G.

Table 80: Number of Employees in the Company According to Nationality

	31/12/2012G		31/12/2013G		31/12/2014G	
	Number	Percentage	Number	Percentage	Number	Percentage
Saudi	820	22%	1,090	27%	1,218	28%
Non-Saudi	2,891	78%	3,015	73%	3,104	72%
Total	3,711	100%	4,105	100%	4,322	100%

Source: The Company

The following table shows the number of employees in the Company according to the job description:

Table 81: Number of Employees in the Company According to Job Description

	31/12/2012G		31/12/2013G		31/12/2014G	
	Saudi	Non-Saudi	Saudi	Non-Saudi	Saudi	Non-Saudi
Doctors	2	492	3	496	8	565
Nurses	95	880	104	961	126	981
Pharmacists	3	23	3	35	7	39
Technicians	118	168	138	185	162	192
Quality Assurance Management	0	16	0	16	0	15
Human Resources (HR) Department	4	27	10	25	13	22
Personnel Departments	42	38	45	35	60	35
Marketing Department	21	66	58	65	58	65
Legal Affairs Department	15	23	20	23	20	23
Quality and Patient Safety Department	5	26	5	26	5	26
Procurement Department	7	38	7	38	7	38
Maintenance	6	127	13	127	15	127
Medical Records	22	50	33	50	37	49
Clinics Management	241	55	275	60	285	54
Transportation Division	45	21	60	21	65	21
Housing Compound	0	93	0	93	0	92
Management	44	265	68	273	82	272
Finance Department	18	180	30	180	34	180
Repositories Division	8	40	8	40	8	40
Safety Department	9	18	16	18	16	18
Security	13	0	66	0	65	0
Central	28	15	35	15	40	15
Information Technology (IT)	5	51	8	51	8	51
Kitchen	48	115	62	115	70	115
Laundry	20	41	22	41	25	41
Housekeeping	0	7	0	7	0	7
AJ Sons	1	16	1	19	2	21
Total	820	2,891	1,090	3,015	1,218	3,104

Source: The Company

In addition, the Company has arrangements in place with two doctors acting as independent consultant for SGH Aseer, who also work for MOH.

It is important to note that, as at the date of this Prospectus, NHC has no registered employees (for more information on the recruitment of SGH Hail, please see Section 4-18-1 “SGH Hail Project” of this Prospectus).

4.20 Management Supervision Agreements with Foreign Hospitals

As previously mentioned, the Company has entered into two Management Supervision Agreements, in substantially similar form, with each of EHDC, ESHCO dated 14/07/1436H (corresponding to 03/05/2015G) and 06/08/1436H (corresponding to 24/05/2015G) respectively, by virtue of which the Company provides the respective companies with certain support services in relation, to the SGH Dubai and SGH Cairo (which is expected to commence operation in the first quarter 2016G). As for SGH Sanaa, BAB has previously entered into a Management Agreement with SYH, dated 29/06/1424H (corresponding to 23/07/2003G) and assigned part thereof to the Company, dated 06/08/1436H (corresponding to 24/05/2015G), whereby the Company shall provide certain administrative support and supervision services to SGH Sanaa.

4.21 Consultancy Agreement with BAB

The Company entered into a Consultancy Agreement with BAB, dated 06/08/1436H (corresponding to 24/05/2015G) by virtue of which BAB provides consultancy services to the Company, including projects management, advice and help with regard to development of new projects, preparation of feasibility studies, coordination with consultants and contractors, providing support in terms of financing sources, accounting and administrative support and providing different administrative supervision services.

4.22 Social Service

The Company, as a socially responsible company, places a lot of emphasis on its role to be an effective component to its local community. This is illustrated by the following:

- Organizing regular lectures in all MEAHCO Hospitals which can be attended free of charge by any practicing doctor in the local community.
- Organizing awareness programs with local schools to teach students about healthy nutrition habits.
- Allowing free of charge use of halls at all MEAHCO Hospitals by non-government and professional bodies.
- Establishing specialty clubs in the areas of child and mother health, diabetes and obesity, amongst others.

4.23 Research and Development Operations

Neither the Company nor NHC have research and development operations or policies.

4.24 Relationship with Key Customers

The Company's customers are divided into (4) four main categories:

- Insurance companies
- MOH
- Cash customers
- Direct customers

The below sets out the nature of the Company's relationship with each of its customers:

Insurance Companies

The Company enjoys strong relationships with leading insurance companies in the Kingdom and has entered into a number of agreements with such insurance companies in order to provide their customers with medical services. Each MEAHCO Hospital enters into a separate agreement with an insurance company, and all the agreements typically contain similar terms and conditions and includes the type of medical services that are covered under insurance policy, such as medical examination, radiology, laboratories, medications, inpatients services, dentistry which the insured benefit from upon dealing with contracted insurance company based on the medical insurance cards issued to them by such companies. Medical insurance cards usually vary in terms of the medical coverage provided and proportion of medical services costs incurred by the patient in accordance with insurance plan provided by the relevant insurance company.

Terms of these agreements range from one to four years automatically renewable or renewable by mutual agreement unless one party notifies the other of its intention not to renew after the termination date of the agreement. For more information on agreements with insurance companies, please see Section 12-6-1 "Medical Services Agreements" of this Prospectus.

Most of these agreements state that the Company shall provide its medical services to medical insurance card holders after confirming their identity and medical coverage provided to them by the relevant insurance company. Then, an invoice is to be sent to the insurance company with costs of medical services provided to card holder as per price table of medical services agreed upon with the Company after deducting the agreed upon proportion incurred by the card holder and discount percentage. The agreements further state that the Company has the right to annually increase the prices of medical services after notifying the insurance company. The insurance company shall settle invoices submitted to it by the Company with regards to services provided to its insured customers within sixty (60) days from receiving the invoice, supported by relevant documents.

The Company prepares an itemized invoice for each outpatient and inpatient discharged from the hospitals and sends it to the insurance company on a monthly basis, which includes a description and summary relating to each invoice. Each invoice is inspected and audited by the authorized personnel in charge of billings at each MEAHCO Hospital and doctors working in the accounts receivables department (doctors responsible for inspecting and auditing invoices and do not provide medical services) prior to issuing it to the insurance company. Once issued, the authorized personnel in charge of collections who work at the accounts receivables department are then tasked with the responsibility of collecting against all outstanding invoices.

The insurance company pays a portion of the amount of the invoice upon receiving it from the hospital, and pays the remainder after it inspects and audits the invoice. Insurance companies typically reject a portion of the claims submitted to it based on administrative reasons or otherwise, at which point the management division of the hospital negotiates with the insurance company to reach a final settlement for the outstanding portion of the claim. For more information on rejected claims and settlement please see Section 6-5-1-4 “Rejected Claims and Settlement of Invoices” of this Prospectus.

MOH

MOH referrals of patients to MEAHCO Hospitals for treatment constitute an important part of the Company’s customers and revenues. The Company entered into a medical service agreement with MOH, pursuant to which the MEAHCO Hospitals provide medical services to patients referred by MOH for hospitalization. The medical services included in the agreement cover intensive care units for adults, children and new born babies, in addition to provision of nursery and neonatal intensive care unit, and such medical services are provided against a price table agreed upon between the Company and MOH (either a packaged price structure or a price structure based on individual medical services). At the end of each month, the hospitals send their invoices directly to the medical affairs department of the MOH based in each city.

Terms of these agreements range from two to three years and are renewed upon the execution of new agreements. For more information on agreements with insurance companies, please see Section 12-6 “Material Agreements” of this Prospectus.

Patients referred to by the MOH are admitted into hospitals either through the red crescent, transfer from public hospitals or as cash customers, and in case of cash customers, approvals are obtained from the MOH. Once treatment is administered, the hospitals issue their invoices accompanied by supporting documents to the local department of the MOH in the relevant city. A medical committee within the local department of the MOH inspects and audits the claims submitted by the relevant MEAHCO Hospital, and then submits the invoices to the financial affairs department who in turn inspect and audit the invoices and submits it to the financial affairs representative of the MOH’s local department in the relevant city. The financial representatives inspects and audits the invoices from a medical and financial perspective before submitting them to the general affairs department who are then responsible for payment against the invoices claimed. During this process, the MEAHCO Hospitals face the possibility of a portion of their invoices being rejected by the local department of the MOH, please see Section “Selling and Marketing Expenses”.

Cash customers

Cash customers represent the Company’s third largest customer base in terms of contribution towards the Company’s net revenues. Cash customers are customers who are not covered by the MOH, insurance companies or any other company, and pay directly to the relevant MEAHCO Hospital for medical services rendered. Although the number of policyholders continues to increase in the Kingdom, the Company has taken many initiatives to increase the number of cash customers through the rewards card program presented to a certain segment of its customers, and setting up an awareness program for several medical conditions and treatments in relation to such conditions in the MEAHCO Hospitals.

Direct Customers

Direct customers represent companies and corporations who have direct agreements with the Company for the provision of medical services to their employees. The Company entered into several agreements with companies and corporations for the provision of medical services to their employees and staff, and such client base includes Saudi Aramco and GOSI. Pursuant to such agreements, employees and their families and retired employees and staff of Saudi Aramco and GOSI are entitled to receive routine medical services from the MEAHCO Hospitals, and invoices relating to such medical services are billed on a monthly basis. Terms of these agreements range from one to four years and are renewed subject to mutual agreement. For more information on agreements with insurance companies, please see Section 12-6 “Material Agreements” of this Prospectus.

Rejected Claims

The Company provides services to patients referred by MOH, beneficiaries of health insurance companies who have entered into agreements with the Company and to patients referred by direct customers of the Company. Pursuant to the arrangements with MOH, insurance companies and direct customers, the Company provides services to their patients, then issue invoices that are reviewed and negotiated by MOH, insurance companies and/or the direct customers. It is important to note that some of the invoices issued by the Company are rejected by its customers, and the tables below set out the rejected claims as a percentage of the net revenues for each of the MEACHO Hospitals:

Table 82: Rejected Claims as a Percentage of Net Revenues for SGH Jeddah – Based on the type of customer

Customer	2012G	2013G	2014G	30 June 2015G
MOH	13.4%	29.5%	13.0%	7.9%
Insurance Companies	15.5%	16.4%	14.2%	17.2%
Direct Customers	5.4%	4.5%	5.1%	4.4%
Total Rejected Claims	9.8%	10.8%	9.5%	10.4%

Source: The Company

Table 83: Rejected Claims as a Percentage of Net Revenues for SGH Riyadh –Based on the type of customer

Customer	2012G	2013G	2014G	30 June 2015G
MOH	34.1%	17.8%	5.1%	9.1%
Insurance Companies	14.0%	24.6%	18.3%	14.7%
Direct Customers	0.6%	9.0%	10.0%	12.2%
Total Rejected Claims	18.3%	19.9%	10.4%	10.9%

Source: The Company

Table 84: Rejected Claims as a Percentage of Net Revenues for SGH Aseer – Based on the type of customer

Customer	2012G	2013G	2014G	30 June 2015G
MOH	1.1%	2.3%	1.4%	3.7%
Insurance Companies	17.0%	15.9%	23.2%	15.4%
Direct Customers	9.4%	11.0%	2.0%	1.3%
Total Rejected Claims	6.3%	7.2%	6.1%	4.8%

Source: The Company

Table 85: Rejected Claims as a Percentage of Net Revenues for SGH Madinah – Based on the type of customer

Customer	2012G	2013G	2014G	30 June 2015G
MOH	21.4%	38.5%	33.4%	24.3%
Insurance Companies	9.8%	11.0%	5.7%	3.6%
Direct Customers	8.9%	3.9%	7.1%	0.0%
Total Rejected Claims	13.3%	20.4%	18.4%	12.7%

Source: The Company

The rejected claims as a percentage of net revenues for each customer amounted to the following:

Table 86: Rejected Claims as a Percentage of Net Revenues for each Customer

Customer	2012G pro-forma	2013G pro-forma	2014G audited	30 June 2015G audited
Insurance Companies	14.7%	18.5%	15.6%	14.7%
MOH	19.9%	21.5%	12.2%	11.0%
Direct Customers	6.4%	6.2%	4.8%	3.4%

Source: The Company

For more information on rejected claims and process of settlement, please see section 6-5-1-4 “Selling and Marketing Expenses” of this Prospectus.

5. Organizational Structure of the Company

5.1 Company's Management

The Company is managed by a Board of Directors composed of (9) nine non-executive members, of which (3) three are independent.

The current Board was appointed by the Ordinary General Assembly ("**OGA**") held on 22/11/1435H (corresponding to 17/09/2014G), and pursuant to Article (16) of the Company's Bylaws, the current three-year term of the Board commenced on 22/11/1435H (corresponding to 17/09/2014G) and shall expire on 21/11/1438H (corresponding to 13/08/2017G).[10]

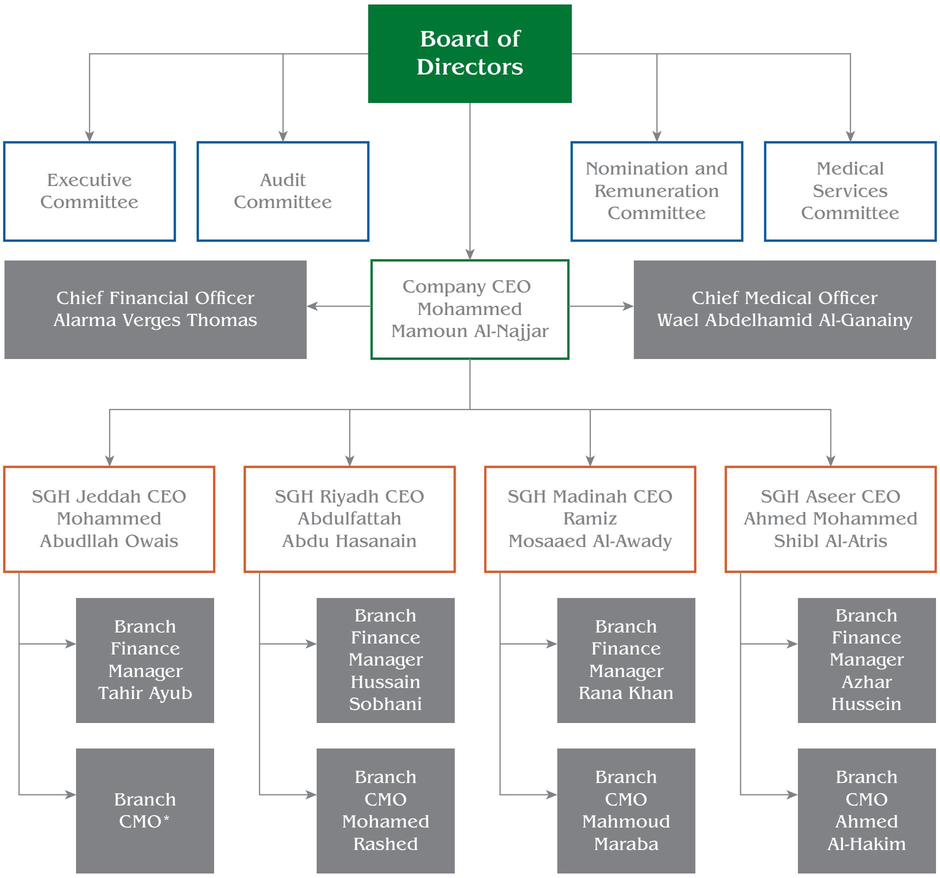
The Board has established a number of committees, namely: the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee and the Medical Services Committee. Each committee is governed by rules and regulations which define their duties and responsibilities, and such rules and regulations constitute part of the Company's Corporate Governance Manual. Each committee reports directly to the Board and presents to the Board its recommendations on all matters relating to its function. The Board conducts an annual review of each committee's regulations, which is based on recommendations it receives from each committee.

The Company's Executive Management consists of a team with extensive knowledge and experience to manage the Company, in line with the directions of the Board. The CEO is responsible for the day-to-day operations of the Company and ensures the implementation of the directions and policies of the Board, in order to facilitate the achievement of the Company's overall objectives.

5.2 Organizational Structure

The following chart sets out the Company's organizational structure:

Figure 6: The Company's organizational structure



Source: The Company

** The Company's Chief Medical Officer ("CMO"), Wael Al-Ganainy is currently the acting SGH Jeddah CMO. The Company is currently working actively in recruiting a CMO for SGH Jeddah on a permanent basis.*

10 On 02/08/1436H (corresponding to 20/05/2015G), three members of the board resigned. On 03/08/1436H (corresponding to 21/05/2015G) the Board appointed Ali Abdulrahman Al-Gwaiz, Saleh A. Hefni and Mohammed A. Moumena as alternative members for the remaining period of the current term. Such appointments will be presented to the General Assembly in its next meeting to be approved pursuant to the requirements of Companies Regulations and the Company's Bylaws.

5.3 Board of Directors

The Company is managed by a Board composed of nine (9) non-executive members, of which three (3) are independent.

The following sets out the names of the members of the Board:

Table 87: The Company's Board

#	Name	Title	Representatives Entity	Nationality	Age	Capacity	Direct Ownership (%)*		Indirect Ownership (%)*		Membership Date**
							Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Sobhi Abduljaleel Batterjee	Chairman	-	Saudi	65	Non-executive, non-independent	1.3768%	0.9637%	46.7230%	32.7061%	22/11/1435H (corresponding to 17/09/2014G)
2	Waleed Abdulaziz Faqih	Member	IDB	Saudi	58	Non-executive, non-independent	-	-	-	-	22/11/1435H (corresponding to 17/09/2014G)
3	Khalid Abduljaleel Batterjee	Member	-	Saudi	61	Non-executive, non-independent	0.0016%	0.0011%	15.2988%	10.7092%	22/11/1435H (corresponding to 17/09/2014G)
4	Mohammed Abdulrahman Moumena***	Member	-	Saudi	43	Independent Non-Executive Director	0.0016%	0.0011%	-	-	03/08/1436H (corresponding to 21/05/2015G)
5	Saleh Ahmed Hefni***	Member	-	Saudi	57	Independent Non-Executive Director	0.0016%	0.0011%	-	-	03/08/1436H (corresponding to 25/05/2015G)
6	Rudwan Khalid Batterjee	Member	-	Saudi	30	Non-executive, non-independent	0.0016%	0.0008%	0.0011%	0.0005%	22/11/1435H (corresponding to 17/09/2014G)
7	Makarim Sobhi Batterjee	Member	-	Saudi	37	Non-executive, non-independent	0.0016%	0.0008%	0.0011%	0.0005%	22/11/1435H (corresponding to 17/09/2014G)
8	Sultan Sobhi Batterjee	Member	-	Saudi	31	Non-executive, non-independent	0.0016%	0.0008%	0.0011%	0.0005%	22/11/1435H (corresponding to 17/09/2014G)
9	Ali Abdulrahman Al-Gwaiz***	Member	-	Saudi	56	Independent Non-Executive Director	0.0016%	0.001%	-	-	03/08/1436H (corresponding to 21/05/2015G)

Source: The Company

** Under the Company's Bylaws and Companies Law, each Director must own shares of a nominal value of no less than (SAR 10,000) ten thousand Saudi Riyals ("Qualification Shares") deposited with a local bank. As of the date of this Prospectus, all members of the Board of Directors own Qualification Shares except for Waleed Abdulaziz Faqih, the representative of IDB.*

*** Dates listed in this table are the dates of appointment to the current term of office. The biographies of the Directors state the dates at which all Board Members were appointed to the Board (for more information, please see Section 5-3 "Board of Directors" of this Prospectus).*

**** On 03/08/1436H (corresponding to 21/05/2015G), Mohammed Abdulrahman Moumena, Saleh Ahmed Hefni and Ali Abdulrahman Al-Gwaiz were appointed as new members replacing the resigned members for the remaining term of the Board. Such appointments will be presented to the General Assembly in its next meeting to be approved pursuant to the requirements of Companies Law and the Company's Bylaws.*

The Secretary of the Board of Directors ("Secretary") is Moaz Al-Zarkane, who was appointed in this position on the date the Company's first Board was appointed, corresponding to the date of the Ministerial Decree establishing the Company on 16/03/1425H (corresponding to 05/05/2004G), and holds no shares in the Company as at the date of this Prospectus. For a summary of Mr. Al Zakarne's biography, please see Section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of the Prospectus.

5-3-1 Summary of the Board Members and Secretary's Biographies

The experience, qualifications and the current and other positions of each of the Directors and the Secretary are set out below:

Table 88: Biography of Sobhi Abduljaleel Batterjee

Name	Sobhi Abduljaleel Batterjee
Age	65
Nationality	Saudi
Title	Director and Chairman of the Board ("Chairman")
Academic Qualifications	Master's degree in Electrical Engineering, University of Colorado, United States of America, 1973G. Bachelor's degree in Electrical Engineering, University of Kansas, United States of America, 1972G.
Work Experience	• CEO of Batterjee Medical College for Science and Technology, a limited liability company working in the field of medical education, 2006G – present. • Manager of Bait Al Batterjee Pharmaceuticals Company, a limited liability company working in the field of importing and distributing medicine and medical products, from 2010G – present. • CEO of Saudi Arabian National Development Company, a limited liability company working in the field of trade and contracting, 1975G-1988G. • Site engineer at Makkah Intercontinental Hotel, a limited liability company working in the field of contracting, 1974G-1975G.
Other Positions	• Manager of Al Bait International Company, a limited liability company working in the field of managing hospitals and medical centers, 2013G – present. • Manager of Bait Al Batterjee Holding Company, a limited liability company working in the field of investments in medical education and healthcare, 2013G – present. • Manager of International Socio-Medical Company, a limited liability company trading in office, educational and residential furniture, 2013G – present. • Member of the Board of Managers of Veterinary Care International Company, a limited liability company working in the field of establishment of veterinary hospitals and care centers, 2013G – present. • Director of Dalalkom International Real Estate Development Company, a limited liability company working in the field of real estate investment and development, 2012G – present. • Chairman of National Hail Company for Healthcare, a closed joint stock company working in the field of management and operation of hospitals and medical centers, 2007G – present. • Manager of Batterjee Medical College for Science and Technology, a limited liability company working in the field of medical education, 2005G – present. • Member of the board of directors of Bait al Batterjee Company for Fitness, a limited liability company working in the field of fitness and the operation of gymnasiums, 2004G – present. • Manager of Bait al Batterjee Company for Education and Training, a limited liability company working in the field of medical education and training, 2004G – present. • Director of Khalid Abduljaleel Ibrahim Batterjee and Co. for Medical Investment, a limited liability company working in the field of establishment of hospitals and medical centers, 2003G – present. • Manager of International Hospitals Construction Co., a limited liability company working in the field of establishment of hospitals and medical centers, 2003G – present. • Manager of Sobhi Abduljaleel Ibrahim Batterjee and Co. for Medical Works, a limited liability company working in the field of establishment of hospitals and medical centers, 2003G – present. • Manager of Bait Al Batterjee Company, a limited liability company working in the field of management and operation of hospitals and medical centers, 1988G – present.

Table 89: Biography of Waleed Abdulaziz Faqih

Name	Waleed Abdulaziz Faqih (Representative of IDB)
Age	58
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Civil Engineering, King Fahd University of Petroleum and Minerals, KSA, 1979G.
Work Experience	• Head of Transport Department at Islamic Development Bank, an international financial institution working in the field of supporting the economic development and social progress of the member states and Muslim communities of non-member countries, 2009G – present. • Head of the Technical Cooperation Office at Islamic Development Bank, an international financial institution working in the field of supporting the economic development and social progress of the member states and Muslim communities of non-member countries, 2006G-2009G. • Poverty Reduction Management Officer at Islamic Development Bank, an international financial institution working in the field of supporting the economic development and social progress of the member states and Muslim communities of non-member countries, 2002G-2006G. • Operations Coordinator of Al-Aqsa fund at Islamic Development Bank, an international financial institution working in the field of supporting the economic development and social progress of the member states and Muslim communities of non-member countries, 2000G-2002G. • Project Manager at Islamic Development Bank, an international financial institution working in the field of supporting the economic development and social progress of the member states and Muslim communities of non-member countries, 1995G-2006G. • Maintenance Manager at Saudi Aramco, a government entity working in the field of oil, natural gas and petrochemicals, 1994G-1995G. • Support Services Manager at Saudi Aramco, a government entity working in the field of oil, natural gas and petrochemicals, 1993G-1994G. • Project Manager at SAMAREC, a government entity working in the field of petrochemicals, 1990G-1993G. • Project Manager at PETROSERV, a government entity working in the field of petrochemicals, 1989G-1990G. • Senior Engineer at PETROSERV, a government entity working in the field of petrochemicals, 1987G-1988G. • Planning Supervisor at Petromin - Rabigh, a government entity working in the field of petrochemicals, 1986G-1987G. • Port Officer at Petromin - Rabigh, a government entity working in the field of petrochemicals, 1984G-1987G. • Site Manager at Petro-Line, a government entity working in the field of petrochemicals industry, 1983G-1984G. • Construction Project Manager at Petro-Line, a government entity working in the field of the petrochemicals, 1981G-1983G. • Head of Civil and Mechanical Engineering Operations Department at Petro-Line, a government entity working in the field of petrochemicals, 1981G. • Engineer at Petro-Line, a government entity working in the field of petrochemicals, 1980G-1981G. • Engineer at Saudi Arabian National Guard, a government entity working in the field of national security, 1979G-1980G.
Other Positions	Member of the Board of Managers of Estmar El-Maktabah Limited, a limited liability company working in the field of real estate, from 2006G – present.

Table 90: **Biography of Khalid Abduljaleel Batterjee**

Name	Khalid Abduljaleel Ibrahim Batterjee
Age	61
Nationality	Saudi
Title	Director
Academic Qualifications	PhD in Human Medicine, University of Essen, Germany, 1985G. Bachelor's degree in Human Medicine and Practical Training, University of Vienna, Austria, 1978G.
Work Experience	• Shareholder, Founder, Dean and Member of the Board of Trustees at Batterjee Medical College for Science and Technology, a limited liability company working in the field of medical education, 2004G-2013G. • Head of the Orthopedics Department at SGH Jeddah (a branch of Middle East Healthcare Company), a closed joint stock company working in the field of healthcare, from 1988G – present. • Orthopedic Surgery Consultant at Dr. Khalid Abduljaleel Batterjee Clinic, a private clinic licensed by the Ministry of Health working in the field of healthcare, 1985G-1988G.
Other Positions	Director of National Hail Company for Healthcare, a closed joint stock company working in the management and operation of hospitals and medical centers, from 2007G – present. Shareholder and Director of Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company, a limited liability company working in the field of trading and maintenance of medical instruments, from 2003G – present.

Table 91: **Biography of Mohammed Abdulrahman Moumena**

Name	Mohammed Abdulrahman Mohammed Moumena
Age	43
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Marketing, King Fahd University of Petroleum and Minerals, KSA, 1996G.
Work Experience	• Managing Partner of Edward W Kelley & Partners, a foreign company working in the field of the recruitment of executives and providing consultancy services in the field of human resources, 2006G – present. • CEO of Moumena Investment Group, a limited liability company working in the field of real estate development, hospitality and diversified investments, 1998G – present. • Trainee in the marketing department at Unilever, a company established in the United Arab Emirates working in the field of nutrition and personal care, 1995G-1996G.
Other Positions	• Director of Fransa Invest Bank, a company established in the Republic of Lebanon working in the field of bank financing, 2014G – present. • Member of the Board of Managers of Arab Poultry Breeders Company "Ommat", a limited liability company working in the field of poultry, 2013G – present. • Director of a portfolio investment company of Alkhabeer Capital, a closed joint stock company working in the field of asset management and investment services, 2012G – present. • Director of Wedad Charity Organization, a charitable organization working in the field of orphan care, 2012G – present.

Table 92: Biography of Saleh Ahmed Ali Hefni

Name	Saleh Ahmed Ali Hefni
Age	56
Nationality	Saudi
Title	Director
Academic Qualifications	• Master's degree in Human Resources, University of Strathclyde, United Kingdom, 1996G. • Bachelor's degree in Civil Engineering, Cogswell University, United States of America, 1984G.
Work Experience	• Director of Saudi Export Development Authority, a government entity working in the field of development of Saudi exports, 2014G – present. • Managing Director and CEO of Halwani Bros Company, a public joint stock company working in the field of food trade and production, 2007G – present. • Member of the National Industrial Committee of the Council of Saudi Chambers of Commerce and Industry, a government entity working in the field of industrial development, 1998G-2005G. • Member of the Facilities Committee at Jeddah Chamber of Commerce and Industry, 1995G-2005G. • Member of the Industrial Committee at Jeddah Chamber of Commerce and Industry, 1995G-2005G. • CEO and managing director of Saudi Industrial Services Company (SISCO), a public joint stock company working in the field of the industrial services sector, 1988G-2007G. • Supervising engineer for international airports projects, a government agency working in the operation of airports, 1984G-1988G.
Other Positions	• Member of the board of directors of Al Ahli Takaful Company, a public joint stock company working in the insurance sector, 2010G – present. • Member of the executive committee of Kindasa Water Services Company, a limited liability company working in the production of desalinated water, 2001G – present. • Member of the board of directors of Saudi Industrial Services Co (SISCO), a public joint stock company working in the field of the industrial services sector, 1999G – present. • Member of the Board of Managers of Saudi Trade and Export Development Company, a limited liability company working in the field of exports and operation of ports, 1998G – present.

Table 93: Biography of Rudwan Khalid Batterjee

Name	Rudwan Khalid Abduljaleel Batterjee
Age	30
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Business Administration and Marketing, Cape Breton University, Canada, 2007G.
Work Experience	• Executive Manager at Advanced Medicine Factory Company, a limited liability company working in the field of production of medicine, 2015G – present. • Executive Manager at Veterinary Care International Company, a limited liability company in the field of the establishment of veterinary hospitals and care centers, 2014G – present. • Executive Manager Bait Al Batterjee Pharmaceuticals Company, a limited liability company working in the field of importing and distributing medicine and medical products, 2010G – present. • Business Development and Marketing officer at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 2008G – present. • Marketing Officer at Batterjee Medical College, a limited liability company working in the field of medical education, 2008G-2010G.
Other Positions	Not applicable

Table 94: Biography of Makarem Sobhi Batterjee

Name	Makarem Sobhi Abduljaleel Batterjee
Age	37
Nationality	Saudi
Title	Director
Academic Qualifications	• Honorary doctorate from the United National Arts Organization / Humanitarian Resource Institute, an international organization working in the field of community service and combatting violence and terrorism, for his leading role in youth development, community service, combatting violence and terrorism, leading the youth and combatting addiction, 2015G. • Executive Master's degree in Business Administration, London Business School, United Kingdom, 2011G. • Bachelor's degree in Health Services Management, Long Beach University, United States of America, 2002G.
Work Experience	• Founder and CEO of Bait al Batterjee Fitness Company, a limited liability company working in the field of fitness and the operation of gymnasiums, 2003G – present. • Deputy CEO and Business Development Manager at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 2002G – present. • Marketing Manager at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 2000G-2002G. • Business Analyst at Ernst & Young in the United Arab Emirates, a foreign company working in the field of consulting services, 1999G-2000G. • Director of the Saudi Arabian Equestrian Federation Western Province, a government entity working in the field of promotion and organization of horse racing, 1993G – present.
Other Positions	• Manager of New City Developments, a limited liability company working in the field of real estate development and investment, 2014G – present. • Director of National Hail Company for Healthcare, a closed joint stock company working in the field of management and operation of hospitals and medical centers, 2012G – present. • Manager of Shababco Enterprises, a limited liability company working in the field of improvement of lifestyle and prosperity of Arab youth through innovative services and facilities in the areas of retail, finance, real estate and education, 2007G – present.

Table 95: Biography of Sultan Sobhi Batterjee

Name	Sultan Sobhi Abduljaleel Batterjee
Age	31
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Finance and International Accounting, Regent's University, United Kingdom, 2006G.
Work Experience	• CEO and founder of Dalalkom International Real Estate Development Company, a limited liability company working in the field of real estate investment and development, 2012G – present. • Financial Analyst at Lazard Investment Bank, a company established in the United Kingdom working in the field of banking, 2009G-2010G. • Financial Analyst at Anchor (Switzerland), a company incorporated in Switzerland working in the field of asset management, 2008G-2009G. • Financial Analyst at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 2006G-2008G.
Other Positions	• Partner and Member of the Board of Managers at Dalalkom International Real Estate Development Company, a limited liability company working in the field of real estate investment and development, 2004G – present. • Manager of Lifestyle Developers Ltd, a limited liability company working in the field of real estate investment and development, 2014G – present. • Partner and Member of the Board of Managers of International Hospitals Construction Company, a limited liability company working in the field of establishment of hospitals and medical centers, 2007G – present.

Table 96: Biography of Ali Abdulrahman Al-Gwaiz

Name	Ali Abdulrahman Al-Gwaiz
Age	56
Nationality	Saudi
Title	Director
Academic Qualifications	Bachelor's degree in Business Administration, University of Portland, United States of America, 1985G.
Work Experience	• CEO and Member of the Asset Management Committee, Investment Banking Committee, Compliance and Audit Committee and Risk Management Committee at Riyad Capital, a limited liability company working in the field of investment services, 2008G – present. • Member of the Audit Committee of the Saudi Ceramic Company, a public joint stock company working in the field of production of ceramics and water heaters, 1995G-2013G. • CEO of Kfaa Industrial Project Development and Management Company, a limited liability company working in the field of project development and investment, 2006G-2007G. • CFO of Saudi Paper Manufacturing Company, a public joint stock company working in the field of paper manufacturing, 2006G. • Director of the investment banking division at Riyad Bank, a public joint stock company working in the field of banking, 2007G. • Assistant General Manager of the Investment Banking Division at Samba Financial Group, a public joint stock company working in the field of banking, 1995G-2006G. • Project Manager at the Saudi Industrial Development Fund, a government entity working in the field of industrial development, 1985G-1992G. • Team Leader at the Saudi Industrial Development Fund, a government entity working in the field of industrial development, 1993G-1994G.
Other Positions	• Director of the Saudi Stock Exchange (Tadawul), a closed joint stock company working in the field of managing the Saudi stock exchange, 2014G – present.

Table 97: Biography of Moaz Al-Zarkane

Name	Moaz Mohamed Al-Zarkane
Age	43
Nationality	Syrian
Title	Secretary
Academic Qualifications	Bachelor's degree in Economics and Commerce, University of Damascus, Syria, 1994G.
Work Experience	• Assistant to the Company's CEO, from 2005G – present. • Office Manager of the Company's CEO, 1999G-2004G. • Managing Director of Hera General Hospital, a government hospital working in the field of healthcare services, 1997G-1999G. • Assistant Manager of Employee Affairs at Najemy Institution in the Syrian Republic, an individual enterprise working in the field of trade, 1996G-1997G. • Teller at the Commercial Bank of Syria in the Syrian Republic, a commercial bank working in the banking industry, 1995G-1996G. • Customer Service Personnel at the Commercial Bank of Syria in the Syrian Republic, a commercial bank working in the banking industry, 1994G-1995G.
Other Positions	Not applicable

5.4 Executive Management

The Company's Executive Management consists of a team with extensive knowledge and experience to manage the Company, in line with the directions of the Board. The CEO is responsible for the day-to-day operations of the Company and ensures the implementation of the directions and policies of the Board, in order to facilitate the achievement of the Company's overall objectives.

The following chart sets out the Company's Executive Management:

Table 98: The Company's Executive Management

Name	Title	Nationality	Age	Date of Appointment	Share Ownership Pre-Offering	Share Ownership Post-Offering
Mohammed Mamoun Al-Najjar	Company CEO	Egyptian	47	2005G	-	-
Wael Abdelhamid Al-Ganainy	Company and SGH Jeddah CMO	Egyptian	46	2007G	-	-
Alarma Varghese Thomas	Company Chief Financial Officer ("CFO")	Indian	49	2001G	-	-
Bandar Abdullah Abu Dawood	HR Manager	Saudi	33	2015G	-	-
Abner Hinanay	IT Manager	Filipino	54	1989G	-	-
Ahmed Shafiq Alwi Ghazi	Procurement Manager	Egyptian	52	2003G	-	-
Hani Mustafa Abdulsalam	Marketing Manager	Egyptian	51	2005G	-	-
Mohamed Abdullah Owais	SGH Jeddah CEO	Egyptian	55	2007G	-	-
Tahir Ayub	SGH Jeddah Finance Manager	Pakistani	47	2010G	-	-
Abdulfattah Abdo Hassanein	SGH Riyadh CEO	Egyptian	62	2000G	-	-
Mohamed Sayed Rashed	SGH Riyadh CMO	Egyptian	65	2012G	-	-
Hussein Sobhani Allam Ali	SGH Riyadh Finance Manager	Pakistani	36	2011G	-	-
Ramez Mosaad Al-Awady	SGH Madinah CEO	Egyptian	32	2015G	-	-
Mahmoud Asaad Maraba	SGH Madinah CMO	Egyptian	34	2014G	-	-
Rana Karam Khan	SGH Madinah Finance Manager	Pakistani	41	2011G	-	-
Ahmed Mohamed Shibl Al-Atris	SGH Aseer CEO	Egyptian	46	2005G	-	-
Ahmed Mahmoud Al-Hakim	SGH Aseer CMO	Egyptian	43	2014G	-	-
Adhar Hussein Fzal Hussein	SGH Aseer Finance Manager	Pakistani	48	2014G	-	-

Summary of the Executive Management's Biographies

The experience and qualifications of each member of the Executive Management of the Company are set out below:

Table 99: Biography of Mohammed Mamoun Al-Najjar

Name	Mohammed Mamoun Al-Najjar
Age	47
Nationality	Egyptian
Title	Company CEO
Academic Qualifications	• Mini Master's degree in Business Administration, IIR Middle East Institute, United Arab Emirates, 2011G. • Diploma in Total Quality Management, American University in Cairo, Egypt, 2005G. • Diploma in Hospital Management, American University in Cairo, Egypt, 1998G. • Master's degree in Internal Medicine(Part I), Ain Shams University, Egypt, 1995G. • Bachelor's degree in General Medicine, Ain Shams University, Egypt, 1991G.
Work Experience	• CEO of the Company, 2013G – present. • CEO of SGH Jeddah, 2007G-2013G. • Assistant CEO at SGH Jeddah, 2005G-2007G. • Deputy General Manager and Manager of Inpatient and Outpatient Clinics at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 2002G-2005G. • Internships and Internal Department Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 2000G-2002G. • Egyptian Fellowship Program Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1998G-2000G. • Deputy General Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1996G-1998G. • Administrative On-call Doctor at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1994G-1996G. • On-call Doctor for Internal Medicine at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1993G-1994G. • General Practitioner at the Ministry of Health and Population in Egypt, 1991G-1993G. • Doctor at Ain Shams University Hospital, a public hospital working in the field of healthcare in Egypt, 1991G.
Other Positions	Not applicable

Table 100: Biography of Wael Abdelhamid Al-Ganainy

Name	Wael Abdelhamid Al-Ganainy
Age	46
Nationality	Egyptian
Title	Company and SGH Jeddah CMO
Academic Qualifications	• Mini Master's degree in Business Administration, IIR Middle East Institute, United Arab Emirates, 2011G. • Master's degree in Hospital Management, George Washington University, United States of America, 2003G. • Master's degree in Internal Medicine, Ain Shams University, Egypt, 2000G. • Diploma in Medicine (distance learning), Yale University, United States of America, 1999G. • Bachelor's degree in General Medicine, Mansoura University, Egypt, 1992G.
Work Experience	• Medical Affairs Manager of the Company, 2013G – present. • SGH Jeddah CMO, 2007G – present. • Vice President at Nasser Institute for Research and Therapy, a government institute working in the field of healthcare in Egypt, 2003G-2004G. • Assistant to the CEO at Medlink Hospital and Medical Centre, a company established in Egypt working in the field of healthcare, 2003G. • Project Coordinator at the Ministry of Health and Population in Egypt, 2000G-2001G. • On-call Administrator at Nasser Institute for Research and Therapy, a government institute working in the field of healthcare in Egypt, 1996G-2001G.
Other Positions	Not applicable

Table 101: Biography of Alarma Varghese Thomas

Name	Alarma Varghese Thomas
Age	49
Nationality	Indian
Title	Company CFO
Academic Qualifications	• Bachelor's degree in Commerce, University of Bangalore, India, 1986G. • Certificate of Fellowship, the Institute of Chartered Accountants, India, 1997G.
Work Experience	• CFO of the Company, 2004G – present. • SGH Jeddah CFO, 2001G-2004G. • Financial Controller at Lakeshore Hospital and Research Centre, a company established in India working in the field of healthcare, 1999G-2001G. • Financial Controller at Unity Care and Health Services Limited, a company established in India working in the field of healthcare, 1997G-1999G. • Chief Audit Supervisor at K.B. Nambiar and Associates, a company established in India working in the field of accounting, 1992G-1997G. • Senior Audit Supervisor at C.B. Vargas and Associates, a company established in India working in the field of accounting, 1986G-1992G.
Other Positions	Not applicable

Table 102: Biography of Bandar Abdullah Abu Dawood

Name	Bandar Abdullah Abu Dawood
Age	33
Nationality	Saudi
Title	Human Resources Manager
Academic Qualifications	• Diploma in Human Resources Management, ABB Institute, United Kingdom, 2014G. • Bachelor's degree in Human Resources Management, Cairo University, Egypt, 2009G. • Diploma in Human Resources, Cairo University, Egypt, 2007G. • Diploma in Human Resources, Gordon R. University, United States of America, 2002G.
Work Experience	• Human Resources Manager of the Company, 2015G – present. • Human Resources Manager at the International Medical Centre, a limited liability company working in the field of healthcare, 2010G-2015G. • Administrative and Employee Affairs Manager for the Western Region at Banque Saudi Fransi, a public joint stock company working in the field of banking, 2007G-2010G. • Administrative and Employee Affairs Manager at Bank AlJazira, a public joint stock company working in the field of banking, 2005G-2007G. • Assistant to the Administrative and Employee Affairs Manager at Bank AlJazira, a public joint stock company working in the field of banking, 2004G-2005G. • Recruitment and Trading Officer at Global Index Service Ltd., a limited liability company working in the field of financial transactions, 2003G-2004G.
Other Positions	Not applicable

Table 103: Biography of Abner Hinanay

Name	Abner Hinanay
Age	54
Nationality	Filipino
Title	Information Technology Manager
Academic Qualifications	Bachelor's degree in Electrical Engineering, Manila Institute of Technology, Philippines, 1979G.
Work Experience	• Information Technology Manager of the Company, 1989G – present. • Software Analyst, Designer and Programmer at Computrex Company, a company established in Philippines working in the field of information technology, 1982G-1989G. • Electrical Engineer at the Philippine Refining Company, a company established in Philippines working in the field of petrochemicals, 1980G-1982G. • Equipment Technician at Manila Electric Company, a company established in Philippines working in the field of electricity and power, 1979G.
Other Positions	Not applicable

Table 104: Biography of Ahmed Shafiq Alwi Ghazi

Name	Ahmed Shafiq Alwi Ghazi
Age	52
Nationality	Egyptian
Title	Procurement Manager
Academic Qualifications	• Master's degree in Healthcare Management, Nixon University, United States of America, 2013G. • Diploma in Hospital Management, Ain Shams University, Egypt, 2001G. • Bachelor's degree in Accounting, Menoufia University, Egypt, 1985G.
Work Experience	• Procurement Manager of the Company, 2014G – present. • Procurement Manager of SGH Madinah, 2003G-2014G. • Procurement Manager at As-Salam International Hospital, a company established in Egypt working in the field of healthcare, 2001G-2003G. • Deputy Manager at As-Salam International Hospital, a company established in Egypt working in the field of healthcare, 1997G-2001G. • Payroll Officer at As-Salam International Hospital, a company established in Egypt working in the field of healthcare, 1994G-1997G. • Accountant at As-Salam International Hospital, a company established in Egypt working in the field of healthcare, 1988G-1994G.
Other Positions	Not applicable

Table 105: Biography of Hani Mustafa Abdul Salam

Name	Hani Mustafa Abdul Salam
Age	51
Nationality	Egyptian
Title	Marketing Manager
Academic Qualifications	• Diploma in Oral Surgery, Alexandria University, Egypt, 1990G. • Bachelor's degree in Dentistry, Alexandria University, Egypt, 1986G.
Work Experience	• Marketing Manager of the Company, 2011G – present. • Customer Affairs Manager of the Company, 2005G-2011G. • Sales Officer at Al Nahda Company, a limited liability company working in the field of healthcare, 2000G-2005G. • Dental Surgeon at Salamatak Dental Polyclinic, a limited liability company working in the field of healthcare, 1994G-2000G. • Dental Surgeon at Jeddah National Hospital, a limited liability company working in the field of healthcare, 1991G-1994G. • Salesperson at AlexMed Pharma, a company established in Egypt working in the field of trade in medical equipment, 1990G-1991G. • Dental Surgery Consultant at the Government Dental Training Centre, a government center working in the field of healthcare in Egypt, 1989G. • Dental Surgeon at Damanhour University Hospital, a government hospital in Egypt, 1986G-1988G.
Other Positions	Not applicable

Table 106: Biography of Mohamed Abdullah Owais

Name	Mohamed Abdullah Owais
Age	55
Nationality	Egyptian
Title	SGH Jeddah CEO
Academic Qualifications	• Diploma in Marketing and Sales, American University in Cairo, Egypt, 1991G. • Bachelor's degree in Pharmacy, Cairo University, Egypt, 1982G.
Work Experience	• COO of SGH Jeddah, 2013G – present. • COO of the Company, 2007G-2013G. • Assistant to the CEO and Marketing and Sales Manager at Arab Contractors Medical Centre, a company established in Egypt working in the field of healthcare, 2006G. • Marketing and Sales Manager at Magrabi Hospitals and Medical Centers, a company established in Egypt working in the field of healthcare, 2002G-2006G. • Scientific Office Manager at Novartis Pharma International, a company established in Egypt working in the field of pharmaceuticals, 1999G-2002G. • Scientific Office Manager at BioProduct Laboratory, a company established in Egypt working in the field of pharmaceuticals, 1998G-1999G. • Manager of Infection Prevention Medical Products at Bristol-Myers Squibb Middle East, a company established in Egypt working in the field of pharmaceuticals, 1995G-1997G. • Sales Officer at Bristol-Myers Squibb Middle East, a company established in Egypt working in the field of pharmaceuticals, 1992G-1995G. • Hospital Products Consultant at Upjohn Pharmaceuticals, a company established in Egypt working in the field of pharmaceuticals, 1988G-1992G. • Salesperson at Upjohn Pharmaceuticals, a company established in Egypt working in the field of pharmaceuticals, 1983G-1988G.
Other Positions	Not applicable

Table 107: Biography of Tahir Ayub

Name	Tahir Ayub
Age	47
Nationality	Pakistani
Title	SGH Jeddah Finance Manager
Academic Qualifications	• Chartered Certified Accountant, Association of Chartered Certified Accountants, United Kingdom, 2013G. • Certificate of Fellowship, the Institute of Chartered Accountants, the Islamic Republic of Pakistan, 1997G. • Certificate of Fellowship, Institute of Public Finance Accountants, the Islamic Republic of Pakistan, 1996G. • Bachelor's degree in Commerce, Punjab University, the Islamic Republic of Pakistan, 1989G.
Work Experience	• Finance Manager of SGH Jeddah, 2010G – present. • CFO of Khawaja Group, a company established in the Islamic Republic of Pakistan working in the field of iron and textiles, 1999G-2010G. • Financial Manager at Echo West International (Pvt) Ltd., a company established in the Islamic Republic of Pakistan working in the field of construction and development, 1997G-1999G. • Audit and Tax Manager at Nadeem Yousuf & Associates, a company established in the Islamic Republic of Pakistan working in the field of business services, 1993G-1997G.
Other Positions	Not applicable

Table 108: Biography of Abdulfattah Abdo Hassanein

Name	Abdulfattah Abdo Hassanein
Age	62
Nationality	Egyptian
Title	SGH Riyadh CEO
Academic Qualifications	• Master's degree in Business Administration, International Research Institute, United Arab Emirates, 2011G. • Bachelor's degree in Commerce, Ain Shams University, Egypt, 1978G. • Diploma in Communications, Cairo University, Egypt, 1972G.
Work Experience	• CEO of SGH Riyadh, 2008G – present. • COO at SGH Riyadh, 2001G-2008G. • Supply Chain Manager at the Egyptian Ministry of Health under the auspices of the USAID program, Egypt, 2000G-2001G. • Administrative and Employee Affairs Manager at SGH Jeddah, 1987G-2000G. • Administrative Affairs Manager and the Chief Accountant at Sand Company, a limited liability company working in the field of trade and contracting, 1980G-1987G. • Trainer at the Civil Aviation and Technology College, a limited liability company working in the field of civil aviation, 1972G-1980G.
Other Positions	Not applicable

Table 109: Biography of Mohamed Sayed Rashed

Name	Mohamed Sayed Rashed
Age	65
Nationality	Egyptian
Title	SGH Riyadh CMO
Academic Qualifications	Bachelor's degree in Medicine and Surgery, Cairo University, Egypt, 1976G.
Work Experience	• Head of Medicine at SGH Riyadh, 2012G – present. • Hospital Management Consultant, self-employed in Egypt, 2011G-2012G. • General Manager of Al Safwa Hospital, a company registered in Egypt working in the field of healthcare, 2010G. • Medical Affairs Manager at As-Salama New Hospital, a company established in Egypt working in the field of healthcare, 2004G-2006G. • Medical Affairs Manager at SGH Madinah, 2003G-2004G. • Medical Affairs Manager at SGH Jeddah, 2001G-2003G. • Chief Resident Doctor at SGH Jeddah, 1990G-2001G. • Resident Internal Medicine Doctor at SGH Jeddah, 1988G-1990G. • Resident Doctor for Internal Medicine, Cardiology and Intensive Care at the Ministry of Health in Egypt, 1982G-1986G. • Manager of El-Sadat School Healthcare Unit in Giza, a public school in Egypt, 1981G. • General Practitioner at the Egyptian Armed Forces, a government body in Egypt, 1978G-1980G. • General Practitioner at a primary healthcare unit of the Health Ministry in Egypt, 1977G. • Intern at Cairo University Hospitals, a government body in Egypt, 1976G-1977G.
Other Positions	Not applicable

Table 110: Biography of Hussein Sobhani Allam Ali

Name	Hussein Sobhani Allam Ali
Age	36
Nationality	Pakistani
Title	SGH Riyadh Finance Manager
Academic Qualifications	• Certificate in Chartered Certified Accountancy, the Institute of Chartered Accountants, the Islamic Republic of Pakistan, 2007G. • Certificate in Public Finance Accounting, Institute of Public Finance Accountants, the Islamic Republic of Pakistan, 2005G. • Bachelor's degree in Commerce, Hailey College of Commerce in Punjab, the Islamic Republic of Pakistan, 1999G.
Work Experience	• Finance Manager of SGH Riyadh, 2011G – present. • CFO at Diamond Group of Industries, a company registered in the Islamic Republic of Pakistan working in the field of production, 2008G-2011G. • Financial Manager at Bilal Fibers Limited, a company registered in the Islamic Republic of Pakistan working in the field of production, 2007G-2008G. • Accounting and Taxes Manager at Bilal Fibers Limited, a company registered in the Islamic Republic of Pakistan working in the field of production, 2005G-2007G. • Accountant at Mushtaq & Co. Chartered Accountants, a company registered in the Islamic Republic of Pakistan working in the field of auditing, 2001G-2005G.
Other Positions	Not applicable

Table 111: Biography of Ramez Mosaad Al-Awady

Name	Ramez Mosaad Al-Awady
Age	32
Nationality	Egyptian
Title	SGH Madinah CEO
Academic Qualifications	• Master's degree in Business Administration, Arab Academy of Science & Maritime, Egypt, 2013G. • Master's degree in Dermatology, Cairo University, Egypt, 2013G. • Master's degree in Gynecology and Obstetrics, Cairo University, Egypt, 2012G. • Bachelor's degree in Medicine and Surgery, Cairo University, Egypt, 2006G.
Work Experience	• CEO of SGH Madinah, 2015G – present. • Assistant CEO of SGH Madinah, 2013G-2015G. • Healthcare Physician of Metlife Alico (Egypt), an insurance company affiliated with the mother company in the United States working in the field of medical insurance in Egypt, 2010G-2013G. • Medical Unit Manager of Dar Elfouad Hospital, a private hospital in Egypt, 2009G-2013G. • Resident in Dar Elshefaa Hospital, a private hospital in Egypt, in 2009G. • Resident in Misir International Hospital, a private hospital in Egypt, 2008G-2009G. • House Officer in Elkasr Eleiny Hospital, a private hospital in Egypt, 2007G-2008G. • Assistant Marketing Manager of Healthcare Insurance Company, a company registered in Egypt working in the field of medical insurance, in 2007G.
Other Positions	Not applicable

Table 112: Biography of Mahmoud Asaad Maraba

Name	Mahmoud Asaad Maraba
Age	34
Nationality	Egyptian
Title	SGH Madinah CMO
Academic Qualifications	• Diploma in Hospitals and Health Facilities Management, American University in Cairo, Egypt, 2013G. • Diploma in Total Medical Quality for Health Facilities, American University in Cairo, Egypt, 2011G. • Master of Medical Tests, American University in Cairo, Egypt, 2007G. • Bachelor of Medicine and Surgery, Cairo University, Egypt, 2005G.
Work Experience	• CMO at SGH Madinah, 2014G – present. • Medical Unit Manager and Deputy Manager of Operations for Administrative Affairs at Dar Al Fouad Hospital, a private hospital in Egypt, 2011G-2013G. • Cairo Branch Manager at Alfa Laboratory, a private laboratory working in the field of medical tests, 2008G-2009G. • Doctor at the Medical Tests Department in the National Research Center in Cairo, a center working in the field of medical research, 2007G-2011G. • Intern at Cairo University Hospitals, government hospitals in Egypt, 2006G-2007G.
Other Positions	Not applicable

Table 113: Biography of Rana Karam Khan

Name	Rana Karam Khan
Age	40
Nationality	Pakistani
Title	SGH Madinah Finance Manager
Academic Qualifications	Bachelor of Commerce, Hailey College of Commerce in Punjab, the Islamic Republic of Pakistan, 1996G.
Work Experience	• Finance Manager of SGH Madinah, 2011G – present. • CFO at Millat Equipment Ltd., a company established in the Islamic Republic of Pakistan working in the field of production, 2011G. • Deputy CFO at Millat Equipment Ltd., a company established in the Islamic Republic of Pakistan working in the field of production, 2005G-2011G. • Costs and Budget Assistant Manager at Wazir Ali Industries Ltd., a company established in the Islamic Republic of Pakistan working in the field of production, 2005G. • Financial Manager at Mehta Brothers Private Limited, a company established in the Islamic Republic of Pakistan working in the field of trade, 2002G-2005G. • Accountant at Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants, a company registered in the Islamic Republic of Pakistan working in the field of auditing, 1997G-2002G.
Other Positions	Not applicable

Table 114: Biography of Ahmed Mohamed Shibl Al-Atris

Name	Ahmed Mohamed Shibl Al-Atris
Age	46
Nationality	Egyptian
Title	SGH Aseer CEO
Academic Qualifications	• Diploma in Hospital Management, American University in Cairo, Egypt, 2005G. • Diploma in Hospital Management, Ain Shams University, Egypt, 2004G. • Diploma in Healthcare Total Quality Management, American University in Cairo, Egypt, 2003G. • Master's degree in Medicine in Thoracic and Cardiovascular Surgery, Al-Azhar University, Egypt, 2003G. • Bachelor's degree in Medicine and Surgery, Tanta University, Egypt, 1993G.
Work Experience	• CEO of SGH Aseer, 2009G – present. • Operations Manager at SGH Aseer, 2007G-2009G. • Operation Assistant Manager at SGH Aseer, 2005G-2007G. • Assistant General Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1997G-2005G.
Other Positions	Not applicable

Table 115: **Biography of Ahmed Mahmoud Al-Hakim**

Name	Ahmed Mahmoud Al-Hakim
Age	43
Nationality	Egyptian
Title	SGH Aseer CMO
Academic Qualifications	• Master's degree in Business Administration, Arab Academy for Science, Technology and Maritime Transport, Egypt, 2001G. • Bachelor's degree in Medicine, Alexandria University, Egypt, 1995G.
Work Experience	• CMO of SGH Aseer, 2014G – present. • Marketing and Distribution Manager at Alhadaf for Pharmaceuticals, Medical Equipment and Sundries, a company established in Egypt working in the field of pharmaceuticals and medical equipment, 2012G-2013G. • Marketing Manager at GlaxoSmithKline, a company registered in the Libyan Republic working in the field of biological research and production of vaccines and medicine, 2009G-2012G. • Regional Manager at GlaxoSmithKline, a company registered in Egypt working in the field of biological research and production of vaccines and medicine, 2001G-2009G. • Sales Officer at GlaxoSmithKline, a company registered in Egypt working in the field of biological research and production of vaccines and medicine, 1999G-2001G.
Other Positions	Not applicable

Table 116: **Biography of Adhar Fazal Hussein**

Name	Adhar Hussein Fazal Hussein
Age	48
Nationality	Pakistani
Title	SGH Aseer Finance Manager
Academic Qualifications	• Master's degree in Business Administration, PMAS-Arid Agriculture University Rawalpindi, the Islamic Republic of Pakistan, 1998G. • Bachelor's degree in Commerce, Punjab University, the Islamic Republic of Pakistan, 1989G.
Work Experience	• Finance Manager of SGH Aseer, 2014G – present. • Financial manager at Alsharq Healthcare Co. in the Islamic Republic of Pakistan, a foreign company working in the field of healthcare, 2010G-2014G. • Financial Manager at SGH Jeddah, 2003G-2010G. • Chief Accountant at SGH Jeddah, 2000G-2003G. • Officer in the Costs and Income Department at SGH Jeddah, 1999G-2000G. • Chief Accountant at Jamun Pakistan Limited, a company registered in the Islamic Republic of Pakistan working in the field of construction, 1991G-1999G.
Other Positions	Not applicable

5.5 Declarations of Bankruptcy and Direct Interests by Board of Directors, Secretary and Executive Management

The Directors, Secretary and Executive Management declare the following:

- they have not, at any time, been declared bankrupt or been subject to bankruptcy proceedings;
- they have not been employed in a managerial or supervisory capacity of a company which has become insolvent in the five years preceding the date of this Prospectus;
- they may not vote on a contract or proposal in which they have an interest;
- other than as set out in Section 5-3 "Board of Directors", none of the Directors, Executive Management or the Secretary currently holds a position of a director in any other company or has previously held such position;
- other than as set out in Section 5-3 "Board of Directors", neither they nor any of their relatives have any shares, interests, or dealings whatsoever in the Company or its subsidiaries; and
- other than as disclosed in Section 12-6-10 "Transactions with Related Parties", there is no contract or arrangement involving the Board of Directors, Executive Management, Secretary, any of their relatives or affiliates with the Company or its subsidiaries, as at the date of this Prospectus is presented to them.

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the internal regulations and policies grant any powers enabling a Director to vote on a contract or proposal in which he has material interest, whether directly or indirectly, pursuant to the provision of Article 69 of the Companies Law, which prescribes that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the General Assembly, to be renewed annually.

According to the provision of that same Article, a Director shall inform the Board of any personal interest he may have in the transactions and contracts entered into by the Company. The Chairman of the Board is required to disclose to the General Assembly the transactions and contracts in which any Director has a personal interest as prescribed by the Companies Law and shall submit a special report from the auditor. The said disclosure shall be recorded in the Board's minutes whereby the conflicted Director is not allowed to take part in the vote on the related matter.

The Directors declare their compliance with the following:

- The provisions of Articles 69 and 70 of the Companies Law and Article 18 of the Corporate Governance Regulations.
- To refrain from voting on contracts entered into with the related parties in the general assembly meetings if they have an interest, whether directly or indirectly.
- Not to conduct business that would be competitive to the Company's business in the future; all transactions with the related parties in the future will be conducted on an arm's length in accordance with the provisions of Article (70) of the Companies Law.

5.7 Remunerations and Compensations of Board and Executive Management

Remuneration of the Board shall be determined by the OGA in accordance with the Company's Bylaws, the rules and regulations issued by the Ministry of Commerce and Industry pursuant to the provisions of the Companies Law or any other regulations complementary thereto, in addition to reimbursing the Directors for all actual expenses incurred in connection with attending meetings of the Board, including travel and accommodation expenses in accordance with regulations, decisions and instructions applicable in the Kingdom of Saudi Arabia issued by the competent authorities.

Pursuant to the Ministerial Resolution number (1071) dated 02/11/1412H (corresponding to 05/05/1992G) issued by HE Minister of Commerce and Industry, the maximum annual remuneration permitted to any one Director of the Company is SAR 200,000, in addition to SAR 3,000 for each meeting. The Company shall comply with such resolution when determining the annual remuneration to be approved by the OGA based on the recommendations of the Board.

Remunerations and compensation of the Board shall be approved by the OGA, provided that the Directors are not entitled to vote on such remunerations and compensation, and the Board and Executive Management shall not receive any in-kind remunerations or compensation. Below are the details of the amounts received by the Board and Executive Management whose names are mentioned in Section 5-3 "Board of Directors" and Section 5-4 "Executive Management" of this Prospectus, including the CEO and CFO, during the last three years prior to listing:

Table 117: Remunerations and compensations of the Board and Executive Management, 2012G-2014G

SAR	2012G	2013G	2014G
Board of Directors	-	-	-
Senior executives, including the CEO and CFO	1,522,419	2,882,883	2,162,740

Source: The Company

5.8 Appointment of Board of Directors

The Directors are appointed by the OGA through the cumulative voting system. The Companies Law, Corporate Governance Regulations, the Company's Bylaws and Corporate Governance Manual determine the Board's duties and responsibilities. Below is a summary of the duties and responsibilities of the Board, CEO and CFO:

5-8-1 The Chairman

The Chairman shall assume the following duties and responsibilities:

1- to represent the Company before third parties, courts, governmental agencies, notary public, dispute resolution committees of all types and levels, arbitration tribunals, Chambers of Commerce and Industry, private entities, companies and corporations of all types;

2- to sign all types of agreements, contracts and deeds, including without limitation, the articles of association of any company in which the Company holds shares along with all amendments and supplements thereto, signing all agreements, deeds and releases before the notary public and official authorities, in addition to loan agreements, warranties, securities, mortgages and releasing them;

3- to issue powers of attorney on behalf of the Company with respect to the defense of any claim, settling or rejecting any claim or arbitrating any claim on behalf of the Company;

4- to manage the operations of the Board, schedule its meetings, preparing agendas, convening and chairing meetings and administrating votes on resolutions presented before the Board;

5- to chair, whether in person or by proxy, the General Assembly meetings; and

6- to supervise the preparation of the Board's annual report on the Board's activities.

Chairman Term

In accordance with the Company's Bylaw, the term of the Board including the Chairman shall be three (3) years.

5-8-2 Board Members

The Board shall assume the following duties and responsibilities:

1- guide, develop and implement the Company's comprehensive strategy and main objectives, including the Company's financial and operational annual plans, in light of the recommendations made by the Company's Executive Management;

2- conduct all actions to achieve the overall objectives of the Company;

3- determine the Company's best capital structure, strategies and financial goals and approve annual budgets;

4- approve reconciliation, waive engagements, commitments and contract on behalf of the Company; and

5- approve the Company's integration in other companies and disposal of the Company's assets and properties by means of purchase, mortgage and release mortgages, sell and discharge.

Remunerations of the Chairman and Board

The maximum annual remuneration permitted to the Chairman and members of the Board is SAR 200,000, in addition to SAR 3,000 for each meeting attended.

The Directors and Executive Management, including the CEO and senior executives may not vote on decisions relating to their own remuneration or for any decisions issued by the Company's General Assembly in relation to their remuneration. Neither the Directors nor the Executive Management are permitted to borrow from the Company.

There are no employment contracts between the Company and any Director in their capacity as directors. Directors are appointed pursuant to a resolution issued by the OGA in accordance with the Companies Law and the Company's Bylaws. The Directors shall receive their remuneration for membership in the Board in accordance with the provisions of the Companies Law, Company's Bylaws and applicable regulations.

5.9 CEO

Mohammed Mamoun Al-Najjar joined the Company's Executive Management in 2005G as Assistant Chief Operating Officer of SGH Jeddah. In 2007G, he was appointed as CEO of SGH Jeddah, then as CEO of the Company in 2013G.

Mohammed Mamoun Al-Najjar has a three (3)-year written employment contract with the Company, starting from 20/03/1434H (corresponding to 01/02/2013G), automatically renewable for a similar term. The CEO's duties and responsibilities are as follows:

1- achieve the Company's overall objectives, and implement its vision, missions and strategies as set out by the Board;

2- supervise the Company's daily administrative and technical works;

3- coordinate the administrative plans within the Company's different departments and hospitals to implement the Company's annual business plan;

4- prepare the quarterly and annual financial reports on the Company's business, and to submit such reports to the Board, including the Company's achievements and the obstacles related to its business as well as proposing appropriate solutions;

5- continuously coordinate with the Chairman, the chairmen of the Board committees and the chief executive officers of the hospitals to provide the Board and its committees with accurate and relevant information on the issues they examine, so as to assist them in carrying out their functions in the best possible way; and

6- represent the Company before third parties and to perform any other functions assigned to him/her by the Board from time to time.

5.10 CFO

Alarma Varghese Thomas joined the Company in 2001G, and has a two (2) year written contract starting from 02/12/1436H (corresponding to 15/09/2015G). The duties and responsibilities of the CFO include the following:

1- supervise the preparation of the Company's annual budgets and presenting them to the Board for approval;
2- supervise the preparation of the Company's financial statements;
3- develop and direct the accounting policies and to ensure compliance thereto;
4- submit regular reports to the Executive Management; and
5- coordinate the work with the Company's external and internal auditors.

The following table shows a summary of the employment contracts of the CEO, CMO and CFO.

Table 118: Summary of employment contracts of CEO, Medical Affairs Manager and CFO

Name	Position	Start Date of Employment	Employment Term
Mohammed Mamoun Al-Najjar	Chief Executive Officer of the Company	2005G	Three years starting from 20/03/1434H (corresponding to 01/02/2013G)
Wael Abdelhamid Al-Ganainy	Chief Medical Officer of the Company and SGH Jeddah	2007G	Five years starting from 02/05/1433H (corresponding to 25/03/2012G)
Alarma Varghese Thomas	Chief Financial Officer of the Company	2001G	Two years starting from 02/12/1436H (corresponding to 15/09/2015G)

Source: The Company

The Board, the Secretary and the Executive Management declare that, except as disclosed under section 12-6-10 "Transactions with Related Parties" and Section 12 "Legal Information", there is no contract or arrangement involving the Board of Directors, Executive Management, Secretary, any of their relatives or affiliates with the Company or its subsidiaries, as at the date of this Prospectus is presented to them.

5.11 Board Committees and their Responsibilities

To ensure the best performance of the Company's management, the Board has formed the Audit Committee and the Nomination and Remuneration Committee. Such committees are governed by approved rules which define their functions and responsibilities entrusted to each committee. The committees submit their reports and propositions to the Board. The Board conducts an annual review to the rules of the committees based on their recommendations.

Members of both Audit Committee and Nomination and Remuneration Committee are entitled to a remuneration determined by the Board for their membership in the committee.

5-11-1 Executive Committee

The Executive Committee shall have the following duties and responsibilities:

1- make decisions in relation to the Company's day-to-day operations;
2- review the Company's strategic planning processes and procedures in coordination with the CEO;
3- ensure completion of the strategic plans to achieve the Company's overall objectives;
4- review the CEO recommendations in relation to the distribution of the Company's resources in order to render the Company's strategic plans in line with the long-term operational objectives of the Company;
5- regularly review the strategic plans and operational objectives of the Company and its group (if any) to ensure their compliance with the Company's objectives;
6- report urgent matters to the Board and develop plans and recommendations to address them; and
7- report to the Board in relation to the Company's productivity and achievement of future goals in addition to improving its services quality.

The Executive Committee is comprised of the following members:

Table 119: Members of the Executive Committee

	Name	Title
1	Sobhi Abduljaleel Batterjee	Chairman
2	Makarem Sobhi Batterjee	Member
3	Arumbra Ram Mohan	Member
4	Mohammed Mamoun Al-Najjar	Member
5	Sultan Sobhi Batterjee	Member

Source: The Company

The following is a brief overview of the members of the Executive Committee:

Table 120: Biography of Sobhi Abduljaleel Batterjee, Executive Committee member

Name	Sobhi Abduljaleel Batterjee
Title	Chairman
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 121: Biography of Makarem Sobhi Batterjee, Executive Committee member

Name	Makarem Sobhi Batterjee
Title	Member
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 122: Biography of Arumbra Ram Mohan, Executive Committee member

Name	Arumbra Ram Mohan
Age	58
Nationality	Indian
Title	Member of the Executive Committee and Nomination and Remuneration Committee of the Company
Academic Qualifications	• Master's degree in Business Administration in Health Facilities, University of Leicester, United Kingdom, 1999G. • Bachelor's degree in Commerce, University of Delhi, India, 1979G.
Work Experience	• CFO of Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 2005G-2015G. • Office Manager at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 2001G-2005G. • Quality Manager at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 1999G-2001G. • Administrator at Bait Al Batterjee Company, a limited liability company working in the field of the management and operation of hospitals and medical centers, 1988G-1999G. • Administrative Coordinator at Bharatiya Vidya Bhavan, a foreign company working in the field of education in India, 1980G-1988G.
Other Positions	Not applicable

Source: The Company

Table 123: Biography of Mohammed Mamoun Al-Najjar, Executive Committee member

Name	Mohammed Mamoun Al-Najjar
Title	Member
Biography	Please see sub-section 5-4-1 "Summary of the Executive Management's Biographies" of this Section.

Source: The Company

Table 124: Biography of Sultan Sobhi Batterjee, Executive Committee member

Name	Sultan Sobhi Batterjee
Title	Member
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

5-11-2 Audit Committee

The Audit Committee shall have the following duties and responsibilities:

1- review the Company's quarterly and annual financial statements before submitting such statements to the Board of Directors, and provide its opinions and recommendations thereon;

2- monitor the integrity of the financial statements and any statements related to the Company's financial performance;

3- review and provide opinions and recommendations to the Board of Directors on the Company's applicable accounting policies, and review the effects that may result from any new or proposed practices, principles, accounting developments, disclosure requirements, laws or regulations;

4- review the accounting methods used for important or unusual transactions when there is more than one method of accounting, particularly those of the accounts related to mergers, acquisitions, restructuring and partnership agreements;

5- ensure that the Company complies with appropriate accounting standards, while observing the Company auditors' opinions;

6- review the Company auditors' observations on the financial statements and to follow-up the actions taken by the Company;

7- ensure clarity and completeness of the notes of the Company's financial statements and the context in which it appears to ensure that they provide the Shareholders and third parties with the required information, and to evaluate the Company's performance;

8- review all essential data provided in the financial statements of the business, the operational and financial performance and the governance report (to the extent it is related to the audit and risk management);

9- review the adequacy and effectiveness of internal financial controls and risk management systems adopted by the Company. The Audit Committee shall update the financial control and risk management systems of the Company regularly to include adequate internal controls;

10- ensure that there are adequate procedures for assessing compliance with the requirements of the Capital Market Authority and Tadawul, including the continuous disclosure obligations and monitoring the effectiveness of such procedures and controls;

11- review the data in relation to internal controls and risk management which are contained in the Company's annual report;

12- review the adequacy of the arrangements provided by the Company with its employees and contractors to report (in strict confidence) any possible financial violations. The Audit Committee shall ensure that such arrangements provide appropriate and independent investigation and follow-up procedures;

13- review the fraud detection mechanisms and procedures adopted by the Company;

14- conduct investigations in case of reporting of any possible frauds;

15- supervise the Company's Internal Audit Division to verify its effectiveness in discharging the tasks and duties assigned to it by the Board;

16- give opinions on the selection, appointment and removal of the Head of Internal Audit Division and the Company auditor;

17- review the internal control system and prepare a written report, including its opinions and recommendations, in relation thereto;

18- review and evaluate the annual programs and plans in relation to the Company's internal audit systems, and ensure their adequacy;

19- review the Company's internal audit reports and follow-up on the implementation of corrective measures for the notes therein;

20- monitor the Executive Management's responses to the results and recommendations of the Internal Audit Division;

21- ensure the provision of adequate data and information to the Internal Audit Division in order to assist it in fulfilling its duties effectively in accordance with the appropriate professional standards;

22- meet with the Internal Audit Division and the Company auditors to discuss important matters that may be raised by the Internal Audit Division or the Company auditors away from the Company's management, and to ensure that the Internal Audit Manager and the Company auditors can contact the chairman of the Audit Committee at any time.

23- make recommendations on the selection, appointment and removal of the Company auditors and determining their fees, including the Committee review to its professional efficiency and independency;
24- follow up on the work of the Company auditors and approve any work outside the scope of its audit works;
25- control and supervise the independency and objectivity of the Company auditors and the effectiveness of audit processes, subject to the relevant professional and regulatory requirements;
26- work with the Company auditors in order to coordinate the development of the audit plan and procedures for the current year, and to make comments and recommendations;
27- review the comments of the Company auditors on the Company's financial statements and to follow-up on the actions that have been taken regarding such comments, including:
    27-1 the essential results identified in the audit process;
    27-2 the accounting and audit provisions;
    27-3 the level of errors identified during the audit process; and
    27-4 the effectiveness of audit; and
28- review the auditor's letters of representation before such letters are presented to the Company's management for approval and signature, and ensure direct communication with the Company auditors and respond to the auditor recommendations and comments.

The Audit Committee is comprised of the following members:

Table 125: Members of Audit Committee

	Name	Title
1	Saleh Ahmed Hefni	Chairman
2	Ali Abdulrahman Al-Gwaiz	Member
3	Waleed Abdulaziz Faqih	Member

Source: The Company

The following is a brief overview of the members of Audit Committee:

Table 126: Biography of Saleh Ahmed Hefni, Audit Committee member

Name	Saleh Ahmed Hefni
Title	Chairman
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 127: Biography of Ali Abdulrahman Al-Gwaiz, Audit Committee member

Name	Ali Abdulrahman Al-Gwaiz
Title	Member
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 128: Biography of Waleed Abdulaziz Faqih, Audit Committee member

Name	Waleed Abdulaziz Faqih
Title	Member
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

5-11-3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall have the following duties and responsibilities:

1- make recommendations to the Board regarding memberships to the Board and nomination according to approved policies and standards, taking into account that nomination shall not include any person convicted of a crime of dishonesty or moral turpitude.
2- review Board membership requirements annually in terms of skills needed and prepare a description of the capacities and qualifications required for the membership of the Board; including the time to be allocated by the member for the activities of the Board;

3- review the structure of the Board and make recommendations regarding the possible changes to the Board;

4- determine the strengths and weaknesses of the Board and recommend remedies compatible with the Company's interest;

5- on an annual basis, ensure the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the board of directors of another company;

6- develop clear policies regarding the remunerations of the Directors and senior executives. Such policies shall be developed in accordance with performance-related standards.

7- consider fully, within the context of its works, the succession planning for directors and other senior executives (specially the CEO, CFO and COO), taking into account the possible challenges and opportunities for the Company and the skills and expertise needed for the Board in the future;

8- the Committee shall, in line with identifying the policies stated in item (6) above, consider all the matters it deems necessary, including relevant legal and regulatory requirements, and provisions and recommendations of the Corporate Governance Regulations issued by the Authority and the directives related thereto. The purpose of this policy is to ensure the availability of executive management members for the Company and the availability of the appropriate incentives to encourage better performance by rewarding individual contributions to the Company's success in a fair and responsible manner;

9- the Committee shall, in line with developing the remuneration policy of the Directors, review and consider salary trends throughout the Company and the broader healthcare industry in the region;

10- assume the exclusive responsibility for the development of selection criteria, developing the terms of reference of any salary experts advising the Committee;

11- develop, monitor and review the introductory program and the continuing coaching and training program for the Board members. The Committee shall, through its chairman, encourage each new Board member to enroll in the programs; which should provide the member with a description of the followings:

11-1 business and operations of the Company;

11-2 financial, strategic and operational position and the risk management of the Company; and

11-3 rights, duties and responsibilities of Board members;

12- supervise the assessment of the performance of the Executive Management (including board members) and ensure the implementation of the training programs resulting therefrom. The Board shall, during the performance review, consider the following:

12-1 attendance and participation record;

12-2 professional knowledge and competencies;

12-3 contribution to achieve the strategic goals of the Company;

12-4 to execute duties on time; and

12-5 general behavior;

13- in accordance with the approved policy and in consultation with the Chairman and/or the CEO, as required, determine the total individual remuneration package of the Chairman, Executive Board members, Board Secretary and other appointed senior executives; including bonuses, incentives, stock options and other remunerations.

14- adopt structure and set the goals of any performance incentives managed by the Company and approve the total annual payments made according to such plans;

15- review the structure of any incentive stock option plan to be approved by the Board and the Shareholders. To determine, on an annual basis, in terms of such stock option plan, whether incentives shall be distributed and, if so, determine the total amount of such incentives, the individual incentives for the Board's executive members, Board Secretary and Executive Management as well as the performance standards used in relation thereto;

16- develop the retirement policy, range and arrangements for each of the Board's executive members and Executive Management;

17- ensure the fulfillment of the Company's contractual obligations in relation to the termination of any employment contract including the payment of any amounts in connection with such termination, taking the employee's and the Company's rights into account, as well as ensure that poor performance should not be rewarded and that mitigation of losses shall be applied to the Company and its employees;

18- supervise any key changes in the employment benefit structure of the Company; and

19- adopt a policy for Board members' expense-coverage claims.

The Nomination and Remuneration Committee is composed of the following members:

Table 129: Nomination and Remuneration Committee Members

	Name	Title
1	Mohammed Abdulrahman Moumena	Chairman
2	Saleh Ahmed Hefni	Member
3	Makarem Sobhi Abduljaleel Batterjee	Member
4	Arumbra Ram Mohan	Member

Source: The Company

The following is a brief overview of the Nomination and Remuneration Committee members:

Table 130: Biography of Mohammed Abdulrahman Moumena, member of Nomination and Remuneration Committee

Name	Mohammed Abdulrahman Moumena
Position	Chairman
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 131: Biography of Saleh Ahmed Hefni, member of Nomination and Remuneration Committee

Name	Saleh Ahmed Hefni
Title	Member
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 132: Biography of Makarem Sobhi Batterjee, member of Nomination and Remuneration Committee

Name	Makarem Sobhi Abduljaleel Batterjee
Title	Chairman
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 133: Biography of Arumbra Ram Mohan, member of Nomination and Remuneration Committee

Name	Arumbra Ram Mohan
Title	Member
Biography	Please refer to sub-section 5-11 "Board committees and their responsibilities" of this Section.

Source: The Company

5-11-4 Medical Services Committee

The Medical Services Committee shall have the following duties and responsibilities:

1- supervise the quality of the health services provided through MEAHCO Hospitals and ensure their compliance with the required technical standards;

2- ensure full compliance with all regulatory requirements and licenses issued by the regulatory authorities;

3- ensure the adoption of appropriate measures with regard to risk management in all divisions of the Company's hospitals;

4- develop specified criteria for the selection, employment and licensing of medical professionals and physicians at MEAHCO Hospitals; and

5- supervise the workflow of all medical and managerial sub-committees and task forces at MEAHCO Hospitals.

The Medical Services Committee is composed of the following members:

Table 134: Members of Medical Services Committee:

	Name	Title
1	Khalid Abduljaleel Ibrahim Batterjee	Chairman
2	Wael Abdelhamid Al-Ganainy	Member
3	Mohammed Mamoun Al-Najjar	Member
4	Makarem Sobhi Abduljaleel Batterjee	Member
5	Rudwan Khalid Abduljaleel Batterjee	Member

Source: The Company

The following is a brief overview of the Medical Services Committee members:

Table 135: Biography of Khalid Abduljaleel Batterjee, member of Medical Services Committee

Name	Khalid Abduljaleel Ibrahim Batterjee
Title	Chairman
Biography	Please see sub-section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this Section.

Source: The Company

Table 136: Biography of Wael Abdelhamid Al-Ganainy, member of Medical Services Committee

Name	Wael Abdelhamid Al-Ganainy
Title	Member
Biography	Please refer to Section 5-4-1 "Summary of the Executive Management's Biographies" of this section.

Source: The Company

Table 137: Biography of Mohammed Mamoun Al-Najjar, member of Medical Services Committee

Name	Mohammed Mamoun Al-Najjar
Title	Member
Biography	Please refer to Section 5-4-1 "Summary of the Executive Management's Biographies" of this section.

Source: The Company

Table 138: Biography of Makarem Sobhi Batterjee, member of Medical Services Committee

Name	Makarem Sobhi Abduljaleel Batterjee
Title	Member
Biography	Please refer to Section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this section.

Source: The Company

Table 139: Biography Rudwan Khalid Batterjee, member of Medical Services Committee

Name	Rudwan Khalid Abduljaleel Batterjee
Title	Member
Biography	Please refer to Section 5-3-1 "Summary of the Board Members and Secretary's Biographies" of this section.

Source: The Company

5.12 Corporate Governance

The Company shall undertake to comply with corporate governance of the highest standard, which the Company regards as an important factor in its success.

The Company adopted its Corporate Governance Manual and the internal governance regulations pursuant to the Board's resolution dated 21/07/1436H (corresponding to 11/05/2015G) and OGA and EGA's resolution held on 28/07/1436H (corresponding to 17/05/2015G). Such manual was developed according to Paragraph (C), Article (10) of the Corporate Governance Regulations issued by the CMA pursuant to Resolution number 1-212-2006 dated 21/10/1427H (corresponding to 12/11/2006G), the Companies Law, Listing Rules and the Bylaws of the Company.

The Corporate Governance Manual and the internal governance regulations comprise of:

a. Company's Governance Manual;
b. Charter of the Audit Committee;
c. Charter of the Nomination and Remuneration Committee;
d. Charter Executive Committee;
e. Charter of the Medical Services Committee;
f. Disclosure and Transparency Policy;
g. Internal Control Policy;
h. Risk Management Policy;
i. Distribution of Dividends Policy;
j. Stakeholder Relations Policy;
k. Conflict of Interests Policy; and
l. Medical Ethics Manual.

The Corporate Governance Manual aims to improve and regulate the governance of the Company and take it to a higher level of transparency as well as to emphasize the Company's compliance to the Corporate Governance Regulations by development of the followings:

1- A management performance based on raising the value of the Company and the accountability thereof.
2- A supervisory role in cooperation with the executives to achieve the interests of both the Company and the Shareholders, including small investors, and to appropriately increase Shareholders' equity.
3- The proper level of information disclosure and transparency and the existence of an efficient internal control and risk management system.

The Company has complied with the relevant provisions of the Corporate Governance Regulations issued by CMA, including Paragraph (I), Article (5), where Shareholders are permitted to review the minutes of the General Assembly meetings, and Paragraphs (C) and (E), Article (12), as all of the Board members are non-executive members, and the number of independent Board members is consistent with the required number stipulated in Paragraph (E), Article (12). Moreover, the Company has complied with Articles (14) and (15), as the Board has formed the Audit Committee and the Nomination and Remuneration Committee on 07/08/1436H (corresponding to 25/05/2015G). Additionally, the Company complied with most of the optional conditions stipulated in the Corporate Governance Regulations issued by the CMA as contained in Form number (8) completed and submitted to the CMA.

The Company's Board of Directors believes that the Company's internal Corporate Governance Manual and its applicable internal procedures are sufficient to guarantee compliance with governance practices included in the mandatory rules of the Corporate Governance Regulations. The Company's Board of Directors also believes that all the members of internal board committees are qualified to carry out their assigned tasks and responsibilities in this regard.

With regard to Paragraph (J), Article (5), Article (9), and Paragraph (G), Article (12) of the Corporate Governance Regulations, the Company is not bound by such articles at the date of this Prospectus, as the Company is not listed yet. The Company undertakes to abide by these articles once the Capital Market Authority issues its decision approving the registration of the Company's shares and accepting the listing.

5.13 Commitment to Saudisation

The Company is committed to employ Saudi nationals for the different jobs therein to maintain the applicable Saudisation percentage, requiring public enterprises operating in the Kingdom, including the Company, to employ and retain a certain number of Saudi citizens. New Saudi employees are given on-the-job training and, sometimes, training classes to ensure the Company successfully attracts and retains qualified employees. The existing challenge in regard to the employment of Saudi nationals is, however, to recruit and retain qualified employees. Such challenge may pose a risk of failure to continuously adhere to the Saudisation policies.

The "Nitaqat" program was approved pursuant to Decision number (4040) by Minister of Labor on 12/10/1432H (corresponding to 10/9/2011G), pursuant to the Resolution number (50) of the Council of Ministers dated 21/5/1415H (corresponding to 27/10/1994G), and enforced as of 12/10/1432H (corresponding to 27/10/1994G). MoL has developed "Nitaqat" program to encourage institutions to nationalize jobs and to assess their performance according to certain categories, namely: Platinum, Green (which is divided into Low Green, Med Green and High Green), Yellow and Red. Platinum and Green categories apply to companies that comply with the highest nationalization rate. MoL deals strictly with the Red category, where the nationalization rate is the lowest, and extends the deadline for institutions within the Yellow category to resolve their situation. The mechanism of "Nitaqat" program is based on dealing with institutions according to their subsidiaries. If an institution operates two different activities, such as health and retail, MoL shall deal with such institution as two independent entities, which are health services and retail, regardless of the main activity or the number of branches of this institution. If the institution operates one single activity with more than one branch, the MoL shall deal with such institution as a single entity that includes all branches working in such activity. Accordingly, the entity is the type of establishment the MoL deals with, including all the branches engaged in such activity.

MoL classified the Company as an entity operating in the medical services. According to Nitaqat Manual issued by MoL under Publication number 1/1435H, the percentages shown in the table below are the minimum requirements for entities working in this field to be in the Green category.

Table 140: Summary of the classification of institutions operating in the field of Medical Services according to each category of "Nitaqat" Program

Medical Services												
Number of employees		Distribution of categories according to nationalization percentages as announced by MoL										
From	To	Red		Yellow		Low Green		Med Green		High Green		Platinum
10	49	0%	6%	7%	13%	14%	21%	22%	28%	29%	36%	37%
50	499	0%	7%	8%	15%	16%	22%	23%	29%	30%	36%	37%
500	2.999	0%	9%	10%	19%	20%	26%	27%	32%	33%	39%	40%
3.000	-	0%	9%	10%	19%	20%	26%	27%	33%	34%	40%	41%

Source: Nitaqat Manual issued by MoL under Publication Number 1/1435H

MoL classified AJ Sons as an entity operating in the field of wholesale and retail trade. According to Nitaqat Manual issued by MoL under Publication 1/1435H, the percentages shown in the table below are the minimum requirements for entities working in this field to be in the Green category.

Table 141: Summary of the classification of institutions operating in the field of wholesale and retail trade according to each category of "Nitaqat" Program

Wholesale and Retail Activity												
Number of employees		Distribution of categories according to nationalization percentages as announced by MoL										
From	To	Red		Yellow		Low Green		Med Green		High Green		Platinum
10	49	0%	4%	5%	9%	10%	15%	16%	21%	22%	26%	27%
50	499	0%	4%	5%	16%	17%	22%	23%	28%	29%	33%	34%
500	2.999	0%	9%	10%	23%	24%	27%	28%	31%	32%	34%	35%
3.000	-	0%	9%	10%	24%	25%	28%	29%	32%	33%	36%	37%

Source: Nitaqat Manual issued by MoL under Publication Number 1/1435H

The "Platinum" category provides several incentives for the employer, the most significant of which may be summarized as follows: Obtaining new visas for any profession the employer requests, obtaining additional visas, the ability to change the profession of the expatriate labourers (except those excluded by resolutions of the Council of Ministers or by Royal Decrees), and the ability to renew work permits for expatriate labourers who work for the employer.

The "Green" category provides several incentives for the employer, the most significant of which may be summarized as follows: Apply for new visas, change the professions of expatriate labourers, grant the company replacement visas to replace the employees leaving with final exit visas, and the ability to renew work permits for expatriate labourers who work for the employer.

There are several implications resulting from falling under the "Yellow" category, the most significant of which are: rejecting applications for new visa, denying the transfer of expatriate labourers, denying the change of expatriate labourers' professions, denying the renewal of work permits for expatriate labourers who work for the employer and who have spent a total of six (6) years or more in the Kingdom, and denying the issuance of work permits for new expatriate labourers. However, the Employer may renew the work permits for expatriate labourers who work for the employer if the remaining time on the labourers residency permit (Iqama) is not more than three (3) months at the time of renewal.

As for the "Red" category, the most significant implications of falling under this category are: denying the change of professions for expatriate labourers who work for the employer, denying the transfer of expatriate labourers, denying work permits for new expatriate labourers, not allowing the opening of a file for a new entity or branch, denying the renewal of work permits for labourers who work for the employer.

In addition to the foregoing, MoL issued new instructions pursuant to the decision of the Council of Ministers number (353) dated 25/12/1432H (corresponding to 22/11/2011G) which states that all private entities shall pay SAR 200 (i.e. SAR 2,400 per year) to Human Resources Development Fund for each foreign worker exceeding the average number of national employees in such institutions, provided that such payment shall be in advance and on an annual basis upon issuance or renewal of the work permits.

According to the Nitaqat certificate dated 07/01/1437H (corresponding to 20/10/2015G), the Company and its branches has the following employees:

Table 142: Number of employees pursuant to the latest Nitaqat certificate

	Activity	Number of employees	Saudi Nationals	Non-Saudi Nationals	Percentage of Saudi Nationals*	Category
Company	Healthcare	4,376	1,006	3,340	26.67%	Medium Green
AJ Sons	Retail and trading	13	2	11	15.4%	Medium Green

Source: The Company

** Percentage of Saudi nationals is calculated as per the Nitaqat formula.*

The Company obtained certificate number 20001510040652 from MoL dated 07/01/1437H (corresponding to 20/10/2015G) stating that the Company is in compliance with the required Saudisation percentages. The Company also obtained the following certificates from GOSI stating that the Company's branches and NCH have fulfilled their obligations towards the Institution.

Table 143: GOSI Certificates for the Company's branches

Branch/ Subsidiary	Certificate Number	Certificate Expiry
The Company	19100812	08/05/1437H (corresponding to 15/04/2016G)
SGH Jeddah	19100720	08/05/1437H (corresponding to 15/04/2016G)
SGH Aseer	19378560	12/07/1437H (corresponding to 19/04/2016G)
SGH Madinah	19105746	09/05/1437H (corresponding to 16/04/2016G)
SGH Riyadh	19017464	24/04/1437H (corresponding to 03/02/2016G)
AJ Sons	18657880	01/02/1437H (corresponding to 13/11/2015G)

Source: The Company

5.14 Company Undertakings after Listing

Upon listing, the Company undertakes that it shall:

- Comply with the provisions of the Listing Rules and the Corporate Governance Regulations upon preparing the Board's report.
- Disclose any contracts entered into and between the Company and related parties on Tadawul website according to Listing Rules and obtain a permission from the OGA, to be renewed annually, for each contract with the board members that are subject to Article (69) of the Companies Law and Article (18) of the Corporate Governance Regulations.
- Annually present transactions and contracts with the Board members in accordance with the Companies Law and Corporate Governance Regulations in the General Assembly meetings to be approved by the Shareholders after excluding any related party from voting thereupon.
- Present any conflict of interest between the Company's business and business of its Board members or the companies in which they annually participate in their General Assembly meetings to obtain the approval of the Shareholders after excluding any related party from voting thereupon.
- Disclose, on a quarterly basis, progress related to SGH - Hail and SGH - Dammam projects.

6. Management Discussion and Analysis of Financial Position and Results of Operation

6.1 Introduction

The following section "Management Discussion and Analysis of Financial Position and Results of Operations" provides an analytical review of MEAHCO's operational performance and financial position based on the audited consolidated financial statements for the years ended 31 December 2012G, 2013G and 2014G; Proforma consolidated financial statements for the years ended 31 December 2012G and 2013G and the notes thereto, prepared by Aldar Audit Bureau (Member Firm of Grant Thornton International) in accordance with Auditing Standards approved in KSA and issued by Saudi Organization of Certified Public Accountants (SOCPA).

Please note that the Company's financial statements for the years ended 31 December 2012G and 2013G were amended to be consistent with the presentation of the financial statements of publicly listed companies which operate in the healthcare sector and also to be consistent with the financial statements of the Company for the year ended 31 December 2014G. The amendments made to the financial statements for the years ended 31 December 2012G and 2013G were as follows:

1- All expenses have been classified either as direct or indirect expenses Direct expenses were included within the cost of revenue while indirect expenses were included within operating expenses which consist of selling and marketing expenses and general and administration expenses.
2- Rejections have been classified under selling and marketing expenses rather than being deducted from total revenue.
3- In the old presentation of the financial statements for the years ended 31 December 2012G and 2013G, management fees which related to SGH Dubai and consultancy fees relating to SGH Riyadh, SGH Aseer and SGH Madinah payable to Bait al Batterjee Medical Company ("BAB") (related party) were all combined under a single net expense account. However after the amendments to the financial statements, management fees have been classified as operating revenue while consultancy fees payable from SGH Riyadh, SGH Aseer and SGH Madinah to BAB (related party) were presented as a separate line item.
4- Before amendment, in the financial statements for the years ended 31 December 2012G and 2013G, point-of-sale expenses had been classified as financial charges, whereas after amendment, they have been classified as operating expenses.
5- In the old presentation of the financial statements for the years ended 31 December 2012G and 2013G, the amortization of pre-operating deferred charges for SGH Aseer and SGH Madinah were presented separately. However after amending the financial statements, the depreciation and amortization expenses were shown as a single expense.
6- Previously the financial statements for the years ended 31 December 2012G and 2013G showed the total depreciation. After the amendment of the financial statements, some of the depreciation expense was allocated to cost of revenue and the rest was allocated to general and administration expenses.

Please note that all the changes that have been mentioned above did not have an impact on the operating results and net income of the Company for the financial years ended 31 December 2012G and 2013G.

Neither Aldar Audit Bureau nor any of its subsidiaries have any share or interest of any kind in the Company. They have given their written consent to the use of their names, logos and their statements in this Prospectus as Auditors of the Company preparing the audited financial statements for the three financial years ended 31 December 2012G, 2013G and 2014G, in addition to, Proforma financial statements for the two years ended in 31 December 2012G and 2013G. Aldar Audit Bureau did not withdraw such consent until the date of this Prospectus.

Unless stated otherwise, all amounts specified in this section are denominated in Saudi Riyals. Amounts are rounded off to the nearest integer with percentages rounded off to the first place after the decimal point. As such, if summed, the numbers may differ from those stated in the tables. All annual percentages, margins, expenses and CAGRs are based on the rounded figures.

This section which was prepared by the Company's management contains forward-looking statements that involve risks and uncertainties. Actual performance of the Company could differ materially and adversely from those contemplated by these forward-looking statements and from the historical performance as a result of various factors, including those discussed below or in other sections of this Prospectus, particularly those factors contained in Section 2 "Risk Factors".

6.2 Directors' Declaration for Financial Statements

Directors declare that information set out in this section is correct and financial information specified in this section has been extracted from the audited consolidated financial statements and Proforma consolidated financial statements without material change in line with the annual financial statements. Furthermore, such financial statements have been prepared in accordance with recognized Accounting Standards issued by the Saudi Organization of Certified Public Accountants (SOCPA).

Directors also declare that the Company will have sufficient working capital for 12 months immediately following the publication of the Prospectus.

The directors declare that there has been no material adverse change in the Company's or its Subsidiaries' financial or business position during the three years immediately preceding the date of submission and acceptance of listing application until the date of this prospectus.

The management also confirms that all information and facts relating to the Company and its financial performance are disclosed in this Prospectus and also confirm that there are no other hidden facts that might render any of information in this Prospectus misleading.

Furthermore, Directors declare that no commissions, discounts, brokerages or other non-cash compensations were granted by the Company or any of its Subsidiaries within the three years immediately preceding the application for listing in connection with the issue or sale of any securities.

Directors confirm that the Company and its subsidiary do not have any property, including contractual securities or any other assets, that are subject to fluctuation which would adversely and materially affect the assessment of the financial position.

Each director declares that there are no other mortgages, rights and charges on the Company's properties or the properties of the subsidiaries, as at the date of this Prospectus, except as disclosed in this section and elsewhere in this Prospectus.

Directors confirm that there is no capital of the Company or its subsidiaries which is under option.

Directors also confirm that as at 30 December 2015G, the Company's net receivables reached SAR 813.9mn and that SAR 583.9mn of revenues have already been billed and the clients accepted to settle SAR 91.3 out of those billed revenues. Accordingly, SAR 492.7mn of billed revenues is under settlement approval and the Directors don't expect a major disagreement on the amount.

In addition, Directors confirm that, to the best of their knowledge, the current receivables' provision amount is sufficient.

6.3 Main Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balance with banks with original maturities of less than three months.

Accounts receivable

Accounts receivable are stated at original invoice and less allowance for uncollectible. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date of determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement;
b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c. For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and Accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Revenues recognition

Income is recognized upon the delivery of services and customer acceptance, if any, or the performance of services, net of income discounts.

Expenses

General and administrative expenses include direct and indirect costs not specially part of direct operating expenses as required under generally accepted accounting principles. Allocations between direct operating expenses and general and administrative expenses, when required, are made on a consistent basis.

Medical Supplies

Medical supplies are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis. Provision is made for obsolete and slow-moving inventory items.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are 3% to 12.5% per year.

Deferred Charges

These represent pre-operating expenses which comprise costs incurred prior to commencing commercial activity are amortized using the straight line method, over a period of ten years.

Foreign currencies

All financial transactions made in foreign currencies shall be converted into SAR as per the exchange rate prevailing on the transaction date. All assets and liabilities denominated in foreign currencies shall, at the financial statement date, be converted into SAR as per the exchange rate prevailing on that date. All profits and losses resulting from foreign currency conversion are included in the income statement.

End of service benefits

Provision for end of service benefits required by Saudi Arabian labor law, is provided in the financial statements based on the employees' length of service.

Zakat and Income Tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat and Income Tax is provided on an accrual basis. Zakat is computed on Zakat base, and Income Tax is computed on amended net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leases

Rentals in respect of operating leases are charged to the statement of income over the terms of the operating lease. Leases are classified as capital leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company, being the lessee. Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the assets as of the date of inception of the lease.

Finance costs, which represent the difference between the total lease obligations and the lower of the present value of the future minimum lease payments are charged, to the statement of income over the terms of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Table 144: Reconciliation of items before and after restatements for the year 2012G

One thousand Saudi Riyals	2012G Audited (before re-classification)	Selling and Marketing Expenses	Salaries	Depreciation	General and Administration Expenses	Hospital Materials and Supplies	Management Fees	Financial Charges	2012G Audited (after re-classification)	One thousand Saudi Riyals
Revenue	542,222	68,193							474,028	Revenue
									(170,015)	Employees' Salaries & Benefits
Cost of Revenue	(293,858)		(121,609)	(31,113)	(16,978)	(124,158)			(128,508)	Cost of Revenue and Materials and Supplies
									(34,936)	Depreciation
Gross Profit	248,364									
Selling and Marketing Expenses	(84,829)	(68,193)			(16,636)					
General and Administration Expenses	(83,306)		(48,406)		33,614	(4,351)			(64,164)	General and Administration Expenses
Total Operating Expenses	(168,136)								(397,623)	Total Operating Expenses
Net Operating Profit	80,228								76,405	Net Operating Profit

One thousand Saudi Riyals	2012G Audited (before re-classification)	Selling and Marketing Expenses	Salaries	Depreciation	General and Administration Expenses	Hospital Materials and Supplies	Management Fees	Financial Charges	2012G Audited (after re-classification)	One thousand Saudi Riyals
Other Income	5,758								5,758	Other Income
Management Fees	(7,121)								(7,121)	Management Fees
Depreciation and Amortization	(7,668)			(3,823)					(3,846)	Amortization
Net Profit before Financial Charges	71,197								71,196	Net Profit before Financial Charges
Financial Charges	0								0	Financial Charges
Net Profit before Zakat & Tax	71,197								71,196	Net Profit before Zakat & Tax
Zakat & Income Tax	(2,504)								(2,504)	Zakat & Income Tax
Net Profit before Minority	68,693								68,693	Net Profit before Minority
Minority Interest	(6,699)								(6,699)	Minority Interest
Net Profit	61,994	0	(170,015)	(34,936)	0	(128,508)	0	0	61,994	Net Profit

Table 145: Reconciliation of items before and after restatements for the year 2013G

One thousand Saudi Riyals	2013G Audited (before re-classification)	Selling and Marketing Expenses	Salaries	Depreciation	General and Administration Expenses	Hospital Materials and Supplies	Management Fees	Financial Charges	2013G Audited (after re-classification)	One thousand Saudi Riyals
Revenue	828,360	126,338					1,029		700,993	Revenue
									(249,339)	Employees' Salaries & Benefits
Cost of Revenue	(397,875)		(175,736)	(29,576)	(22,908)	(169,654)			(172,225)	Cost of Revenue and Materials and Supplies
									(34,247)	Depreciation
Gross Profit	430,485									
Selling and Marketing Expenses	(146,979)	(126,338)			(20,641)					
General and Administration Expenses	(133,505)		(73,603)		43,549	(2,571)		(0.161)	(100,719)	General and Administration Expenses
Total Operating Expenses	(280,483)								(556,531)	Total Operating Expenses
Net Operating Profit	150,002								144,463	Net Operating Profit
Other Income	12,567								12,567	Other Income
Management Fees	(8,152)						(1,029)		(7,123)	Management Fees
Depreciation and Amortization	(13,153)			(4,671)					(8,482)	Amortization
Net Profit before Financial Charges	141,264								141,425	Net Profit before Financial Charges
Financial Charges	(1,142)							0.161	(1,302)	Financial Charges
Net Profit before Zakat & Tax	140,122								140,122	Net Profit before Zakat & Tax

One thousand Saudi Riyals	2013G Audited (before re-classification)	Selling and Marketing Expenses	Salaries	Depreciation	General and Administration Expenses	Hospital Materials and Supplies	Management Fees	Financial Charges	2013G Audited (after re-classification)	One thousand Saudi Riyals
Zakat & Income Tax	(3,534)								(3,534)	Zakat & Income Tax
Net Profit before Minority	136,589								136,589	Net Profit before Minority
Minority Interest	609								609	Minority Interest
Net Profit	137,198	0	(249,339)	(34,247)	0	(172,225)	0	0	137,198	Net Profit

6.4 Principal factors affecting the Company's Operations

6-4-1 Seasonal factors and business cycles

Company's revenues and profit margins are affected during Ramadan, Eid and summer holidays as many people travel either outside the Kingdom or to their hometowns inside the Kingdom away from the main cities in which the Company's hospitals exist. This, in general, results in a decline in the number of inpatients and number of outpatient visits in all of the Company's hospitals during those periods. Revenues declined in Q3 of 2012G, 2013G and 2014G compared to revenues in Q2 of the same years by 10.2%, 0.2% and 6.6% respectively.

Company's revenues and profit margins could be affected by changes in economic cycles in KSA leading the government to reduce healthcare sector spending. Despite the growth of the Saudi economy in other sectors, the Saudi economy and government spending are still dependent on the price of oil and gas in the global markets. Therefore, any change in the prices of oil and gas will directly affect the Saudi economy, government spending plans and, potentially, the government spending in healthcare sector.

6-4-2 Economic and Healthcare Sector Growth

The main driver of demand for the Company's products and services is demand for healthcare services in the Kingdom of Saudi Arabia. The principal factors affecting the demand for healthcare services in KSA are as follows:

- Government spending on healthcare sector which grew at a CAGR of 6.2% from SAR 79.0 billion in 2010G to SAR 100.5 billion in 2014G. This resulted in MoH hospitals increasing the number of referrals to private hospitals.
- Cooperative health insurance in KSA witnessed a significant increase during the past five years as a result of the gradual implementation of mandatory cooperative health insurance for private sector employees pursuant to the cooperative health insurance law issued under Royal Decree No. M/71 dated 27/4/1420H (corresponding to 11/8/1999G). Though initially only covering expatriates employed in large companies, the cooperative health insurance was expanded in 2010G to include both Saudi nationals and non-Saudis working in the private sector. Consequently, health insurance premiums increased at a compound annual growth rate of 15.9% from SAR 8.7 billion in 2010G to SAR 15.7 billion in 2014G.
- There are capacity shortages and lack of some specialties in MoH hospitals driving the Ministry to develop the electronic patient referral system where eligible contracted private hospitals can accept patients referred by government hospitals.
- The increased prevalence of unhealthy lifestyles in the Kingdom is one of the main factors behind the growing demand for healthcare services. In 2012G, non-communicable diseases - including cardiovascular diseases, diabetes, respiratory diseases and cancer - accounted for 68.0% of the causes of death across all the Kingdom with cardiovascular diseases alone standing at 42.0%. Unhealthy lifestyles resulted in increase in obesity levels in that around 30% of Saudi residents above the age of 15 suffer from obesity which is the main reason behind many chronic diseases. It has been shown that obesity increases the risk of diabetes by a factor of 20 times.
- The population increased from 27.6 million in 2010G to 30.8 million in 2014G. The average age of the Saudi population has also increased gradually, as the population group aged above 60 accounted for 5.5% of the total population in 2014G as opposed to 4.5% in 2010G. Such changes in demographic trends are expected to increase healthcare expenditure due to an increasing number of patients and rising healthcare costs per patient.

6-4-3 Hospital capacity expansion

The Company believes that growing purchasing power, sophistication, awareness of healthcare services will lead to greater demand for healthcare services in the Kingdom. As at 31 December 2014G, the bed capacity of the Company's four hospitals was 778 beds and 264 clinics. Company intends to grow by establishing new hospitals in Hail and Dammam. Company's decision with regard to expansion of its operations depended on several factors, including the demographics of the two cities, purchasing power, competitive landscape, the location of the new hospitals and their construction costs. Key highlights related to these projects are as follows:

- SGH Hail capacity is 150 beds and 35 outpatient clinics. Construction of this hospital is expected to be completed during Q1 of 2016G and operations are expected to commence during Q2 of 2016G.

- The capacity of SGH Dammam will be 150 beds and 100 outpatient clinics. It is expected that operations will start during Q1 of 2018G.

In view of the growing demand for its services, MEAHCO hospitals are in the process of implementing plans to increase their beds capacity by a further 85 beds over the next three years. Furthermore, the Company also plans to open 62 new outpatient clinics during the same period.

Table 146: Key performance indicators, 2012G-2014G

	2012G Proforma	2013G Proforma	2014G Audited	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Number of inpatients	39,644	43,558	45,063	9.9%	3.5%	6.6%
Number of outpatients	958,514	1,032,178	1,093,816	7.7%	6.0%	6.8%
Total number of patients	998,158	1,075,736	1,138,879	7.8%	5.9%	6.8%
Number of beds	696	740	778	6.3%	5.1%	5.7%
Number of inpatients / bed	57	59	58	3.3%	(1.6%)	0.8%
Number of clinics	249	253	264	1.6%	4.4%	3.0%
Number of outpatients / clinic	3,849	4,080	4,143	6.0%	1.6%	3.7%

6-4-4 Growth in patients[11]

The Company witnessed rapid growth in its operations leading to an increase in the number of patients. Patient numbers grew at a CAGR of 6.8% from 998,158 in 2012G to 1,138,879 in 2014G. The Company seeks to increase its capacity through increasing the number of beds and clinics in the existing hospitals as well as expanding through opening two new hospitals.

Revenues increased at a CAGR of 22.6% from SAR 930.6 million in 2012G to SAR 1,398.8 million in 2014G, mainly due to the increase in the number of patients as well as the increase in the number of beds at a CAGR of 5.7% from 696 in 2012G to 778 in 2014G. Additionally, average revenue per patient increased from SAR 930.5 to SAR 1,219.2 within the same period.

6-4-5 Cost drivers[12]

Employee direct costs include salaries and benefits paid to doctors, nurses and other medical staff in addition to hospital materials and supplies which include medicines, medical disposables, consumables, laboratory materials and food items changes in these cost items can affect the Company's financial performance. Employee direct costs increased from SAR 201.8 million in 2012G to SAR 277.3 million in 2014G. This was primarily due to 59 newly-recruited doctors and 119 new nurses in line with the growth in the Company's operations as a result of increase in patients for the same period and 82 new beds that were added in the Company's four hospitals. Employee direct costs, however, decreased from 21.7% of revenues in 2012G to 19.8% of revenues in 2014G.

The table below shows the number of doctors and total employees at each hospital for the years ended 31 December 2012G, 2013G and 2014G and for the 6 month period ended 30 June 2015G

Table 147: Number of Doctors for each Hospital and Total Employees for the past three years and for the period ending 30 June 2015G

	31/12/2012G		31/12/2013G		31/12/2014G		30/06/2015G	
	Doctors	Employees	Doctors	Employees	Doctors	Employees	Doctors	Employees
SGH Jeddah	226	1,378	225	1,472	237	1,518	238	1,477
SGH Riyadh	101	630	108	710	128	748	126	698
SGH Aseer	94	678	88	833	108	864	102	874
SGH Madinah	73	514	78	571	100	596	100	582
AJ Sons		17		20		23		23
Total	494	3,217	499	3,606	573	3,749	566	3,654

11 It should be noted that all Company's figures included in this paragraph are based on Proforma consolidated financial statements for the financial years ended 31 December 2012G and 2013G and the audited financial statements for the year ended 31 December 2014G.
12 It should be noted that all Company's figures included in this paragraph are based on Proforma consolidated financial statements for the financial years ended 31 December 2012G and 2013G and the audited financial statements for the year ended 31 December 2014G.

In line with the growth in the Company's operations, hospital materials and supplies expenses increased from SAR 221.1 million in 2012G to SAR 285.4 million in 2014G. However, the Company was able to reduce the costs of materials and supplies as percentage of revenue from 23.8% in 2012G to 20.4% in 2014G due to increase in rebates and discounts from suppliers as a result of the Company's higher volume of purchases.

6.5 Management Discussion and Analysis of Financial Position and Results of Operations of the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2012G, 2013G and 2014G

6-5-1 CONSOLIDATED STATEMENT OF INCOME

Table 148: Consolidated income statement for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G Audited	2013G Audited	2014G Audited	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Operating Revenues	542,222	828,360	1,398,752	52.8%	68.9%	60.6%
Cost of Revenues	(293,858)	(397,875)	(648,988)	35.4%	63.1%	48.6%
Gross profit	248,364	430,485	749,764	73.3%	74.2%	73.7%
Selling and Marketing Expenses	(84,829)	(146,979)	(189,951)	73.3%	29.2%	49.6%
General and administrative expenses	(83,306)	(133,505)	(239,948)	60.3%	79.7%	69.7%
Total Operating Expenses	(168,136)	(280,483)	(429,899)	66.8%	53.3%	59.9%
Net Operating Profit	80,228	150,002	319,865	87.0%	113.2%	99.7%
Other Income	5,758	12,567	23,163	118.3%	84.3%	100.6%
Management Fees	(7,121)	(8,152)	-	14.5%	-	-
Depreciation and Amortization	(7,668)	(13,153)	(6,688)	71.5%	(49.2%)	(6.6%)
Net Income for the Year before Finance Charges	71,197	141,264	336,340	98.4%	138.1%	117.3%
Finance charges	-	(1,142)	(4,129)	-	261.6%	-
Net Income for the Year before Zakat and Tax	71,197	140,122	332,211	96.8%	137.1%	116.0%
Subsidiaries' Zakat	(2,504)	(3,534)	(585)	41.1%	(83.4%)	(51.7%)
Net Income for the Year before Minority Interest	68,693	136,589	332,211	98.8%	143.2%	119.9%
Minority Interest	(6,699)	609	343	-	(43.7%)	-
Net income for the year	61,994	137,198	331,969	121.3%	142.0%	131.4%
Gross profit margin	45,8%	52,0%	53,6%	13.5%	3.1%	8.2%
Net profit margin	11,4%	16,6%	23,7%	44.9%	43.3%	44.1%
Income per share	1,05	1,79	4,33	70.5%	141.9%	103.1%
Net profit growth rate	-	121,3%	142,0%	-	17.0%	-
Revenues growth rate	-	52,77%	68,9%	-	30.5%	-
Number of inpatients	23,555	31,374	45,063	33.2%	43.6%	38.3%
number of outpatient visits	458,268	552,796	1,093,816	20.6%	97.9%	54.5%
No. of beds	696	740	778	6.3%	5.1%	5.7%

Source: Consolidated financial statements for the years ended 31 December 2012G, 2013G and 2014G

Reorganization of the Company in 2013G was the main reason behind increase of revenues and Company's profitability between 2012G and 2014G. The Company owned the following assets before the Reorganization:

- 80.0% of BABAS shares.
- SGH Aseer
- SGH Madinah

As a result of the Reorganization completed in 2013G, the following assets were transferred to the Company:

- SGH Jeddah
- 20.0% of BABAS shares.
- 39.96% of NHC (owner and operator of SGH Hail).
- 98% of AJ Sons shares.
- Dammam Land which shall be used by the Company to construct SGH Dammam.
- Supervision Agreements in relation to SGH Dubai, SGH Cairo and SGH Sanaa.

As such, 2012G consolidated revenues and profits only included revenues and profits from the assets that the Company owned prior to its Reorganization. 2013G consolidated revenue and profits included both the fully-year revenue and profits from the assets that the Company owned prior to its Reorganization and revenues and profits for the months of October, November, and December 2013G from the assets that were transferred to the Company as a result of it's Reorganization. 2014G consolidated revenues and profits included the full-year revenues and profits from all the assets that the Company owned both prior to and after its Reorganization. For more information on the Reorganization, see Section no. 4-3 "Development and Increases of Company's Capital" of this Prospectus.

6-5-1-1 Revenue Analysis

Table 149: Revenues by Entity, for the audited financial years ended 31 December 2012G, 2013G and 2014G

Source Type	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
SGH Jeddah	-	117,548	493,056	-	319.5%	-
SGH Riyadh	232,344	323,708	377,327	39.3%	16.6%	27.4%
SGH Aseer	175,077	209,455	290,759	19.6%	38.8%	28.9%
SGH Madinah	134,801	176,460	227,407	30.9%	28.9%	29.9%
Hospitals revenues	542,222	827,171	1,388,549	52.6%	67.9%	60.0%
AJ Sons	-	4,432	14,482	-	226.8%	-
Revenues from Management Supervision Agreements	-	1,029	8,760	-	751.4%	-
Total	542,222	832,632	1,411,791	53.6%	69.6%	61.4%
Eliminations	-	(4,272)	(13,039)	-	205.2%	-
Total	542,222	828,360	1,398,752	52.8%	68.9%	60.6%

Source: The Company

Patients not covered by insurance or by their employers are considered as cash patients. The following table shows the revenue split between cash patients and credit patients (Insurance, Ministry of Health or Direct Clients)

Table 150: Net Revenues by payment method, for the audited financial years ended 31 December 2012G, 2013G and 2014G

Source Type	2012G Audited (SAR '000)		2013G Audited (SAR '000)		2014G Audited (SAR '000)	
	Cash	Credit	Cash	Credit	Cash	Credit
SGH Jeddah	-	-	28,735	88,812	104,697	388,360
SGH Riyadh	25,633	206,711	25,024	298,684	34,765	342,562
SGH Aseer	54,310	120,767	58,578	150,877	81,500	209,259
SGH Madinah	22,902	111,899	30,354	146,106	42,560	184,846
AJ Sons	-	-	14	4,418	89	14,394
Total	102,845	439,377	142,705	688,897	263,611	1,139,421

A. Net Revenues by Client Type

Table 151: Net Revenues by Client Type, for the audited financial years ended 31 December 2012G, 2013G and 2014G

Client Type	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Insurance	222,134	356,306	552,476	60.4%	55.1%	57.7%
Ministry of Health	181,582	264,145	428,481	45.5%	62.2%	53.6%
Cash payment	102,845	145,075	263,522	41.1%	81.6%	60.1%
Direct Clients	35,661	61,644	144,069	72.9%	133.7%	101.0%
Net revenues from hospitals	542,222	827,171	1,388,549	52.6%	67.9%	60.0%

Source: The Company

Insurance companies constitute the largest client category for the Company. In 2014G, insurance companies revenues constituted 39.8% of net revenues from hospitals followed by MoH at 30.8% and revenues from cash clients at 19.0% with revenues from direct clients accounted for the remaining percentage at 10.4% of the Company's revenues.

Insurance Companies

Revenue from insurance companies increased at a CAGR of 57.7% from SAR 222.1 million in 2012G to SAR 552.5 million in 2014G. This is a result of the following:

- Revenues in 2012G did not include SGH Jeddah revenues.
- Implementation of mandatory insurance by the government, between 2008G and 2010G, to cover non-Saudi employees and Saudis working in the private sector. This, in turn, resulted in an overall increase in the number of holders of health insurance policy in the Kingdom.

The Company for Cooperative Insurance (TAWUNIYA), the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) and Bupa Arabia for Cooperative Insurance (BUPA) are the key clients under this category and they collectively represented 83.4% of the total revenues generated from insurance companies in 2014G.

MoH

MoH referrals are generally distributed across all departments of the Company's hospitals. MoH revenues increased at a CAGR of 53.6% from SAR 181.6 million in 2012G to SAR 428.5 million in 2014G. This is as a result of the following:

- MoH revenues in 2012G did not include SGH Jeddah revenues.
- Increase of referrals from MoH. It is worth noting that MEAHCO hospitals are providing treatment to MoH patients since 2005G. MEAHCO hospitals are among the key hospitals to which MoH referrals are directed, especially critical care cases. The increased bed capacity resulting from the addition of 82 new beds during the past three years allowed the Company to receive more referrals from MoH.

In 2014G, MoH referral patients represented 6.9% of the net revenues of SGH Jeddah, 46.3% of the net revenues of SGH Riyadh, 37.1% of the net revenues of SGH Aseer, and 49.2% of the net revenues of SGH Madinah.

Cash clients:

Cash clients represent the third largest contributor to the total revenues. Revenues from cash clients in 2012G did not include SGH Jeddah revenues. The percentage of the revenues generated from cash clients to net revenues from hospitals decreased from 19.0% in 2012G to 17.5% in 2013G as a result of the increase in the numbers of health insurance policy holders in the Kingdom. Despite the constant increase in the number of health insurance policy holders in the Kingdom, the management carried out several initiatives to increase the numbers of cash patients by launching the privilege card program to certain tiers of clients and organizing awareness programs about different medical cases and the available procedures for such cases in the Company's hospitals. This resulted in a higher percentage of revenues from cash clients to net revenues from hospitals from 17.5% in 2013G to 19.0% in 2014G.

Direct Clients

The Direct Clients category includes companies with which the Company has entered into direct contracts to provide their employees with medical services. Revenues from direct clients increased by 72.9% from SAR 35.7 million in 2012G to SAR 61.6 million in 2013G mainly due to the increase in the number of Saud Aramco and GOSI employees treated at the Company's hospitals, in addition to the inclusion of Q4 2013G results of SGH Jeddah as a result of the Reorganization.

Revenues from direct clients also increased from SAR 61.6 million in 2013G to SAR 144.1 million in 2014G due to the addition of the full year of SGH Jeddah for 2014G.

B. Revenues by Department

Table 152: Revenues by Department, for the audited financial years ended 31 December 2012G, 2013G and 2014G

By Department	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Internal Medicine	83,781	131,414	209,159	56.9%	59.2%	58.0%
Pediatrics	77,347	126,299	197,706	63.3%	56.5%	59.9%
Orthopedics	46,659	93,033	176,052	99.4%	89.2%	94.2%
Obstetrics and Gynecology;	42,137	71,888	112,983	70.6%	57.2%	63.7%
Surgery	29,623	46,193	89,671	55.9%	94.1%	74.0%
Cardiology	32,680	53,219	83,703	62.8%	57.3%	60.0%
Neurology	33,469	53,240	87,884	59.1%	65.1%	62.0%
Neurosurgery	36,827	31,277	72,465	-15.1%	131.7%	40.3%
Oncology	24,702	34,626	47,073	40.2%	35.9%	38.0%
Urology Department	18,027	29,626	38,776	64.3%	30.9%	46.7%
Dentistry and Oral and Maxillo-facial Surgery	20,831	22,983	33,158	10.3%	44.3%	26.2%
Ear, Nose & Throat	12,314	17,180	33,445	39.5%	94.7%	64.8%
Rheumatology	10,140	16,175	28,102	59.5%	73.7%	66.5%
Cardiothoracic Surgery	14,177	20,189	29,138	42.4%	44.3%	43.4%
Emergency	9,224	14,061	28,481	52.4%	102.6%	75.7%
Physiotherapy and Rehabilitation	4,426	7,860	16,039	77.6%	104.1%	90.4%
Ophthalmology	4,964	7,044	13,267	41.9%	88.3%	63.5%
Plastic surgery	7,831	7,100	15,379	-9.3%	116.6%	40.1%
Others	33,062	43,763	76,071	32.4%	73.8%	51.7%
Total	542,222	827,171	1,388,549	52.6%	67.9%	60.0%

Source: The Company

Internal Medicine

Internal Medicine revenues increased at a CAGR of 58.0% from SAR 83.8 million in 2012G to SAR 209.2 million in 2014G, due to the followings:

- Revenues in 2012G did not include SGH Jeddah revenues.
- The introduction of laparoscopic procedures in SGH Riyadh
- The addition of 4 new clinics in SGH Jeddah as well as receiving patients on Fridays
- Increase in the total number of patients resulting from the many initiatives taken by the management; like organizing awareness programs about different medical cases and the available procedures for such cases in the Company's hospitals.

Pediatrics

Pediatrics revenues increased at a CAGR of 59.9% from SAR 77.3 million in 2012G to SAR 197.7 million in 2014G, due to the followings:

- Revenues in 2012G did not include SGH Jeddah revenues.
- The increase in the number of ICU beds which allowed the Company to receive more MoH referrals. The change in case mix, favoring ICU, also led to an increase in the average inpatient revenues per inpatient in Pediatrics.
- The higher number of neonatal care cases resulting from the higher number of deliveries in the Company's hospitals.

Orthopedics

Orthopedics revenues increased at a CAGR of 94.2% from SAR 46.7 million in 2012G to SAR 176.1 million in 2014G, due to the followings:

- Revenues in 2012G did not include SGH Jeddah revenues.
- The higher number of MoH referrals.
- The introduction of new medical procedures in SGH Aseer, like permanent knee replacement.
- The higher average length of stay for inpatients driven by the higher number of ICU cases.

Obstetrics and Gynecology;

Obstetrics & Gynecology revenues increased at a CAGR of 63.7% from SAR 42.1 million in 2012G to SAR 113.0 million in 2014G, due to the followings:

- Revenues in 2012G did not include SGH Jeddah revenues.
- Increase in the number of deliveries from 2,288 in 2012G to 5,281 in 2014G.
- The recruitment of four new doctors during the same period.
- Increase in the number of pre-natal cases as a result of higher number of deliveries.

Surgery

Surgery revenues increased at a CAGR of 74.0% from SAR 29.6 million in 2012G to SAR 89.7 million in 2014G due to the higher number of operations from 2,741 in 2012G to 5,465 in 2014G and the higher number of outpatient visits to specialist doctors from 16,494 in 2012G to 42,633 in 2014G.

Cardiology

Cardiology revenues increased at a CAGR of 60.0% from SAR 32.7 million in 2012G to SAR 83.7 million in 2014G, due to the followings:

- Revenues in 2012G did not include SGH Jeddah revenues.
- The introduction of new medical procedures in SGH Riyadh, like catheterization.
- The addition of a new catheterization lab in SGH Jeddah.
- The addition of five ICU beds for cardiovascular cases in SGH Jeddah.

Neurology

Neurology revenues increased at a CAGR of 62.0% from SAR 33.5 million in 2012G to SAR 87.9 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and also due to higher number of ICU cases.

Neurosurgery

Neurosurgery revenues increased at a CAGR of 40.3% from SAR 36.8 million in 2012G to SAR 72.5 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and because of the higher number of ICU cases and spine operations in SGH Riyadh; the increase in the number of MoH referrals; and the higher average length of stay for inpatients driven by the higher number of ICU cases.

Oncology

Oncology revenues increased at a CAGR of 38.0% from SAR 24.7 million in 2012G to SAR 47.1 million in 2014G, due to the increase in chemotherapy outpatient cases in SGH Riyadh.

Urology

Urology revenues increased at a CAGR of 46.7% from SAR 18.0 million in 2012G to SAR 38.8 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and because of the increase in the number of outpatient visits and the number of day surgeries in the Urology department.

Dentistry and Oral and Maxillo-facial Surgery

Revenues of Dentistry and Oral and Maxillo-facial Surgery increased at a CAGR of 26.2% from SAR 20.8 million in 2012G to SAR 33.2 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and increase in number of clinics.

Ear, Nose and Throat

Ear, Nose and Throat revenues increased at a CAGR of 64.8% from SAR 12.3 million in 2012G to SAR 33.4 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and also due to the increase in number of doctors in the department resulting in increase in number of outpatient visits.

Rheumatology

Rheumatology revenues increased at a CAGR of 66.5% from SAR 10.1 million in 2012G to SAR 28.1 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and because of the increase in the number of outpatient visits as a result of a newly-recruited consultant during the same period.

Cardiothoracic Surgery

Cardiothoracic Surgery revenues increased at a CAGR of 43.4% from SAR 14.2 million in 2012G to SAR 29.1 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues.

Emergency

Emergency revenues increased at a CAGR of 75.7% from SAR 9.2 million in 2012G to SAR 28.5 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and also because of the higher number of emergency cases handled during the same period.

Physiotherapy and Rehabilitation

Physiotherapy and Rehabilitation revenues increased at a CAGR of 90.4% from SAR 4.4 million in 2012G to SAR 16.0 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues and also because of the higher number of cases in Orthopedics.

Ophthalmology

Ophthalmology revenues increased at a CAGR of 63.5% from SAR 5.0 million in 2012G to SAR 13.3 million in 2014G because revenues in 2012G did not include SGH Jeddah revenues.

Plastic surgery

Plastic Surgery revenues slightly decreased from SAR 7.8 million in 2012G to SAR 7.1 million in 2013G, while they increased in 2014G compared to 2013G by 116.6% to reach SAR 15.4 million, due the recruitment of 4 new doctors in Plastic Surgery.

Other Departments

Other Departments include departments of Psychiatry, Radiology and Medical Imaging, Laboratories, Dermatology, Pharmacy Sales for patients from outside the Company's hospitals, and Restaurant Revenues. Other Departments revenues increased at a CAGR of 51.7% from SAR 33.1 million in 2012G to SAR 76.1 million in 2014G.

D. Discounts

Table 153: Discounts, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Total Revenues	673,721	992,662	1,686,925	47.3%	69.9%	58.2%
Discounts	(131,499)	(165,493)	(298,377)	25.9%	80.3%	50.6%
Net revenues from hospitals	542,222	827,171	1,388,549	52.6%	67.9%	60.0%
Discounts as a percentage of total revenues	19,5%	16,7%	17,7%			

Source: The Company

Discounts primarily include:

- Profile discounts, represent general discounts provided to each insurance provider, cash patient, or direct customer that are negotiated and agreed upon between the parties on an individual basis; and
- Package deals gains or losses, represent the gains or losses on specific procedures carried out at the Company's hospitals where actual amount billed to the patients was either more or less than the agreed upon price.

The percentage of discounts to the total revenues decreased from 19.5% in 2012G to 16.7% in 2013G due to the decrease in losses resulting from the offers granted to MoH, as the Company was able to implement improved cost control measures in respect of medical procedures provided under such offers.

The percentage of discounts to the total revenues slightly increased from 16.7% in 2013G to 17.7% in 2014G due to the management's efforts to increase cash patients and to increase number of direct client agreements.

For more information, please see Section no. 6-6 "Management Discussion and Analysis of Financial Position and Results of Operations for the Proforma consolidated financial statements for the two years ended 31 December 2012G and 2013G, and the audited financial statements for the financial year ended 31 December 2014G" of this Prospectus where audited consolidated financial statements for the financial year ended 31 December 2014G were compared to the Proforma financial statements for the financial years ended 31 December 2012G and 2013G. The Company prepared the Proforma financial statements for the two years ended 31 December 2012G and 2013G and included them in this Prospectus to clarify the Proforma impact of the Reorganization on the financial position and performance and the Company's cash flow in these years as if Reorganization had been concluded on 1 January, 2012G.

6-5-1-2 Cost of Revenues

Table 154: Cost of revenues by Entity for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
SGH Jeddah	-	55,969	250,845	-	348.2%	-
SGH Riyadh	115,245	144,313	159,810	25.2%	10.7%	17.8%
SGH Aseer	102,319	117,150	137,832	14.5%	17.7%	16.1%
SGH Madinah	76,294	81,633	104,600	7.0%	28.1%	17.1%
Hospitals Cost of Revenue	293,858	399,065	653,087	35.8%	63.7%	49.1%
AJ Sons	-	3,081	8,940	-	190.2%	-
Cost of Revenue before Eliminations	293,858	402,146	662,027	36.9%	64.6%	50.1%
Eliminations	-	(4,272)	(13,039)	-	205.2%	-
Total	293,858	397,875	648,988	35.4%	63.1%	48.6%

Cost of revenue includes employee direct costs, hospital materials and supplies, depreciation and other direct costs. Cost of revenue increased from SAR 293.9 million in 2012G to SAR 649.0 million in 2014G due to the Reorganization effective as of September 2013G in addition to the overall growth in the operations of the Company.

Table 155: Cost of revenues for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Employee Direct Costs	121,609	175,736	277,267	44.5%	57.8%	51.0%
Hospital materials and supplies	116,957	163,003	285,389	39.4%	75.1%	56.2%
Depreciation	31,113	29,576	37,857	-4.9%	28.0%	10.3%
Other direct expenses	24,180	30,750	52,574	27.2%	71.0%	47.5%
AJ Sons		3,081	8,940		190.2%	
Cost of Revenue before Eliminations	293,858	402,146	662,027	36.9%	64.6%	50.1%
Eliminations		(4,272)	(13,039)		205.2%	
Total	293,858	397,875	648,988	35.4%	63.1%	48.6%
As a % of Revenue						
Employee Direct Costs	22.4%	21.2%	19.8%			
Hospital materials and supplies	21.6%	19.7%	20.4%			
Depreciation	5.7%	3.6%	2.7%			
Other direct expenses	4.5%	3.7%	3.8%			
Total	54.2%	48.0%	46.4%			

Source: The Company

Employee Direct Costs

Employee direct costs include salaries and benefits paid to doctors, nurses and other medical staff. Employee direct costs increased from SAR 121.6 million in 2012G to SAR 277.3 million in 2014G. This is a result of the following:

- Incurring employee direct costs related to SGH Jeddah following the Reorganization effective as of September 2013G.
- Recruitment of 282 new doctors (235 doctor from SGH Jeddah following the Reorganization) and 482 new nurses to the Company (355 nurses from SGH Jeddah following the Reorganization), and the addition of 273 beds to the Company's four hospitals (191 beds from SGH Jeddah following the Reorganization).

Employee direct costs decreased as a percentage of Revenues from 22.4% in 2012G to 19.8% in 2014G, as the total increase in the employee direct costs was lower than the total increase in revenues during the same period.

Hospital Materials and Supplies

Hospital materials and supplies primarily include medicines, medical disposables, consumables, laboratory materials and food items. Hospital materials and supplies expenses increased from SAR 117.0 million in 2012G to SAR 285.4 million in 2014G in line with the growth in the Company's operations in addition to the inclusion of SGH Jeddah in the Company's financials following the Reorganization effective as of September 2013G.

Hospital materials and supplies expenses decreased as a percentage of revenues from 21.6% in 2012G to 20.4% in 2014G, driven by the increase in discounts and vouchers provided by the suppliers as a result of the higher volume of purchases.

Depreciation

The depreciation expenses are mainly related to buildings, medical equipment, furniture, fixtures and leasehold improvements. Depreciation decreased from SAR 31.3 million in 2012G to SAR 29.7 million in 2013G. This was primarily driven by a decrease in the depreciation charges of some medical equipment in SGH Madinah, where some medical equipment reached the end of their life as the cumulative depreciation of medical equipment reached 74.8% of the total cost of equipment as of 31 December 2013G. In 2014G, depreciation increased to SAR 37.9 million due to ongoing replacement of old medical equipment in the Company's hospitals and inclusion of SGH Jeddah in the Company's financials following the Reorganization effective as of September 2013G.

Other Direct Expenses

Other direct expenses primarily included costs relating to utilities, stationery and maintenance expenses. In line with the growth in the Company's operations and inclusion of SGH Jeddah in the Company's financials following the Reorganization effective as of September 2013G, other direct expenses increased from SAR 24.2 million in 2012G to SAR 52.6 million in 2014G.

For more information, please see the subsection No. 6-6-1-2"Cost of revenues" of this Prospectus.

6-5-1-3 Gross Profit by Source Type

Table 156: Gross profit by source type for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
SGH Jeddah	-	61,579	242,212	-	293.3%	-
SGH Riyadh	117,099	179,394	217,516	53.2%	21.3%	36.3%
SGH Aseer	72,758	92,305	152,926	26.9%	65.7%	45.0%
SGH Madinah	58,507	94,827	122,807	62.1%	29.5%	44.9%
Hospitals Gross Profit	248,364	428,105	735,462	72.4%	71.8%	72.1%
AJ Sons	-	1,351	5,543	-	310.3%	-
Revenues from Management Supervision Agreements	-	1,029	8,760	-	751.3%	-
Total	248,364	430,485	749,764	73.3%	74.2%	73.7%
Gross Profit Margin						
SGH Jeddah	-	52.4%	49.1%			
SGH Riyadh	50.4%	55.4%	57.6%			
SGH Aseer	41.6%	44.1%	52.6%			
SGH Madinah	43.4%	53.7%	54.0%			
Aj Sons	-	30.5%	38.3%			
Total	45.8%	52.0%	53.6%			

Source: The Company

Gross profit margin was 45.8%, 52.0% and 53.6% in 2012G, 2013G and 2014G respectively. This is mainly due to a higher increase in revenues than the increase in the cost of revenues, where employee direct costs and hospital materials and supplies decreased as a percentage of revenues. Hospital materials and supplies expenses as a percentage of revenue decreased from 21.6% in 2012G to 20.4% in 2014G. Additionally, employee direct costs as a percentage of revenue decreased from 22.4% in 2012G to 19.8% in 2014G.

Differences in Gross profit margins in the four hospitals mainly reflect their individual case mix, while the gross profit margin in AJ Sons is affected from year to year by the type of products sold during the year.

6-5-1-4 Selling and marketing expenses

Table 157: Sales and Marketing Expenses, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Rejections	71,444	128,956	145,676	80.5%	13.0%	42.8%
Provision for doubtful debts	9,295	12,452	35,765	34.0%	187.2%	96.2%
Advertisement and Marketing Expenses	4,090	5,571	8,509	36.2%	52.7%	44.2%
Total	84,829	146,979	189,951	73.3%	29.2%	49.6%
As a % of Revenue						
Rejections	13.2%	15.6%	10.4%			
Provision for doubtful debts	1.7%	1.5%	2.6%			
Advertisement and Marketing Expenses	0.8%	0.7%	0.6%			
Total	15.6%	17.7%	13.6%			

Source: The Company

Sales and marketing expenses include rejections, provision for doubtful debts and advertisements and marketing expenses. Sales and marketing expenses increased from SAR 84.8 million in 2012G to SAR 190.0 million in 2014G. This was mainly driven by an increase in the rejections and the provision for doubtful debts.

Rejections

Rejections represent a part of the invoices rejected by customers, mainly MoH and Insurance companies, due to different administrative or clerical reasons such as inadequate documents like IDs, claims exceeding the limit provided by the client to the patient, medical report not providing complete justification for medication or medical services provided, uncovered services offered to patient, etc.

Once a hospital receives a rejection from an insurance company, the accounts receivable team manager along with doctors from within the team (non-practicing doctors appointed exclusively in order to audit the invoices from a medical point of view) analyze those rejections and send explanations back to the insurance company. At this stage, a certain percentage of the rejections is usually reaccepted by the insurance company and processed for payment. Finally, a rejections committee comprising of the accounts receivable team manager, finance manager, and the hospital's CEO meet with the insurance company team and conduct a thorough reconciliation at the end of which a final settlement is negotiated. Upon signing the settlement, the insurance company makes the final payment and the Company debits the provision for doubtful debts and rejections account and credits accounts receivable.

Regarding MoH patients, invoices submitted by hospitals are analyzed by a medical committee appointed by the local MoH directorate. In case the committee has any comment, additional supporting documents and explanations are requested from the respective hospital. The hospital's rejections committee takes charge of this task, which is usually followed by meetings with the local MoH committee in order to reconcile the differences. Once the local MoH committee decides whether to accept all or a portion of the claims, the decision is communicated to the MoH's local finance department along with the supporting documents provided by the hospital. MoH's local finance department would then audit the invoices and forward them to MoH's local financial representative. The financial representative also verifies the medical and financial aspects of the invoices before sending them to the MoH general directorate in Riyadh. During this process, the hospital's accounts receivable team follows-up regularly on the status of the invoices with MoH local financial representative. Finally, MoH general directorate settles the amount based on the medical committee recommendation and the Company debits the provision for doubtful debts and rejections account and credits accounts receivable.

The rejections increased from SAR 71.4 million in 2012G to SAR 129.0 million in 2013G. This was primarily driven by an increase in the provisions for rejections of SGH Riyadh from SAR 42.5 million in 2012G to SAR 64.4 million in 2013G. This was due to settlement of long outstanding balances with the insurance companies. The provisions for rejections of SGH Madinah also increased from SAR 18.0 million in 2012G to SAR 36.0 million in 2013G. This was primarily driven by the increase in rejections from MoH.

Rejections increased from SAR 129.0 million in 2013G to SAR 145.7 million in 2014G. This was mainly driven by inclusion of SGH Jeddah in the Company's financials following the Reorganization effective as of September 2013G.

Provision for Doubtful Debts

The provision for doubtful debts increased from SAR 9.3 million in 2012G to SAR 12.5 million in 2013G, in line with the growth in credit revenues during the year. The provision for doubtful debts also increased to SAR 35.8 million during 2014G. This was mainly driven inclusion of SGH Jeddah in the Company's financials following the Reorganization effective as of September

2013G and the adoption of a new provisioning policy in 2014G. For further details, see section No. 6-6-2-2 "Analysis of Current Assets" of this Prospectus.

Advertisement and Marketing Expenses

Advertisement and marketing expenses mainly include expenses incurred by the Company in relation to print, radio and television media campaigns. The advertisement and marketing expenses increased from SAR 4.1 million in 2012G to SAR 8.5 million in 2014G. This was primarily driven by an increase in the number of advertisements in newspapers and promotional booths installed at various shopping malls.

6-5-1-5 G&A Expenses

Table 158: G&A expenses, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Employee indirect costs	49,142	77,548	141,313	57.8%	82.2%	69.6%
Traveling expenses	7,634	13,159	20,818	72.4%	58.2%	65.1%
Employee health insurance costs	7,176	9,331	15,293	30.0%	63.9%	46.0%
Other Expenses	19,354	33,467	62,524	72.9%	86.8%	79.7%
Total	83,306	133,505	239,948	60.3%	79.7%	69.7%
As a % of Revenue						
Employee indirect costs	9.1%	9.4%	10.1%			
Traveling expenses	1.4%	1.6%	1.5%			
Employee health insurance costs	1.3%	1.1%	1.1%			
Other Expenses	3.6%	4.0%	4.5%			
Total	15.4%	16.1%	17.2%			

Source: The Company

Employee Indirect Costs

Employee indirect costs represent the costs of salaries and benefits paid to the administrative and support staff. Employee indirect costs increased from SAR 49.1 million in 2012G to SAR 141.3 million in 2014G. This was primarily driven by an increase in the number of employees from 985 in 2012G to 2,233 in 2014G to support the growth of the Company's operations and also due to the inclusion of SGH Jeddah and AJ Sons in the Company's financials following the Reorganization effective as of September 2013G.

Traveling Expenses

The traveling expenses include employee travel allowances, expenses of visiting doctors and costs of issuing and renewing residence permits. Traveling expenses increased from SAR 7.6 million in 2012G to SAR 20.8 million in 2014G. This was driven by the inclusion of SGH Jeddah in the Company's financials following the Reorganization effective as of September 2013G and the increase in the fees of renewing residence permits from SAR 200 to SAR 2,400 per non-Saudi employee in 2013G and 2014G.

Employee Health Insurance Costs

Employee health insurance costs increased from SAR 7.2 million in 2012G to SAR 9.3 million in 2013G. This was primarily driven by an increase in the number of employees and change in the insurance company from Mediterranean & Gulf Insurance & Reinsurance to Tawuniya for insurance. Employee insurance costs increased to SAR 15.3 million in 2014G, due to the inclusion of SGH Jeddah and AJ Sons in the Company's financials following the Reorganization effective as of September 2013G and also the increase in the number of employees during the same period.

Other Expenses

Other expenses include expenses related to staff accommodation, repairs and maintenance, mail and phone, auditor and consultation fees, pre-operating expenses, hospital security costs, etc.

Details of such expenses are provided below:

Table 159: Other G&A expenses for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Accommodation expenses	5,386	6,822	14,009	26.7%	105.4%	61.3%
Office supplies	3,930	3,085	8,076	-21.5%	161.8%	43.4%
Maintenance and repairs	1,437	3,337	6,378	132.2%	91.1%	110.7%
Mail and phone	1,859	2,153	5,711	15.8%	165.3%	75.3%
Audit and consultation fees	1,214	2,666	10,732	119.6%	302.6%	197.3%
Security services	1,925	1,914	3,692	0.6%	92.9%	38.5%
Insurance costs	270	667	1,299	147.0%	94.8%	119.3%
Other Expenses	3,332	12,822	12,628	449.8%	-1.5%	132.7%
Total	19,354	33,467	62,524	72.9%	86.8%	79.7%

- Accommodation expenses increased from SAR 5.4 million in 2012G to SAR 6.8 million in 2013G. This increase was driven by the increase in the number of employees and the addition of Q4 2013G expenses of SGH Jeddah due to the Reorganization effective as of September 2013G. Accommodation expenses increased to SAR 14.0 million in 2014G, due to the addition of full year accommodation expenses of SGH Jeddah in the consolidated financial statements of the Company in addition in the increased number of employees.
- Office supplies expenses decreased from SAR 3.9 million in 2012G to SAR 3.1 million in 2013G, driven by lower office supplies expenses in SGH Riyadh. Office supplies expenses increased to SAR 8.1 million in 2014G, due to the inclusion of full year office supplies expenses of SGH Jeddah in the consolidated financial statements of the Company.
- Repairs and maintenance expenses increased from SAR 1.4 million in 2012G to SAR 3.3 million in 2013G, due to repair and maintenance carried out on the electric generator in SGH Riyadh. Repairs and maintenance expenses increased to SAR 6.4 million in 2014G due to the inclusion of full year repairs and maintenance expenses of SGH Jeddah in the consolidated financial statements of the Company.
- Mail and phone expenses, audit / consultation fees, security services, insurance costs and other expenses increased from 2012G to 2013G, driven mainly by the addition of Q4 2013G expenses of SGH Jeddah following the Reorganization effective as of September 2013G. These items increased in 2014G as a result of including full year expenses of SGH Jeddah in the consolidated financial statements of the Company.

6-5-1-6 Other income

Table 160: Other income for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Training fees	-	3,228	15,781	-	388.9%	-
Revenues from general lectures funded and sponsored by pharmaceutical and surgical equipment companies	1,231	2,210	3,332	79.5%	50.8%	64.5%
Rental income	3,039	2,784	2,524	-8.4%	-9.3%	-8.9%
Deferred income from selling fixed assets	3	26	160	766.7%	515.4%	630.3%
Diverse income	1,484	4,320	1,367	191.1%	-68.4%	-4.0%
Total	5,758	12,567	23,163	118.3%	84.3%	100.6%

Source: The Company

Other income grew at a CAGR of 100.6% from SAR 5.8 million in 2012G to SAR 23.2 million in 2014G. This was primarily driven by an increase in income generated from Al Batterjee Medical College. In September 2012G, the Company began providing training to students of Al Batterjee College of Medical Science & Technology at SGH Jeddah under an agreement between the Company and Al Batterjee Medical College, to be renewed annually. Such agreement will not be renewed after 2017G. Accordingly, there will not be any revenues from Al Batterjee Medical College in 2018G.

Currently, the Company organizes general lectures funded and sponsored by pharmaceutical and surgical equipment companies. Revenues from such lectures increased from SAR 1.2 million in 2012G to SAR 3.3 million in 2014G.

The rental revenues are related to income from renting shops and kiosks in the Company's hospitals. Rental revenues decreased from SAR 3.0 million in 2012G to SAR 2.5 million in 2014G after Bait al Batterjee Company for Education offices were closed in SGH Riyadh, SGH Aseer and SGH Madinah in 2014G.

6-5-1-7 Analysis of Net Income

Table 161: Analysis of net income for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Operating income	65,439	128,697	313,177	96.7%	143.3%	118.8%
Other income	5,758	12,567	23,163	118.3%	84.3%	100.6%
Income before interest, taxes and minority interest	71,197	141,264	336,340	98.4%	138.1%	117.3%
Finance charges	-	(1,142)	(4,129)	-	261.6%	-
Income before Zakat and minority interest	71,197	140,122	332,211	96.8%	137.1%	116.0%
Zakat	(2,504)	(3,534)	(585)	41.1%	(83.4%)	(51.7%)
Income before minority interest	68,693	136,589	331,625	98.8%	142.8%	119.7%
Minority Interest	(6,699)	609	343	-	(43.7%)	-
Net profit	61,994	137,198	331,969	121.3%	142.0%	131.4%

Source: Consolidated financial statements for the years ended 31 December 2012G, 2013G and 2014G

Net profit increased at a CAGR of 131.4% from SAR 62.0 million in 2012G to SAR 332.0 million in 2014G. This was due to:

- Inclusion of SGH Jeddah and AJ Sons in the Company's financials following the Reorganization effective as of September 2013G;
- Improvement in gross profit margin and operating profit margin, given the relatively fixed nature of a number of cost items; and
- Improvement in procurement policies and administrative procedures which helped in controlling medical materials and supplies expenses and reducing rejections.

Finance Charges

The Company had no financial charges in 2012G. Finance charges increased to SAR 4.1 million in 2014G driven by the transfer of the SGH Jeddah's loans to the Company as part of the Reorganization.

Zakat

In 2014G, total Zakat expenses reached SAR 7.7 million, including SAR 0.6 million related to NHC; since NHC is a subsidiary, its Zakat has been accounted for in the income statement. The remaining Zakat cost of SAR 7.1 million have been deducted from the retained earnings as they are obligations of the Company's shareholders. It should be noted that this procedure was implemented in accordance with the Saudi Organization for Certified Public Accountants Standard No. 11, as provision for zakat and income tax has been presented as a direct deduction from retained earnings, and the corresponding accounts payable has been classified under "Liabilities" section of the balance sheet.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2005G and up to 31 December 2008G. DZIT reassessed the Zakat claims to reach SAR 18.1 million. The Company had appealed against these claims subsequently. DZIT reviewed and reduced the claims by SAR 6.7 million to SAR 11.4 million. Accordingly, the Company again filed an appeal against the reviewed claims, which are still under review by DZIT. So far, the Company has not paid the amount claimed by DZIT.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2009G and 31 December 2010G. The Company has paid the amount claimed by DZIT, and received restricted Zakat certificate from DZIT. It should be noted that it is possible for DIZIT to claim additional amounts for 2009G and 2010G, given that the Zakat assessment is not final.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2011G and 31 December 2012G. The Company has paid the amount claimed by DZIT, but the Company has not yet received Zakat assessments for the financial years ended 2011G and 2012G, as these are still under review by DZIT.

The Company has submitted the Zakat returns to DZIT for the financial period ended 31 December 2013G and 31 December 2014G. The Company has obtained a restricted Zakat certificate from DZIT. DZIT has claimed an additional amount of SAR 4.6 million for 2014G. The Company has filed an appeal against the additional amount and it is still under review by DZIT.

Minority Interest

Minority Interest for 2012G included Zuhair Sebai's 20% shareholding in BABAS, which is a subsidiary of the Company (the Company owns 80% of BABAS shares).

Minority Interest for 2013G included the following:

1- The 0.01% owned by Sobhi Abduljalil Batterjee in BABAS (Until the Reorganization date effective as of September 2013G, BABAS had been 80% owned by the Company and 20% by Dr. Zuhair Sebai. Due to Reorganization, Dr. Zuhair Sebai is no longer a partner of BABAS (became a partner of MEAHCO). To retain the legal status of BABAS as Limited Liability Company, the articles of association was amended granting a 99.99% MEAHCO ownership and the remaining 0.01% to Sobhi Abduljalil Batterjee. In 2014G, BABAS was converted from a Limited Liability Company to a branch of Middle East Healthcare Company) which was a subsidiary of the Company (the Company owned 99.99% of BABAS at that time);
2- The 2.0% equally owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons which is a subsidiary of the Company (the Company owned then 98.0% of AJ Sons); and
3- The 60.03% owned by several investors in NHC, which was a subsidiary of the Company (the Company owned 39.96% of NHC shares at that time).

Minority Interest for 2014G included the following:

1- The 0.01% owned by Sobhi Abduljalil Batterjee in BABAS, where BABAS was a subsidiary of the Company (the Company owned 99.99% of BABAS shares at that time);
2- The 2.0% equally owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons, which is a subsidiary of the Company (the Company owned then 98.0% of AJ Sons). In 2015G, the Company acquired the shares owned by Sobhi Abduljalil Batterjee and Khalid Abdulajaleel Batterjee in AJ Sons for SAR 10 thousand representing 2.0% of AJ Sons' ownership;
3- The minority interest for 2014G included the 67.67% owned by several investors in NHC shares, which was a subsidiary of the Company (the Company owned 32.33% of NHC shares at that time).

6-5-2 Company Consolidated Balance Sheet

Table 162: Company consolidated balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Assets			
Current Assets			
Cash and bank balances	14,282	43,991	136,226
Trade receivables	318,800	543,222	600,414
Inventories	41,511	98,758	75,878
Prepayments and other assets	15,943	31,122	22,899
Net Amounts due from Related Parties	10,699	17,081	10,847
Total current assets	401,236	734,174	846,265
Non-current assets			
Property and equipment	470,121	743,130	808,318
Construction in progress	9,969	110,278	123,791
Deferred Charges	8,482	-	-
Total non-current assets	488,573	853,409	932,109
Total Assets	889,809	1,587,583	1,778,374
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	61,547	171,615	160,444
Accrued expenses and Other Liabilities	57,115	106,545	93,869

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Current Portion of Long Term Payables	-	11,780	8,768
Short Term Loans and Current Portion of Long Term Loans	12,500	73,625	94,297
Total current liabilities	131,161	363,565	357,378
Non-Current Liabilities			
Long Term Loans	52,985	87,278	69,148
Long Term payables	27,919	65,621	28,740
Provision for End of service Benefits	33,105	116,720	136,200
Total Non-Current Liabilities	114,009	269,618	234,088
Total liabilities	245,171	633,183	591,466
Partners' Equity			
Equity Attributable to Shareholders			
Share Capital	590,000	767,000	767,000
Statutory reserve	2,692	16,411	49,608
Retained earnings	19,769	122,684	323,144
Total Shareholders' Equity	612,460	906,096	1,139,753
Minority Interest	32,177	48,305	47,155
Total liabilities and equity	889,809	1,587,583	1,778,374

Source: Consolidated financial statements for the years ended 31 December 2012G, 2013G and 2014G

6-5-2-1 Current and Non-Current Assets

Table 163: Current and non-current assets for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Current assets			
Cash and bank balances	14,282	43,991	136,226
Trade receivables	318,800	543,222	600,414
Inventories	41,511	98,758	75,878
Prepayments and other assets	15,943	31,122	22,899
Net Amounts due from Related Parties	10,699	17,081	10,847
Total current assets	401,236	734,174	846,265
Non-current assets			
Property and equipment	480,090	853,409	932,109
Deferred charges	8,482	-	-
Total non-current assets	488,573	853,409	932,109
Total Assets	889,809	1,587,583	1,778,374

Source: Consolidated financial statements for the years ended 31 December 2012G, 2013G and 2014G

Current assets include cash and bank balances, trade receivables, inventory, prepayments, other assets and net amounts due from related parties. Net amounts due from related parties represent the total amounts due from related parties less the total amounts due to related parties.

Cash and Bank Balances

The cash and bank balances include petty cash and bank balances as at the date of the financial statements. The cash and bank balances increased from SAR 14.3 million as at 31 December 2012G to SAR 44.0 million as at 31 December 2013G, in line with the total growth in cash flows from operating activities from an out flow of SAR 2.4 million as at 31 December 2012G to an inflow of SAR 128.5 million as at 31 December 2013G. As at 31 December 2014G, the cash and bank balances increased to SAR 136.2 million driven by the continuing growth in cash flows from operating activities amounting SAR 349.3 million as at 31 December 2014G.

Trade Receivables

The trade receivables increased from SAR 318.8 million as at 31 December 2012G to SAR 543.2 million as at 31 December 2013G, due to addition of SGH Jeddah's trade receivables of SAR 159.5 million and AJ Son's trade receivables of SAR 17.6 million to the Company's trade receivables as a result of the Reorganization effective September 2013G. The trade receivables increased from SAR 543.2 million as at 31 December 2013G to SAR 600.4 million as at 31 December 2014G, mainly driven by an increase in the accounts receivable of SGH Aseer and SGH Jeddah by SAR 43.5 million and SAR 22.4 million respectively for the same period. This increase in the accounts receivable of SGH Aseer was due to an increase in revenues from the Ministry of Health representing 51.1% of credit revenues as at 31 December 2014G.

The following table shows the analysis of trade receivables by Company branches:

Table 164: Trade receivables by Entity for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
SGH Jeddah	-	159,514	181,876
SGH Riyadh	122,971	155,093	143,843
SGH Aseer	80,733	87,737	131,214
SGH Madinah	115,096	138,679	141,599
AJ Sons	-	2,199	1,881
Total	318,800	543,222	600,414

Source: The Company

The balance of trade receivables reached SAR 600.4 million as at 31 December 2014G. The balance of trade receivables of SGH Jeddah, SGH Riyadh, SGH Aseer, and SGH Madinah accounted for 30.3%, 24.0%, 21.9% and 23.6% of the Company's total balance of trade receivables respectively.

SGH Jeddah was not a part of the Company in 2012G. Thus, no trade receivables related to SGH Jeddah were reflected. SGH Jeddah's trade receivables increased from SAR 159.5 million as at 31 December 2013G to SAR 181.9 million as at 31 December 2014G due to increase in credit revenues.

SGH Riyadh's trade receivables increased from SAR 123.0 million as at 31 December 2012G to SAR 155.1 million as at 31 December 2013G driven by an increase in credit revenues from SAR 206.7 million as at 31 December 2012G to SAR 298.7 million as at 31 December 2013G. SGH Riyadh's trade receivables decreased to SAR 143.8 million as at 31 December 2014G despite the increase in credit revenues to SAR 342.6 million as at 31 December 2014G due to the timely settlement of dues and improved collections from credit clients.

The trade receivables balance of SGH Aseer increased from SAR 80.7 million as at 31 December 2012G to SAR 131.2 million as at 31 December 2014G following an increase in credit revenues from SAR 120.8 million as at 31 December 2012G to SAR 209.3 million as at 31 December 2014G.

The trade receivables balance of SGH Madinah increased from SAR 115.1 million as at 31 December 2012G to SAR 138.7 million as at 31 December 2013G driven by an increase in credit revenues from SAR 111.9 million as at 31 December 2012G to SAR 146.1 million as at 31 December 2013G. The trade receivables balance of SGH Madinah slightly increased to SAR 141.6 million as at 31 December 2014G despite the significant increase in credit revenues to SAR 184.8 million as at 31 December 2014G. This is due to improvement in collections from the Ministry of Health.

The following table shows an analysis of trade receivables aging as at 31 December 2014G

Table 165: Trade receivables aging as at 31 December 2014G

SAR in 000s	Current Inpatients (0-30 days)	Unbilled Revenues (0-30 days)	0-30 days	31-360 days	1-2 years	2-3 years	After 3 years	Total Amount	Provisions	Net amount
SGH Madinah	6,318	20,536	12,537	88,467	44,318	22,816	3,644	198,638	(57,039)	141,599
SGH Jeddah	14,080	85,206	35,566	69,887	16,563	9,341	21,521	252,163	(70,287)	181,876
SGH Riyadh	17,569	34,504	25,236	71,013	20,522	10,542	9,114	188,500	(44,657)	143,843
SGH Aseer	36,168	41,981	18,763	40,801	3,929	1,576	-	143,219	(12,005)	131,214
Total	74,136	182,228	92,102	270,168	85,333	44,275	34,279	782,520	(183,987)	598,533
AJ Sons Receivables										1,881
Total										600,414

Source: The Company

The analysis of the Company's trade receivables aging as at 31 December 2014G shows that 44.5% of the total trade receivables balance was due for less than one month and consisted of the following:

- Current inpatients, related to long stay patients (above 30 days) to whom the Company issues invoices at the end of each month. Invoices that are not settled within 30 days move to the following trade receivables aging class according to their respective time period; and
- Unbilled revenues, related to inpatients discharged from the hospital, however their bills have yet to be issued since they got discharged before completion of the 30 days billing cycle.

These terms apply to all the Company's clients including insurance companies, MoH, cash, and direct customers.

Of the total trade receivables balance, 34.5% represented amounts dues for one month to one year, while 20.9% represented dues for more than one year.

SGH Madinah accounted for 43.2% of the total the trade receivables balance due for more than one year, while SGH Jeddah accounted for 28.9% followed by SGH Riyadh and SGH Aseer at 24.5% and 3.4% respectively.

The table below shows the trade receivables aging by client as at 31 December 2014G

Table 166: Trade receivables aging by client as at 31 December 2014G

SAR in 000s	Current Inpatients	Unbilled Revenues	0-30 Days	31-360 Days	1-2 years	2-3 years	After 2 years	Total Amount	Provisions	Net amount
MoH	54,834	83,137	33,848	148,624	63,381	37,079	26,120	447,022	(114,833)	332,189
Insurance	7,641	57,392	43,235	80,738	6,733	1,768	911	198,419	(31,567)	166,852
Direct and Others	11,662	41,699	15,019	40,805	15,215	5,428	7,247	137,079	(37,587)	99,492
Total	74,136	182,228	92,102	270,168	85,333	44,275	34,279	782,520	(183,987)	598,533
AJ Sons Receivables										1,881
Total										600,414

Source: The Company

The Ministry of Health trade receivables accounted for 55.5% of the net trade receivables, while insurance companies accounted for 27.9% of the net trade receivable. Higher concentration of Ministry of Health trade receivables is considered to be normal in the Saudi market, given that the Ministry of Health is one of the largest clients of private hospitals working in the Kingdom. Furthermore the settlement and payments of invoices by the Ministry takes longer compared to other clients. As mentioned above, current inpatients are long stay patients (above 30 days) to whom the Company issues invoices at the end of each month. Whereas unbilled revenues are related to inpatients discharged from the hospital, however their bills have yet to be issued since they got discharged before completion of the 30 days billing cycle

The provision for doubtful debts and rejections amounted to SAR 184.0 million as at 31 December 2014G in line with the newly adopted provisioning policy (detailed in the table below). The available provisions as at 31 December 2014G covered 30.8% of the trade receivables due for less than one year, 34.0% of the trade receivables due for 1-2 years and 85.6% of the trade receivables due for more than two years.

Table 167: Changes in provisions for bad and doubtful debts and Rejections, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Opening Balance	12,281	19,861	77,442
Provisions during the year	80,739	177,723	181,441
Gross Provisions	93,021	197,584	258,884
Adjustments during the year	(73,160)	(120,141)	(74,897)
Total	19,861	77,442	183,987

The provision for bad and doubtful debts and Rejections includes provisions for Rejections from insurance companies and MoH as well as bad and doubtful debts from cash customers.

The changes in the reconciliation period of invoices impact the movement in provisions from year to year. In year 2013G, the reconciliation period went beyond one year due to delays in negotiations with the insurance companies regarding the settlement of outstanding claims, which led to an increase in adjustments to SAR 120.1 million in that year. As per the trade receivables ageing and the Company's provisioning policy, the amount of bad and doubtful debts and rejections shall be charged as an expense in the income statement, and it shall be added to the "Provision for Bad and Doubtful Debts and Rejections" item in the balance sheet.

When these claims are actually rejected, the amount of rejections shall be written off from the "Provision for Bad and Doubtful Debts and Rejections" item and the "Accounts Receivable" item.Table 168: Detailed below is the newly implemented provisioning policy:

Table 168: Detailed below is the newly implemented provisioning policy:

Client/Period	%
Retail clients	
less than one year	25% of total monthly claims
Over 1 year	100% of total outstanding amounts
Insurance Companies	
Less than one year	15% of total monthly claims
1-2 years	25% of total outstanding amounts
More than 2 years	100% of total outstanding amounts
Other government clients	
Less than one year	12% of total monthly claims
1-2 years	25% of total outstanding amounts
More than 2 years	100% of total outstanding amounts
Direct corporate clients	
Less than one year	10% of total monthly claims
1-2 years	25% of total outstanding amounts
More than 2 years	100% of total outstanding amounts
MoH	
Less than one year	5-25% of total monthly claims
1-2 years	25-33% of total outstanding amounts
2-3 years	50-100% of total outstanding amounts
More than 3 years	100% of total outstanding amounts

Source: The Company

Due to the implementation of the new provisions policy, bad and doubtful debts provision item increased by SAR 2.4 million in 2014G.

Inventories

The Company's inventories increased from SAR 41.5 million as at 31 December 2012G to SAR 98.8 million as at 31 December 2013G, as SGH Jeddah and AJ Sons were not part of the Company in 2012G and their inventories were not reflected in the Company's inventories for this year. Inventory balance later decreased to SAR 75.9 million as at 31 December 2014G due to the Company's management of procurements to maintain 60 days of inventory without affecting the Company's operations, compared to previous procurement policy when the Company would buy larger amounts in order to receive higher discounts resulting in higher levels of inventory days, and in addition also due to the writing off of slow moving inventories of SAR 2.4 million after the application of a new provisioning policy.

The following table shows the inventories by Company's branches

Table 169: Inventories by Entity for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
SGH Jeddah	-	40,340	28,171
SGH Riyadh	16,359	16,700	17,108
SGH Aseer	16,644	23,874	15,085
SGH Madinah	8,508	14,767	12,571
AJ Sons	-	3,076	2,943
Total	41,511	98,758	75,878

Source: The Company

SGH Jeddah was not a part of the Company in 2012G. Thus, no inventories related to SGH Jeddah are reflected in the Company's inventories. SGH Jeddah inventories decreased from SAR 40.3 million as at 31 December 2013G to SAR 28.2 million as at 31 December 2014G, mainly due to the implementation of improved procurement control measures to maintain an optimal level of inventory.

SGH Aseer and SGH Madinah inventories increased from SAR 16.6 million and SAR 8.5 million respectively as at 31 December 2012G to SAR 23.9 million and SAR 14.8 million as at 31 December 2013G. The increase in inventory balances was mainly due to an increase in procurements in line with the overall growth in the Company's operations. SGH Aseer and SGH Madinah inventories decreased to SAR 15.1 million and SAR 12.6 million respectively as at 31 December 2014G, mainly due to the implementation of improved procurement control measures to maintain an optimal level of inventory without affecting the Company's operations.

The following table shows an analysis of inventory aging as at 31 December 2014G

Table 170: Inventory aging, as at 31 December 2014G

SAR '000	0-30 Days	31-90 Days	91-180 Days	180-365 Days	1-2 years	After 2 years	Total Amount	Provisions	Net amount
Pharmacies materials and supplies	47,489	683	211	157	22	-	48,562	(22)	48,540
Medical materials and supplies	11,817	2,798	2,009	4,272	702	33	21,631	(33)	21,598
Non-medical materials and supplies	1,647	261	84	296	14	2	2,304	(14)	2,290
Laboratory and X-ray materials and supplies	300	121	67	19	0	5	511	(5)	507
AJ Sons	-	-	-	-	-	-	2,943	-	2,943
Total	61,253	3,863	2,370	4,745	739	39	75,952	(74)	75,878

Source: The Company

The analysis of inventory aging as at 31 December 2014G shows that 80.6% of the inventory was less than one month old, while the over one year old inventory accounted for only 1.0% of total inventories. One year old inventory and above was SAR 778 thousand as at 31 December 2014G, mostly including medical supplies of SAR 735 thousand. Medical supplies include surgical supplies used in surgical operations, and a separate provision for such supplies was made according to the new provisioning policy.

Total provisions amounted to SAR 74.0 thousand as at 31 December 2014G, in line with the recently implemented provisioning policy for the slow-moving and damaged inventory. Prior to the application of such policy, the Company conducted a one-time write off to remove the entire slow-moving and damaged inventory. The recently applied provisioning policy stipulates the following:

- Pharmacy supplies: 100% of the inventory aged more than 365 days
- Medical/Surgical supplies: 100% of the inventory aged more than 720 days
- Non-medical supplies: 50% of the inventory aged 365-720 days, and 100% of the inventory aged more than 720 days
- Food items: 100% of the inventory aged more than 90 days

Prepayments & Other Assets

Prepayments & other assets basically include prepaid expenses and prepayments to employees and other receivables. Prepayments & other assets increased from SAR 15.9 million as at 31 December 2012G to SAR 31.1 million as at 31 December 2013G. Such increase was mainly due to the transfer of the prepayments & other assets related to SGH Jeddah, amounting to SAR 16.7 million as at 31 December 2013G, to the Company, pursuant to the Reorganization effective September 2013G, as SGH Jeddah was not a part of the Company in 2012G. Subsequently, prepayments & other assets decreased to SAR 22.9 million as at 31 December 2014G due to the decrease in prepaid expenses to SAR 7.9 million as at 31 December 2014G after a decrease in prepaid insurance from SAR 3.9 million as at 31 December 2013G to SAR 2.0 million as at 31 December 2014G and in employment visa fees from SAR 2.8 million as at 31 December 2013G to SAR 1.7 million as at 31 December 2014G. Additionally, prepayments to employees decreased considerably to SAR 3.7 million as at 31 December 2014G after the settlements related to the employees who left SGH Jeddah.

Amounts Due from Related Parties

Table 171: Amounts due from related parties for the audited financial years ended 31 December 2015G, 2013G, 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Emirates Healthcare Development Company	-	594	6,722
Al Batterjee Medical College	17	-	4,879
Bait al Batterjee Company	5,724	19,845	3,097
Bait al Batterjee Company for Education and Training	3,433	6,142	777
Others	1,524	997	-
Total	10,699	27,578	15,474

Source: Audited consolidated financial statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

Amounts due from related parties increased from SAR 10.7 million as at 31 December 2012G to SAR 27.6 million as at 31 December 2013G mainly due to the increase in the amounts due from BAB Medical Company Limited from SAR 5.7 million as at 31 December 2012G to SAR 19.8 million as at 31 December 2013G. These amounts due from related parties were driven by operations that were considered a type of financing between affiliated companies. In addition, amounts due from Bait al Batterjee Company for Education and Training increased from SAR 3.4 million to SAR 6.1 million during the same period, which are related to the company's provision of training services for the students of Bait al Batterjee Company for Education and Training. Amounts due from related parties decreased to SAR 15.5 million as at 31 December 2014G, driven by a decrease in the amounts due from BAB Medical Company Ltd and Bait al Batterjee Company for Education and Training as a result of settlement of the Company's dues. The decrease in the amounts due from BAB Medical Company Ltd and Bait al Batterjee Company for Education and Training was offset by an increase in the amounts due from Emirates Health Care Development Company from SAR 594 thousand as at 31 December 2013G to SAR 6.7 million as at 31 December 2014G. Amounts due from related parties also increased on account of the increase in the amount due from Al Batterjee College of Medical Science & Technology of SAR 4.9 million as at 31 December 2014G.

Amounts due from Emirates Health Care Development Company are related to the outstanding management supervision fees. Amounts due from Al Batterjee College of Medical Science & Technology are related to the outstanding training revenues as SGH Jeddah is providing training to the college students.

Amounts Due to Related Parties

Table 172: Amounts due to related parties, for the audited financial years ended 31 December 2015G, 2013G, 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
International Hospitals Construction Ltd.	-	-	4,626
BAB Medical Company Ltd.	-	-	-
Al Batterjee College of Medical Science & Technology	-	10,497	-
Total	-	10,497	4,626

Source: Audited consolidated financial statements for the audited financial years ended 31 December 2012G, 2013G, 2014G

An amount of SAR 10.5 million as of 31 December 2013G resulted from operations that were considered a type of financing between affiliates. The amount of SAR 4.6 million as at 31 December 2014G due to International Hospitals Construction Ltd. is related to supply of some fixed assets to SGH Jeddah, SGH Aseer and SGH Hail.

Non-Current Assets

Non-current assets mainly include deferred charges, properties and work in progress.

Deferred Charges

The deferred charges in 2012G are related to loan arrangement fees amortized over 8 years, which was fully written off in 2013G.

Property and Equipment

Table 173: Property and equipment for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Total property & equipment	1,054,349	1,618,851	1,713,876
Accumulated Depreciation	(584,228)	(875,720)	(905,558)
Property & equipment, net	470,121	743,130	808,318

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

Table 174: Property and equipment by Company branches for the audited financial years ended 31 December 2014G

000 SAR	2014G	2014G	2014G	2014G	2014G
	Audited	Audited	Audited	Audited	Audited
	SGH Jeddah	SGH Riyadh	SGH Aseer	SGH Madinah	AJ Sons
Total property & equipment	533,063	367,007	449,054	317,462	616
Accumulated Depreciation	(298,889)	(199,727)	(250,118)	(156,554)	(271)
Property & equipment, net	234,174	167,280	198,936	160,908	345
Property & equipment, net as a % of total property and equipment	43.9%	45.6%	44.3%	50.7%	56.0%

Property and equipment are shown at cost price after deducting the accumulated depreciation. Repair and maintenance expenses are considered as operating expenses while improvement costs are considered as capital expenditure. Depreciation for such is calculated based on its estimated useful life using the straight-line method. The Company does not expect the depreciation policy to be changed as of the date of this Prospectus. The estimated useful lives of different types of assets are as follows:

Depreciation Rate

Table 175: Depreciation Rate

Type of assets	Years
Buildings	33
Medical equipment	10
Office equipment	8
Non-medical equipment	10
Furniture and fixtures	10
Vehicles	10
Others	10

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

The following table shows the net value of Property & Equipment

Table 176: Net property and equipment, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Buildings	382,661	417,036	430,309
Lands	33,011	181,244	181,244
Medical equipment	41,509	115,683	155,191
Office equipment	3,560	10,367	19,877
Non-medical equipment	2,363	6,758	8,139
Furniture and fixtures	3,307	5,234	2,579
Vehicles	1,425	2,931	3,629
Others	2,284	3,877	7,349
Total	470,121	743,130	808,318

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

Property and equipment primarily included buildings, lands and medical equipment, which together represented 95% of total net book value of property and equipment as at 31 December 2014G.

The Company's property and equipment increased from SAR 470.1 million as at 31 December 2012G to SAR 743.1 million as at 31 December 2013G, mainly driven by the addition of lands, buildings and medical equipment of SGH Jeddah. Fixed assets of the Company increased to SAR 808.3 million as at 31 December 2014G, due to the additions amounting to SAR 111.5 million, which were partially offset by the depreciation amounting to SAR 44.5 million and the write offs amounting to SAR 1.7 million.

Additions

Table 177: The Additions, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Buildings		13,564	32,973
Lands		53,248	-
Medical equipment		44,696	59,197
Office equipment		1,873	8,214
Non-medical equipment		2,013	2,464
Furniture and fixtures		1,838	1,728
Vehicles		1,015	1,224
Others		1,642	5,696
Total	-	119,890	111,496

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

As at 31 December 2013G, additions reached SAR 119.9 million, and mainly included:

- SAR 53.2 million for purchase of lands, which mainly relates to the purchase of a land in Dammam for the construction of a new hospital as planned,
- SAR 44.7 million related to the purchase of medical equipment.

As at 31 December 2014G, additions reached SAR 111.5 million, and mainly included:

- SAR 33.0 million for building renovation, including SAR 13.9 million for SGH Aseer renovation, SAR 5.4 million for renovation of the psychiatric ward in SGH Jeddah, and SAR 5.3 million for the purchase of a residential complex for SGH Jeddah's staff.
- SAR 59.2 million for the purchase of medical equipment, including expenditures related to the construction of two catheterization laboratories in SGH Jeddah and SGH Aseer amounting to SAR 15.6 million.

Construction in Progress

Table 178: Construction in progress for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
SGH Hail	-	70,747	93,955
SGH Jeddah	-	23,608	14,519
SGH Riyadh	9,969	8,283	10,319
SGH Aseer	-	7,640	4,999
Total	9,969	110,278	123,791

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

Cost of construction in progress reached SAR 123.8 million as at 31 December 2014G, mainly due to SGH Hail construction works amounting to SAR 94.0 million.

The Company management expects SGH Hail to commence operations in Q2 2016G.

The Company acknowledges that no property owned by the Company or its Subsidiary is under any mortgages, liabilities, mortgage rights or mortgage obligations except for what is disclosed in "Bank Loans and Long Term Loans" section of this Prospectus. The Company also acknowledges that it doesn't have any leased assets except for few residential units for employees' accommodation and a warehouse in Jeddah (for more information, please see Section 12-6-5 "Lease Agreements" of the Prospectus) and that there are no significant fixed assets to be bought or rented except for those required to commence SGH Hail operations.

For more information regarding all the items of the current and non-current assets, please see Section 6-6-2-2 "Analysis of Current Assets" and Section 6-6-2-4 "Analysis of Non-Current Assets" of this Prospectus.

Current and Non-current Liabilities

Table 179: Current and non-current liabilities for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Current Liabilities			
Trade Payables	61,547	171,615	160,444
Accrued Expenses and Other Liabilities	57,115	106,545	93,869
Current Portion of Long Term Payables	-	11,780	8,768
Short Term Loans and Current Portion of Long Term Loans	12,500	73,625	94,297
Total Current Liabilities	131,161	363,565	357,378
Non-Current Liabilities			
Long Term Loans	52,985	87,278	69,148
Long Term Payables	27,919	65,621	28,740
Provision for End of Service Benefits	33,105	116,720	136,200
Total Non-Current Liabilities	114,009	269,618	234,088
Total Liabilities	245,171	633,183	591,466

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

(A) Analysis of Current Liabilities

Trade Payables

Table 180: Trade Payables by Entity for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
SGH Jeddah	-	91,355	72,872
SGH Riyadh	29,684	30,037	31,736
SGH Aseer	21,119	33,799	45,676
SGH Madinah	10,744	25,145	15,907
AJ Sons	-	6,710	6,909
Elimination	-	(15,431)	(12,656)
Total	61,547	171,615	160,444

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

Trade Payables mainly relate to the amounts payable to suppliers for medical, pharmacy and lab equipment, as well as, other services.

Trade payables balance increased from SAR 61.5 million as at 31 December 2012G to SAR 171.6 million as at 31 December 2013G after SGH Jeddah (SAR 91.4 million) and AJ Sons (SAR 6.7 million) were included in the Company's financials in 2013G following the Reorganization effective September 2013G.

Trade Payables balance decreased to SAR 160.4 million as at 31 December 2014G, mainly driven by the decrease in trade payables in SGH Jeddah and SGH Madinah from SAR 91.4 million and SAR 25.1 million, respectively, as at 31 December 2013G, to SAR 72.9 million and SAR 15.9 million, respectively, as at 31 December 2014G. The decrease in trade payables balance in SGH Jeddah was due to better procurement management as well as on-time settlements. The decrease in trade payables balance in SGH Madinah was due to settlement of old Trade Payables accounts as a result of better collection from the Hospital's clients, especially the Ministry of Health. The decrease in trade payables in SGH Jeddah and SGH Madinah was offset by a partial increase in trade payables balance in SGH Aseer, mainly due to the capital works undertaken in 2014G.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities include accrued salaries, leave allowance provision and vacation tickets, accrued expenses provision, accrued fees, Zakat provision, and other expenses. Accrued expenses and other liabilities increased from SAR 57.1 million as at 31 December 2012G to SAR 106.5 million as at 31 December 2013G mainly after SGH Jeddah (SAR 41.9 million) was included in the Company's financials in 2013G following the Reorganization effective September 2013G. Accrued expenses and other liabilities decreased to SAR 93.9 million as at 31 December 2014G following the decrease in Zakat provision by SAR 14.3 million, what was partially offset by an increase in accrued salaries by SAR 2.9 million resulting from an increase in the number of employees and in average salary per employee.

Long Term Payables

Long term payables balance represents the amounts payable to suppliers of medical equipment as well as to suppliers of medicines and other supplies, which were due for more than one year. Long term payables balance increased from SAR 27.9 million as at 31 December 2012G to SAR 65.6 million as at 31 December 2013G mainly after SGH Jeddah (SAR 25.3 million) was included the Company's financials in 2013G following the Reorganization effective September 2013G. Subsequently, long term payables balance decreased to SAR 28.7 million as at 31 December 2014G after settlement of outstanding payables mainly related to SGH Jeddah due to the improvement in collected claims from the Ministry of Health.

Bank Loans and Long Term Loans

Bank loans and long term loans increased from SAR 65.5 million as at 31 December 2012G to SAR 160.9 million as at 31 December 2013G after SGH Jeddah (SAR 86.5 million) and NHC (SAR 14.9 million) were included in the Company's financials in 2013G following the Reorganization effective September 2013G. Bank loans and long term loans increased to SAR 163.4 million as at 31 December 2014G due to higher utilization of available bank facilities. The following table shows the credit limit of the facilities and the amounts utilized, by lender.

Table 181: Short term bank loans and long term loans by bank or government agencies for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Alinma Bank	-	41,500	51,000
Samba Bank	-	20,000	18,750
Samba Bank	-	19,500	19,500
Arab National Bank	-	5,500	4,500
SGH Jeddah	-	86,500	93,750
High Commission for Hail Development in 2012G / Ministry of Finance in 2013G and 2014G	-	14,918	24,210
SGH Hail	-	14,918	24,210
Ministry of Finance	28,063	24,938	21,813
SGH Madinah	28,063	24,938	21,813
Ministry of Finance	25,000	18,750	15,625
Arab National Bank	-	6,500	5,000
SGH Riyadh	25,000	25,250	20,625
Ministry of Finance	12,422	9,297	3,047
SGH Aseer	12,422	9,297	3,047
Total	65,485	160,903	163,445

Source: The Company

Table 182: Credit facilities by lender as at 31 December 2014G

SAR '000	Hospital	Type of available facilities	Credit limit of facilities	Utilized facilities	Repaid facilities	Remaining balance	Interest rate
Ministry of Finance	SGH Aseer	Term Loans	50,000	50,000	46,953	3,047	Free
Ministry of Finance	SGH Madinah	Term Loans	50,000	49,938	28,125	21,813	Free
Ministry of Finance	SGH Riyadh	Term Loans	50,000	50,000	34,375	15,625	Free
Ministry of Finance	SGH Hail	Term Loans	69,650	24,210	-	24,210	Free
Arab National Bank	SGH Riyadh/SGH Jeddah	Tawarruq facilities	25,000	13,500	4,000	9,500	Saudi Interbank Offered Rate +2%
Alinma Bank	SGH Jeddah	Refinanced facility	60,000	51,000	-	51,000	Saudi Interbank Offered Rate +2.5%
Samba Bank	SGH Jeddah	Murabaha loan	35,000	19,500	-	19,500	Saudi Interbank Offered Rate +2.5%
Samba Bank	SGH Jeddah	Murabaha loan	20,000	20,000	1,250	18,750	Saudi Interbank Offered Rate +2.5%
Total			359,650	278,148	114,703	163,445	

Source: The Company

Table 183: Analysis of credit facilities by lender

SAR '000	Hospital	Type of available facilities	Payment conditions	Collaterals	Financial conditions
Ministry of Finance	SGH Aseer	Loans to finance the establishment of SGH Aseer	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Aseer and all of its buildings	N/A
Ministry of Finance	SGH Madinah	Loans to finance the establishment of SGH Madinah	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Madinah, what to be built thereon and all of its buildings	N/A
Ministry of Finance	SGH Riyadh	Loans to finance the establishment of SGH Riyadh	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Riyadh and all of its buildings	N/A
Ministry of Finance	SGH Hail	Term loans to finance the establishment of SGH Hail	Twenty equal annual premiums of SAR 3.5 million starting 2018G.	Mortgage of the land of SGH Hail and all of its buildings	N/A
Arab National Bank	SGH Riyadh	Tawarruq facilities to finance working capital needs	Refinance facilities for one, two, three, or six months as requested	Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million	Leverage ratio should not exceed 1.1x
Arab National Bank	SGH Jeddah	Tawarruq facilities to finance working capital needs	Refinance facilities for one, two, three, or six months as requested	Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million	Dividends should not exceed 20% of the net profit
Alinma Bank	SGH Jeddah	Refinance facilities to finance 80% of the amounts due from insurance companies.	Refinance facilities - Repayment in 180 days	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 100 million (Alinma Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	- Leverage ratio should not exceed 1.1x - Current ratio should exceed 1.25 x - Dividends should not exceed 50% of the net profit
Samba Bank	SGH Jeddah	Murabaha loan on deferred payment basis to finance payables related to SGH Jeddah	Current value of refinanced receivables - Repayment in 180 days	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	Current ratio should exceed 1x
Samba Bank	SGH Jeddah	Medium-term Murabaha loan to partially finance the acquisition of new residential buildings for the Hospital staff	Sixteen equal quarterly installments of SAR 1.25 million	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	The current ratio should exceed 1x Leverage ratio should not exceed 1.75x

Source: The Company

Bank loans of SGH Jeddah reached SAR 93.8 million as at 31 December 2014G, and include the following:

a- Refinance facilities for SGH Jeddah provided by Alinma Bank to meet the working capital needs of SGH Jeddah; the utilized balance reached SAR 51.0 million out of the total facilities amounting to SAR 60.0 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate;

b- Refinance Murabaha loan for SGH Jeddah provided by Samba Bank to meet the working capital needs; the utilized balance reached SAR 19.5 million out of the total facilities amounting to SAR 35.0 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate;

c- Medium-term Murabaha loan to SGH Jeddah provided by Samba Bank to partially finance the acquisition of new residential buildings for the hospital staff with balance due of SAR 18.75 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate, to be repaid in 16 annual installments; One installment was paid and fifteen are remaining as at 31 December 2014G; and

d- Tawarruq facilities provided by Arab National Bank to finance working capital needs with payable balance of SAR 4.5 million by SGH Jeddah (out of the total facilities amount of SAR 25 million), carrying a floating interest rate of 2.0% in addition to the Saudi Interbank Offer Rate.

Bank loans for SGH Hail consist of term loan of SAR 69.7 million provided by Ministry of Finance to finance the construction of SGH Hail with payable balance of SAR 24.2 million, to be repaid in 20 annual installments of SAR 3.5 million each, starting from 2018G.

Bank loans for SGH Madinah consist of term loans with a credit limit of SAR 50.0 million of which SAR 49.9 million is provided by Ministry of Finance to finance the construction of SGH Madinah with payable balance of SAR 21.8 million, to be repaid in 16 annual installments of SAR 3.1 million each. Nine out of sixteen installments have been paid and seven are remaining as at 31 December 2014G.

Loans for SGH Riyadh consist of a term loan of SAR 50.0 million provided by Ministry of Finance to finance the construction of SGH Riyadh with payable balance of SAR 15.6 million, to be repaid in 16 annual installments of SAR 3.1 million each. Eleven out of sixteen installments have been paid and five are remaining as at 31 December 2014G.

SGH Riyadh Bank loan from Arab National Bank representing Tawarruq facilities of SAR 7.0 million (out of the total facilities amounting to SAR 25 million), with a payables balance of SAR 5.0 million outstanding as at 31 December 2014G.

Bank loans for SGH Aseer consist of a term loan of SAR 50.0 million provided by Ministry of Finance to finance the construction of SGH Aseer with payable balance of SAR 3.0 million, to be repaid in 16 annual installments of SAR 3.1 million each. Fifteen out of sixteen installments have been paid and one is remaining as at 31 December 2014G.

Bank loans utilized by the Company as at 31 December 2014G are to be fully repaid by 2019G. Facilities due to Ministry of Finance as at 31 December 2014G are to be fully repaid by 2024G. The table below details the loan repayment schedule:

Table 184: Loan repayment table as at 31 December 2014G

SAR '000	The Company	2015G	2016G	2017G	2018G	2019G	2020G	2021G and beyond	Total
SGH Jeddah	Samba Bank	5,000	5,000	5,000	3,750	-	-	-	18,750
SGH Riyadh	Ministry of Finance	3,125	3,125	3,125	3,125	3,125	-	-	15,625
SGH Aseer	Ministry of Finance	3,047	-	-	-	-	-	-	3,047
SGH Madinah	Ministry of Finance	3,125	3,125	3,125	3,125	3,125	3,125	3,063	21,813
SGH Hail	Ministry of Finance	-	-	-	3,483	3,483	3,483	13,763	24,210
Total		14,297	11,250	11,250	13,483	9,733	6,608	16,826	83,445

Source: The Company

Table below sets out the Financing Structure of the Company for the audited financial years ended 31 December 2012G, 2013G, 2014G.

Table 185: Financing Structure for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Current Portion of Long Term Payables	-	11,780	8,768
Short Term Loans and Current Portion of Term Loans	12,500	73,625	94,297
Total short term loans	12,500	85,405	103,065
Long Term Loans	52,985	87,278	69,148
Long Term Payables	27,919	65,621	28,740

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Total long term loans	80,904	152,899	97,888
Total loans	93,404	238,304	200,953
Total Shareholders' Equity	612,460	906,096	1,139,753
Total loans as percentage of Shareholders' Equity	15.3%	26.3%	17.6%

The company does not have any bank overdrafts, commitments under acceptance, acceptance credits or hire purchase commitments.

Provision for End of service Benefits

Provision for end of service benefits reflects liabilities recorded at the current value of the incentives considered as rights to the employees in case their service got terminated at the date of the financial statements. Provision for end of service benefits increased from SAR 33.1 million as at 31 December 2012G to SAR 116.7 million as at 31 December 2013G mainly after SGH Jeddah (SAR 73.2 million) was included in the Company's financials in 2013G following the Reorganization effective September 2013G. Provision for end of service benefits increased to SAR 136.2 million as at 31 December 2014G, driven by an increase in the number of employees and increase in average salary per employee.

For more information regarding all the items of the current and non-current liabilities items, please see Section 6-6-2-3 "Analysis of Current Liabilities" and Section 6-6-2-5 "Analysis of Non-Current Liabilities" of this Prospectus.

Shareholders' equity

Table 186: Shareholders' equity for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Share Capital	590,000	767,000	767,000
Statutory Reserve	2,692	16,411	49,608
Retained Earnings	19,769	122,684	323,144
Total Shareholders' Equity	612,460	906,096	1,139,753
Minority Interest	32,177	48,305	47,155
Total Shareholders' Equity and Minority Interest	644,638	954,400	1,186,908
Return on Equity	10.1%	15.1%	29.1%

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

The Company decided to increase the share capital from SAR 590 million to SAR 767 million as a part of the Company's Reorganization effective September 2013G, as follows:

Paid-up capital as recorded in the audited financial statements	SAR 590,000,000
The amount transferred from the net assets in SGH Jeddah at the end of year, 31 December 2013G.	SAR 75,848,568
Shares in National Hail Company	SAR 25,980,000
98% of the shares in AJ Sons	SAR 490,000
98% of the retained earnings of AJ Sons for the year 2012G in addition to the statutory reserve and net income for the period from 1 January, 2013G to 30 September, 2013G	SAR 7,481,432
Shares acquired from BABAS	SAR 25,000,000
Dammam Land	SAR 42,200,000
Total	SAR 767,000,000

Retained Earnings

Retained earnings increased from SAR 19.8 million as at 31 December 2012G to SAR 122.7 million as at 31 December 2013G as a result of the Reorganization effective September 2013G in addition to an increase in the net income of SGH Riyadh. Retained Earnings increased to SAR 323.1 million as at 31 December 2014G, driven by the increase in net profit of SAR 331.9 million achieved in 2014G, which was partially offset by the distribution of dividends of SAR 92.0 million in the same year.

Minority Interest

Minority Interest for 2012G included the 20% owned by Zuhair Sebai in BABAS shares, since BABAS was subsidiary of the Company as the Company owned 80% of BABAS shares at that time.

Minority Interest for 2013G included the following:

1- The 0.01% owned by Sobhi Abduljalil Batterjee in BABAS shares, given BABAS was a subsidiary of the Company as the Company owned 99.99% of BABAS shares at that time;
2- The 2.0% equally owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons shares, where AJ Sons was a subsidiary of the Company as the Company owned 98.0% of AJ Sons shares at that time; and
3- The 60.03% owned by several other investors in NHC's shares, since NHC was a subsidiary of the Company as the Company owned 39.96% of NHC shares at that time.

Minority Interest for 2014G included the following:

1- The 0.01% owned by Sobhi Abduljalil Batterjee in BABAS shares, since BABAS was a subsidiary of the Company as the Company owned 99.99% of BABAS shares at that time;
2- The 2.0% equally owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons shares, whereas AJ Sons was a subsidiary of the Company that owned 98.0% of AJ Sons shares at that time; and
3- The 67.67% owned by several investors in NHC's shares, since NHC was a subsidiary of the Company as the Company owned 32.33% of NHC shares at that time.

6-5-3 Cash Flow Statement

Table 187: Cash Flow Statement, for the audited financial years ended 31 December 2012G, 2013G and 2014G

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Cash from operating activities			
Net Income for Year	61,994	137,198	331,969
Adjustments for non-cash items			
Depreciation and Amortization	38,782	42,729	44,546
End of Service benefits	7,996	13,806	19,481
Adjusted net income	108,772	193,733	395,996
Change in current assets and liabilities:			
Accounts receivable	(62,714)	(57,347)	(57,192)
Inventories	(5,030)	(16,691)	22,880
Prepaid expenses and other receivables	1,033	83	8,223
Net Related parties	(45,581)	(41,614)	6,234
Accounts payable	(14,455)	29,838	(14,183)
Accrued expenses and other payables	15,544	20,502	(12,676)
Net cash provided by operating activities	(2,431)	128,505	349,282
Cash flows from investing activities			
Property and equipment – net	(10,764)	(82,164)	(109,733)
Disposal of property, plant and equipment	342	3,946	-
Construction in progress	(1,940)	(79,866)	(13,513)
Net cash used in investing activities	(12,363)	(158,084)	(123,246)
Cash flows from financing activities			
Capital Increase	-	55,339	-
Loans	(6,250)	6,348	2,543
Long term payables	24,200	2,199	(36,881)

	2012G Audited (SAR '000)	2013G Audited (SAR '000)	2014G Audited (SAR '000)
Previous years adjustments	-	3,433	799
Dividends	-	(19,769)	(92,040)
Minority interest	4,849	15,965	(1,149)
Zakat and Tax Payable	(4,456)	(4,227)	(7,071)
Net cash (used in) financing activities	18,342	59,288	(133,800)
Net increase in cash	3,549	29,709	92,236
Cash balance at the beginning of the year	10,733	14,282	43,991
Cash balance at the end of the year	14,282	43,991	136,226

Source: Consolidated audited financial statements for the years ended 31 December 2012G, 2013G and 2014G

Net Cash from Operating Activities

Net cash from operating activities comprises of the net profit for the year with adjustments for non-cash items such as depreciation and amortization, adjustments for provision for end of service benefits, Zakat and finance charges and changes in working capital.

Net cash from operating activities increased from a net cash outflow of SAR 2.4 million in 2012G to a net cash inflow of SAR 349.3 million in 2014G as a result of the Reorganization effective September 2013G, in addition to a decrease in net change in working capital.

Net Cash from Investing Activities

Net cash from investing activities consists of additions to property and equipment, sale of property and equipment, and construction in progress.

Net cash used in investing activities increased from SAR 12.4 million in 2012G to SAR 158.1 million in 2013G, which is related to the purchase of land for Dammam Hospital for SAR 42.2 million, 3 additional buildings in Riyadh and Jeddah for SAR 25.4 million, and medical equipment for SAR 65.0 million. Net cash used in investing activities decreased to SAR 123.2 million in 2014G, which is mainly related to the purchase of medical equipment for SAR 59.2 million and construction and renovation works for SAR 33.0 million mainly in SGH Jeddah and SGH Aseer.

Net Cash from Financing Activities

Net cash from financing activities mainly relates to net changes in bank loans, net changes in amounts due to related parties, net changes in long term payables, and changes in retained earnings and dividends.

Net cash from financing activities increased from a net cash inflow of SAR 18.3 million in 2012G to SAR 59.3 million in 2013G, mainly driven by an increase in capital. Adjustments of SAR 3.4 million were made to retained earnings in 2013G due to the change in ownership of BABAS's and NHC's shares as a result of the Reorganization effective September 2013G. Net cash used in financing activities reached SAR 133.8 million in 2014G, which mainly consists of dividends of SAR 92.0 million paid to the Company's shareholders and reduction in long term payables balance of SAR 36.9 million in 2014G. Adjustment to retained earnings in 2014G was due to the change in ownership of BABAS's shares and NHC's capital.

6.6 Management Discussion and Analysis of Financial Position and Results of operations for the Proforma consolidated financial statements for the two years ended 31 December 2012G and 2013G, and the audited financial statements for the financial year ended 31 December 2014G.

The Board members acknowledge that financial information is only based on the assumptions mentioned below. No other assumptions were relied upon when preparing the proforma financial statements.

6-6-1 Consolidated Income Statement

Table 188: Consolidated Income Statement

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Operating Revenues	930,583	1,157,828	1,398,752	24.4%	20.8%	22.6%
Cost of Revenues	(498,119)	(569,460)	(648,988)	14.3%	14.0%	14.1%
Gross Profit	432,464	588,368	749,764	36.1%	27.4%	31.7%
Selling and Marketing Expenses	(130,213)	(187,492)	(189,951)	44.0%	1.3%	20.8%
General and Administrative Expenses	(164,464)	(206,018)	(239,948)	25.3%	16.5%	20.8%
Total Operating Expenses	(294,677)	(393,511)	(429,899)	33.5%	9.2%	20.8%
Operating Net Profit	137,787	194,857	319,865	41.4%	64.2%	52.4%
Other Income	11,311	21,397	23,163	89.2%	8.3%	43.1%
Depreciation and Amortization	(9,693)	(15,273)	(6,688)	57.6%	(56.2%)	(16.9%)
Net Income for the Year before Finance Charges	139,405	200,981	336,340	44.2%	67.3%	55.3%
Finance Charges	(15)	(1,281)	(4,129)	8440.0%	222.3%	1559.1%
Net Income for the Year before Zakat and Taxes	139,390	199,700	332,211	43.3%	66.4%	54.4%
Zakat of Subsidiaries	(7,140)	(7,760)	(585)	8.7%	(92.5%)	(71.4%)
Net Income for the Year before Minority Interest	132,250	191,940	331,626	45.1%	72.8%	58.4%
Minority Interest	140	609	343	335.0%	(43.7%)	56.5%
Net Income for the Year	132,390	192,549	331,969	45.4%	72.4%	58.4%
Gross Profit Margin	46.5%	50.8%	53.6%	9.3%	5.5%	7.4%
Net Profit Margin	14.2%	16.6%	23.7%	16.9%	42.7%	29.2%
Earning per Share (SAR)	1.44	2.09	3.61	41.8%	72.5%	56.4%
Net Profit Growth Rate	-	45.4%	72.4%	-	59.5%	-
Revenues Growth Rate	-	24.4%	20.8%	-	(14.8%)	-
Number of Inpatients	39,644	43,558	45,063	9.9%	3.5%	6.6%
Number of Outpatient Visits	958,514	1,032,178	1,093,816	7.7%	6.0%	6.8%
Number of Beds	696	740	778	6.3%	5.1%	5.7%

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

The Company prepared the Proforma consolidated financial information for the two years ended 31 December 2012G and 2013G to reflect the impact of the Reorganization effective September 2013G in the historical consolidated financial statements of the Company, as if the Reorganization had taken place on 1 January, 2012G. Accordingly, the Proforma consolidated financial information was prepared based on the following assumptions:

1- It was assumed that the acquisition of SGH Jeddah happened on 1 January, 2012G at book value. Accordingly, all assets and liabilities were added at their book value and the financial information for 2012G and for the first nine months of 2013G were amended and consolidated.

2- It was assumed that 98% of the shares in AJ Sons's capital were acquired on 1 January, 2012G at their book value. Accordingly, all assets and liabilities were added at their book value and the financial information for 2012G and for the first nine months of 2013G were amended and consolidated.

3- It was assumed that the investment representing 39.96% of the shares in NHC's capital was acquired on 1 January, 2012G at their book value. Accordingly, all assets and liabilities were added at their book value and the financial information for 2012G and for the first nine months of 2013G were amended and consolidated.

4- It was assumed that Dr. Zuhair Ahmed Sebai's shareholding representing 20% of the shares in BABAS capital was acquired on 1 January, 2012G. Accordingly, minority interest was recalculated in the income statement and balance sheet. Dr. Zuhair Sebai's shareholding was included as a current account for shareholders which represent his ownership in the Company's capital.

5- After taking into account all of the above, all intercompany sales between Company branches were excluded.

6- It was assumed that, starting from 1 January, 2012G, the Company is no longer required to pay management fees to BAB. Accordingly, the recording of management fees related to SGH Aseer, SGH Riyadh and SGH Madinah was reversed and the impact related to such reversal was recorded under item "dues to related parties" (BAB).

7- It was assumed that the rights to receive revenues of management supervision agreements were acquired on 1 January, 2012G. The revenue from the management supervision agreements related to SGH Dubai was included and consolidated for the first nine months of 2013G.

8- All expenses related to management supervision and other services were included in the financial statements of 2012G and the first nine months of 2013G.

9- The statutory reserve was calculated based on the audited financial statements for the two years ended 31 December 2012G and 2013G.

The Company's net revenues increased at a CAGR of 22.6% from SAR 930.6 million in 2012G to SAR 1,398.8 million in 2014G, mainly driven by an increase in the total number of patients at a CAGR of 6.8% during the same period, an increase in the number of beds from 696 in 2012G to 778 in 2014G, and an increase in revenue per patient during the same period. Gross profit margin increased from 46.5% in 2012G to 53.6% in 2014G due to increase in employee direct costs which was less than the increase in revenues during the same period, and also due to the decrease in hospital materials and supplies expenses as a percentage of the revenues from 23.8% in 2012G to 20.4% in 2014G, mainly driven by an increase in rebates and discounts from suppliers resulting from higher purchase volumes.

Sales and marketing expenses include expenses related to advertisement and marketing as well as the provision for doubtful debts and rejections. As percentage of revenues, sales and marketing expenses increased from 14.0% in 2012G to 16.2% in 2013G, due to an increase in rejections in SGH Madinah during the same period. In 2014G, sales and marketing expenses as percentage of revenues decreased to 13.6%, mainly due to the decrease in rejections from MoH. General and administrative expenses mainly included employee indirect costs, the traveling expenses, and health insurance costs for employees in addition to depreciation and amortization. These expenses as percentage of revenues represented 17.7% in 2012G, 17.8% in 2013G, and 17.6% in 2014G.

Other income mainly included fees paid by Al Batterjee College of Medical Science & Technology to SGH Jeddah for student training as well as rental income.

6-6-1-1 Revenue Analysis

A. Revenues by Entity

Table 189: Revenues by Entity for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Source Type (SAR)	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
SGH Jeddah	386,566	446,016	493,057	15.4%	10.5%	12.9%
SGH Riyadh	232,344	323,708	377,327	39.3%	16.6%	27.4%
SGH Aseer	175,077	209,455	290,759	19.6%	38.8%	28.9%
SGH Madinah	134,801	176,460	227,407	30.9%	28.9%	29.9%
Net Revenues from Hospitals	928,788	1,155,639	1,388,549	24.4%	20.2%	22.3%
AJ Sons	8,423	13,706	14,482	62.7%	5.7%	31.1%
Revenues from Management Supervision Agreements	-	1,029	8,760		751. 3%	
Total	937,211	1,170,374	1,411,791	24.9%	20.6%	22.7%

Source Type (SAR)	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Eliminations	(6,628)	(12,547)	(13,039)	89.3%	3.9%	40.3%
Total	930,583	1,157,828	1,398,752	24.4%	20.8%	22.6%

Source: The Company

Most of the Company's revenues are comprised of revenues from the Company's hospitals in Jeddah, Riyadh, Aseer and Madinah. Revenues of AJ Sons represent sales of medical equipment and consumables to the Company's hospitals and AJ Sons's sales of medical equipment and consumables to other hospitals. Revenues from management supervision agreements are related to fees paid by SGH Dubai under the management supervision agreement entered into with Emirates Health Care Development Company. There are no revenues from Management Supervision Agreements in 2012G as SGH Dubai opened in the same year without achieving any profit in 2012G. SGH Dubai began to achieve a profit in 2013G, thus, the Company reported revenues from Management Supervision Agreements of SAR 1 million. Revenues from management supervision agreements increased from SAR 1.0 million in 2013G to SAR 8.8 million in 2014G as a result of an increase in fees from SGH Dubai. Adjustments for intracompany sales between Company branches are related to sales of AJ Sons to the Company's hospitals.

SGH Jeddah

Table 190: Net revenues by service type SGH Jeddah for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Service type	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Inpatients	146,469	191,973	220,028	31.1%	14.6%	22.6%
Outpatients	147,666	152,844	169,379	3.5%	10.8%	7.1%
Patient revenues	294,135	344,818	389,407	17.2%	12.9%	15.1%
Pharmacy	92,431	101,199	103,650	9.5%	2.4%	5.9%
Total	386,566	446,016	493,057	15.4%	10.5%	12.9%
KPIs						
Number of inpatients	16,089	16,640	17,079			
Number of outpatient visits	500,246	529,266	527,180			
Number of beds	191	191	191			
Number of prescriptions	737,385	788,332	760,901			
Average inpatient revenue per inpatient (SAR)	9,104	11,537	12,883			
Average outpatient revenue per outpatient visit (SAR)	295	289	321			
Average pharmacy revenue per prescription (SAR)	125	128	136			

Source: The Company

Net revenues of SGH Jeddah increased by 15.4% from SAR 386.6 million in 2012G to 446.0 million in 2013G, mainly due to:

- an increase in average inpatient revenues per inpatient from SAR 9,104 in 2012G to SAR 11,537 in 2013G as a result of the change in case mix represented by an increase in the number of surgeries performed in the hospital;
- an increase in outpatient visits from 500,246 to 529,266 during the same period; and
- an increase in pharmacy revenues from SAR 92.4 million in 2012G to SAR 101.2 million in 2013G, due to an increase in the number of prescriptions from 737,385 in 2012G to 788,332 in 2013G, supported by the overall growth in patient traffic during the same year.

Total revenues of SGH Jeddah increased by 10.5% from SAR 446.0 million in 2013G to 493.1 million in 2014G, mainly due to:

- The continuous increase in average inpatient revenues per inpatient from SAR 11,537 in 2013G to SAR 12,883 in 2014G, due to an increase in the number of cardiac surgeries performed in the Hospital after the addition of the new catheterization laboratory; and
- An increase in outpatient revenues from SAR 152.8 million in 2013G to SAR 169.4 million in 2014G due to an increase in average outpatient revenues per outpatient visit from SAR 289 to SAR 321 during the same period, despite the decrease in the number of outpatient visits from 529,266 in 2013G to 527,180 in 2014G which were affected by the outbreak of MERS virus.

SGH Riyadh

Table 191: Net revenues by service type SGH Riyadh for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Service Type	2012G Proforma (SAR 000)	2013G Proforma (SAR 000)	2014G Audited (SAR 000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Inpatients	126,526	190,793	240,485	50.8%	26.0%	37.9%
Outpatients	52,422	64,072	63,778	22.2%	(0.5%)	10.3%
Patient revenues	178,948	254,865	304,263	42.4%	19.4%	30.4%
Pharmacy	53,396	68,842	73,063	28.9%	6.1%	17.0%
Total	232,344	323,708	377,327	39.3%	16.6%	27.4%
KPIs						
Number of inpatients	8,198	9,255	9,462			
Number of outpatient visits	177,478	185,788	202,517			
Number of beds	184	212	219			
Number of prescriptions	184,938	223,277	233,740			
Average inpatient revenue per inpatient (SAR)	15,434	20,615	25,416			
Average outpatient revenue per outpatient visit (SAR)	295	345	315			
Average pharmacy revenue per prescription (SAR)	289	308	313			

Source: The Company

Net revenues of SGH Riyadh increased by 39.3% from SAR 232.3 million in 2012G to 323.7 million in 2013G, mainly due to:

- an increase in inpatient revenues from SAR 126.5 million in 2012G to SAR 190.8 million in 2013G, driven by an increase in bed capacity from 184 to 212 during the same period, which led to an increase in inpatient numbers from 8,198 in 2012G to 9,255 in 2013G. In addition average inpatient revenue per inpatient increased from SAR 15,434 in 2012G to SAR 20,615 in 2013G driven by an increase in ICU patients during the same year, given average revenue per ICU patient is higher than that from inpatients for other cases;
- an increase in outpatient revenues from SAR 52.4 million in 2012G to SAR 64.1 million in 2013G due to an increase in outpatient visits from 177,478 to 185,788 during the same period, in addition to an increase in average outpatient revenues per visit from SAR 295 to SAR 345 in 2012G-2013G; and
- an increase in pharmacy revenues from SAR 53.4 million in 2012G to SAR 68.8 million in 2013G, due to an increase in the number of prescriptions from 184,938 in 2012G to 223,277 in 2013G, driven by the overall growth in patient numbers.
- Net revenues of SGH Riyadh increased by 16.6% from SAR 323.7 million in 2013G to SAR 377.3 million in 2014G. This increase was mainly due to the addition of 7 beds in ICU units during the same year in addition to an increase in ICU patients which led in return to an increase in the average inpatient revenue per inpatient from SAR 20,615 to SAR 25,416 during the same period. Outpatient revenues slightly decreased from SAR 64.1 million in 2013G to SAR 63.8 million in 2014G, despite the increase in outpatient visits from 185,788 in 2013G to 202,517 in 2014G due to the decision taken by the hospital to accept additional categories of health insurance patients during the same year resulting in a decrease in outpatient revenue.

SGH Aseer

Table 192: Net revenues by service type SGH Aseer for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Service Type	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Inpatients	96,056	111,814	190,324	16.4%	70.2%	40.8%
Outpatients	45,075	57,388	54,430	27.3%	(5.2%)	9.9%
Patient revenues	141,131	169,202	244,754	19.9%	44.7%	31.7%
Pharmacy	33,945	40,253	46,005	18.6%	14.3%	16.4%
Total	175,077	209,455	290,759	19.6%	38.8%	28.9%
KPIs						

Service Type	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Number of inpatients	9,035	10,160	10,368			
Number of outpatient visits	162,018	181,936	211,064			
Number of beds	181	183	184			
Number of prescriptions	263,814	279,967	258,086			
Average inpatient revenue per inpatient (SAR)	10,632	11,005	18,357			
Average outpatient revenue per outpatient visit (SAR)	278	315	258			
Average pharmacy revenue per prescription (SAR)	129	144	178			

Source: The Company

Net revenues of SGH Aseer increased from SAR 175.1 million in 2012G to 209.5 million in 2013G, mainly due to:

- an increase in inpatient revenues from SAR 96.1 million in 2012G to SAR 111.8 million in 2013G, mainly due the addition of two new beds in the ICU unit of the hospital during the same period;
- an increase in outpatient revenues from SAR 45.1 million in 2012G to SAR 57.4 million in 2013G due to an increase in both outpatient visits from 162,018 to 181,936 during the same period and an increase in average outpatient revenues per visit from SAR 278 to SAR 315 in 2013G; and
- an increase in pharmacy revenues from SAR 33.9 million in 2012G to SAR 40.3 million in 2013G because of an increase in the number of prescriptions from 263,814 in 2012G to 279,967 in 2013G, which was driven by the overall higher patient numbers together with the growth in average pharmacy revenues per prescription from SAR 129 to SAR 144 during the same period.

Net revenues of SGH Aseer increased from SAR 209.5 million in 2013G to 290.8 million in 2014G, mainly due to an increase in average revenue per inpatient from SAR 11,005 in 2013G to SAR 18,357 in 2014G as a result of the change in case mix due to an increase in the number of surgeries performed in the hospital. Such increase was offset by a slight decrease in revenue from outpatients from SAR 57.4 million in year 2013G to SAR 54.4 million in 2014G due to the offer by the hospital's management aiming to attract cash customers, which resulted in a decrease in revenue from outpatients per visit from SAR 315 in 2013G to SAR 258 in 2014G.

SGH Madinah

Table 193: Net revenues by service type SGH Madinah for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Service Type	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Inpatients	89,641	123,067	157,083	37.3%	27.6%	32.4%
Outpatients	26,245	29,074	35,720	10.8%	22.9%	16.7%
Patient revenues	115,886	152,141	192,804	31.3%	26.7%	29.0%
Pharmacy	18,915	24,319	34,603	28.6%	42.3%	35.3%
Total	134,801	176,460	227,407	30.9%	28.9%	29.9%
KPIs						
Number of inpatients	6,322	7,503	8,154			
Number of outpatient visits	118,772	135,188	153,055			
Number of beds	140	154	184			
Number of prescriptions	223,504	247,088	289,245			
Average inpatient revenue per inpatient (SAR)	14,179	16,402	19,265			
Average outpatient revenue per outpatient visit (SAR)	221	215	233			
Average pharmacy revenue per prescription (SAR)	85	98	120			

Source: The Company

Net revenues of SGH Madinah increased from SAR 134.8 million in 2012G to 227.4 million in 2014G. Such increase was mainly driven by an increase in inpatient revenues from SAR 89.6 million in 2012G to SAR 157.1 million in 2014G, due to addition of 44 new beds and an increase in average revenue per inpatient from SAR 14,179 in 2012G to SAR 19,265 in 2014G as a result of the change in case mix due to an increase in the number of surgeries performed in the hospital and the number of ICU cases treated in the hospital.

Pharmacy revenues also witnessed an increase from SAR 18.9 million in 2012G to SAR 34.6 million in 2014G, due to the overall growth in patient numbers in addition to the growth in average pharmacy revenue per prescription from SAR 85 in 2012G to SAR 120 in 2014G driven by an increase in ICU cases. It should be noted that medicines used to treat ICU cases are usually more expensive than medicines used in the treatment of other cases.

AJ Sons Revenues

AJ Sons revenues increased from SAR 8.4 million in 2012G to SAR 14.5 million in 2014G driven by the overall operational growth in all of the Company's hospitals which led to a higher volume of procurement by the Company hospitals from AJ Sons. It is worth noting that 90% of AJ Sons revenues in 2014G are from sales to the Company hospitals.

Revenues from Management Supervision Agreements

The Company has entered into management supervision agreements related to SGH Dubai, SGH Sanaa and SGH Cairo owned by BAB. The Company shall, by virtue of such agreements, provide the respective hospitals with certain services in addition to allowing them to operate under its brand name "SGH". In return, the Company is entitled to receive fees, which are determined as a percentage of net profit in the case of SGH Egypt while for other is EBIT. Revenues of management supervision agreements amounting to SAR 1 million in 2013G and SAR 8.8 million in 2014G are related to SGH Dubai, which witnessed an increase in revenues during the same period due to its improved operational and financial performance.

SGH Sanaa did not achieve any profits during the past three years, therefore the Company did not report any revenues from the Management Supervision Agreement with SGH Sanaa. The Company did not receive any fees from the Management Supervision Agreement with SGH Cairo, since the hospital is expected to commence its actual operation in the second quarter of 2016G.

B. Net Revenues by Payment Method

The following table shows the revenue distribution breakdown by cash vs. credit.

Table 194: Net Revenues by Payment Method, for the two Proforma financial years ended 31 December 2012G, 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)		2013G Proforma (SAR '000)		2014G Audited (SAR '000)	
	Cash Revenues	Credit Revenues	Cash Revenues	Credit Revenues	Cash Revenues	Credit Revenues
SGH Jeddah (Branch)	98,340	288,226	122,962	323,054	104,697	388,360
SGH Riyadh (Branch)	25,633	206,711	25,024	298,684	34,765	342,562
SGH Aseer (Branch)	54,310	120,767	58,578	150,877	81,500	209,259
SGH Madinah (Branch)	22,902	111,899	30,354	146,106	42,560	184,846
Abduljalil Ibrahim Batterjee Sons Development Company Ltd. (Branch)	81	8,343	18	13,687	89	14,394
Total	201,266	735,946	236,936	932,408	263,611	1,139,421

Source: The Company

Revenues from patients are classified as cash revenues if such patients are not covered by insurance cards or are not treated pursuant to direct agreements that the Company has with different companies. The following table shows the analysis of revenue; cash revenue on one hand and credit revenue by Customer type (Insurance, Ministry of Health or Direct Clients) on the other hand.

Table 195: Net revenues by client type for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Client Type	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Insurance	419,224	516,445	552,476	23.2%	7.0%	14.8%
Ministry of Health	212,061	284,926	428,481	34.4%	50.4%	42.1%
Cash Clients	201,186	236,918	263,522	17.8%	11.2%	14.4%
Direct Clients	96,318	117,350	144,069	21.8%	22.8%	22.3%
Net revenues from hospitals	928,788	1,155,639	1,388,549	24.4%	20.2%	22.3%

Source: The Company

Insurance companies constitute the largest client category for the Company. In 2014G, revenues generated from insurance companies represented 39.8% of net revenues from hospitals, followed by MoH representing 30.8%, with cash clients representing 19.0%, and direct corporate clients representing the remaining 10.4% of the Company's revenues.

Insurance companies

Revenues generated from insurance companies increased at a CAGR of 14.8% from SAR 419.2 million in 2012G to SAR 552.5 million in 2014G, due to the overall increase in the number of health insurance policy holders in the Kingdom. This is because of the insurance reforms introduced by the government, from 2008G to 2010G, for mandatory health insurance coverage for their Saudi and non-Saudi employees working in the private sector.

The Cooperative Company for Insurance (TAWUNIYA), the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) and Bupa Arabia for Cooperative Insurance (BUPA) are the key clients under this category and they collectively represented 83.4% of the total revenues generated from insurance companies in 2014G. Revenues generated from insurance companies represented around 45.0%, 44.6% and 39.5% of the Company's total revenues for the years 2012G, 2013G and 2014G respectively.

The Company has several agreements with cooperative health insurance companies with the aim of providing treatment and health care services to customers of such companies. The Company has significant reliance on such agreement for generation of its revenues.

Ministry of Health

Revenues from Ministry of Health increased at a CAGR of 42.1% from SAR 212.1 million in 2012G to SAR 428.5 million in 2014G driven by an increase in referrals from MoH. The Company hospitals are providing treatment to patients of MoH since 2005G. Such hospitals are among the key hospitals to which MoH refers patients, especially ICU cases. The higher bed capacity resulting from the addition of 82 new beds (in ICU wards and other wards too) during the past three years allowed the Company to receive more referrals from MoH.

In 2014G, MoH referral patients represented 6.9% of the net revenues of SGH Jeddah, 46.3% of the net revenues of SGH Riyadh, 37.1% of the net revenues of SGH Aseer, and 49.2% of the net revenues of SGH Madinah.

Cash Clients

Cash clients represent the third largest contributor to total revenues. As a percentage of net revenues, the revenues generated from cash clients decreased from 21.6% in 2012G to 18.8% in 2014G as a result of an increase in the numbers of health insurance policy holders in the Kingdom. The management has undertaken several initiatives to increase the numbers of cash patients by launching the privilege card program for certain tiers of clients and organizing awareness programs about different medical cases and the medical services for such cases available in the Company's hospitals.

Direct Clients

The direct clients' category includes companies with which the Company has entered into direct agreements to provide their employees with medical services. Such category represented around 10.3% of the Company's revenues from 2012G to 2014G.

Discounts

Table 196: Discounts for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Total Revenues	1,169,584	1,399,924	1,686,925	19.7%	20.5%	20.1%
Discounts	(240,795)	(244,286)	(298,377)	1.4%	22.1%	11.3%
Net Revenues from Hospitals	928,788	1,155,639	1,388,549	24.4%	20.2%	22.3%
The Percentage of Discounts to Total Revenues	20.6%	17.4%	17.7%			

Source: The Company

Discounts mainly include:

- Profile discounts, represent general discounts provided to each insurance provider, cash patient, or direct customer that are negotiated and agreed upon between the parties on an individual basis; and
- Package deals gains or losses, represent the gains or losses on specific procedures carried out at the Company's hospitals where actual amount billed to the patients was either more or less than the agreed upon price.

The percentage of discounts to the total revenues decreased from 20.6% in 2012G to 17.4% in 2013G due to the decrease in losses resulting from the offers granted to MoH, as the Company was able to implement improved cost control measures in respect of medical procedures provided under such offers.

The percentage of discounts to the total revenues slightly increased from 17.4% in 2013G to 17.7% in 2014G due to the management's efforts to increase cash patients and to increase number of direct client agreements.

C. Revenues by Department

Table 197: Revenues by department for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

Department	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Internal Medicine	155,480	191,704	209,159	23.3%	9.1%	16.0%
Pediatrics	107,370	149,767	197,706	39.5%	32.0%	35.7%
Orthopedics	104,496	143,998	176,052	37.8%	22.3%	29.8%
Obstetrics & Gynecology	65,114	95,266	112,983	46.3%	18.6%	31.7%
Surgery	51,123	70,443	89,671	37.8%	27.3%	32.4%
Cardiology	53,547	68,746	83,703	28.4%	21.8%	25.0%
Neurology	55,342	70,931	87,884	28.2%	23.9%	26.0%
Neurosurgery	51,764	39,102	72,465	(24.5%)	85.3%	18.3%
Oncology	34,894	44,006	47,073	26.1%	7.0%	16.1%
Urology	27,336	40,276	38,776	47.3%	(3.7%)	19.1%
Dentistry and Oral and Maxillo-facial Surgery	29,510	29,604	33,158	0.3%	12.0%	6.0%
Ear, Nose & Throat	24,884	28,473	33,445	14.4%	17.5%	15.9%
Rheumatology	23,353	26,908	28,102	15.2%	4.4%	9.7%
Cardiothoracic Surgery	17,709	24,599	29,138	38.9%	18.5%	28.3%
Emergency	21,747	22,940	28,481	5.5%	24.2%	14.4%
Physiotherapy and Rehabilitation	11,969	13,659	16,039	14.1%	17.4%	15.8%
Ophthalmology	11,655	13,172	13,267	13.0%	0.7%	6.7%
Plastic Surgery	9,588	9,264	15,379	(3.4%)	66.0%	26.6%
Others	71,907	72,783	76,071	1.2%	4.5%	2.9%
Total	928,788	1,155,640	1,388,550	24.4%	20.2%	22.3%

Source: The Company

Internal Medicine

Internal Medicine revenues increased at a CAGR of 16.0% from SAR 155.5 million in 2012G to SAR 209.2 million in 2014G, due to the following:

- the introduction of laparoscopic procedures in SGH Riyadh
- the addition of 4 new clinics to SGH Jeddah as well as receiving patients on Fridays
- higher total number of patients resulting from the many initiatives taken by the management; e.g. organizing awareness programs about different medical cases and the followed procedures with such cases in the Company's hospitals.

Pediatrics

Pediatrics revenues increased at a CAGR of 35.7% from SAR 107.4 million in 2012G to SAR 197.7 million in 2014G, due to the following:

- an increase in the number of ICU beds which allowed the Company to receive more MoH referrals. Different case mix, favoring ICU, also led to an increase in average revenue per inpatient in Pediatrics.
- higher number of neonatal care cases resulting from higher number of deliveries in the Company's hospitals.

Orthopedics

Orthopedics revenues increased at a CAGR of 29.8% from SAR 104.5 million in 2012G to SAR 176.1 million in 2014G, due to the following:

- higher number of MoH referrals.
- the introduction of new medical procedures in SGH Aseer, e.g. permanent knee replacement.
- higher average stay duration for inpatients driven by higher number of ICU cases.

Obstetrics & Gynecology

Obstetrics & Gynecology revenues increased at a CAGR of 31.7% from SAR 65.1 million in 2012G to SAR 113.0 million in 2014G, due to the following:

- Higher number of deliveries from 4,115 in 2012G to 5,281 in 2014G.
- The recruitment of four new doctors during the same period.
- Higher number of pre-natal cases as a result of higher number of deliveries.

Surgery

Surgery revenues increased at a CAGR of 32.4% from SAR 51.1 million in 2012G to SAR 89.7 million in 2014G due to higher number of operations from 4,686 in 2012G to 5,465 in 2014G and the higher number of specialist visits from 35,282 in 2012G to 42,633 in 2014G.

Cardiology

Cardiology revenues increased at a CAGR of 25.0% from SAR 53.5 million in 2012G to SAR 83.7 million in 2014G, due to the following:

- The introduction of new medical procedures in SGH Riyadh, like catheterization.
- The addition of a new catheterization lab in SGH Jeddah.
- The addition of five beds to the ICU for cardiovascular cases in SGH Jeddah.

Neurology

Neurology revenues increased at a CAGR of 26.0% from SAR 55.3 million in 2012G to SAR 87.9 million in 2014G, due to higher average revenues per inpatient from SAR 35,317 in 2012G to SAR 57,598 in 2014G driven by higher number of ICU cases.

Neurosurgery

Neurosurgery revenues increased at a CAGR of 18.3% from SAR 51.8 million in 2012G to SAR 72.5 million in 2014G, due to higher number of spine operations in SGH Riyadh and an increase in the number of MoH referrals. In addition to higher average stay duration for inpatients driven by higher number of ICU cases.

Oncology

Nuclear oncology revenues increased at a CAGR of 16.1% from SAR 34.9 million in 2012G to SAR 47.1 million in 2014G, driven by the higher number of outpatient cases of chemotherapy in SGH Riyadh.

Urology

Urology revenues increased from SAR 27.3 million in 2012G to SAR 40.3 million in 2013G, due to an increase in the number of outpatient visits from 26,943 in 2012G to 30,601 in 2013G, driven by higher number of MoH referrals.

Urology revenues decreased from SAR 40.3 million in 2013G to SAR 38.8 million in 2014G, due to a decrease in the number of inpatients from 2,656 in 2013G to 2,789 in 2014G, driven by higher number of one day surgeries in Urology Department.

Dentistry and Oral and Maxillo-facial Surgery

Dentistry and Oral and Maxillo-facial Surgery revenues increased from SAR 29.5 million in 2012G to SAR 33.2 million in 2014G, due to an increase in outpatient visits from 52,789 in 2012G to 50,027 in 2014G as a result of an increase in the number of clinics during the same period.

Ear, Nose and Throat

Ear, Nose and Throat revenues increased at a CAGR of 15.9% from SAR 24.9 million in 2012G to SAR 33.4 million in 2014G, due to an increase in the number of doctors from 18 to 22 resulting in an increase in outpatient visits.

Rheumatology

Rheumatology revenues increased at a CAGR of 9.7% from SAR 23.4 million in 2012G to SAR 28.1 million in 2014G, due to an increase in the number of outpatient visits from 25,598 in 2012G to 30,364 in 2014G as a result of the addition of a new consultant during the same period.

Cardiothoracic Surgery

Cardiothoracic Surgery revenues increased at a CAGR of 28.3% from SAR 17.7 million in 2012G to SAR 29.1 million in 2014G, due to higher number of ICU cases.

Emergency

Emergency revenues increased at a CAGR of 14.4% from SAR 21.7 million in 2012G to SAR 28.5 million in 2014G, driven by an increase in the number of emergency patients during the same period.

Physiotherapy and Rehabilitation

Physiotherapy and Rehabilitation revenues increased at a CAGR of 15.8% from SAR 12.0 million in 2012G to SAR 16.0 million in 2014G, driven by a higher number of cases in Orthopedics.

Ophthalmology

Ophthalmology revenues increased at a CAGR of 6.7% from SAR 11.7 million in 2012G to SAR 13.3 million in 2014G, due to higher number of outpatients from 41,397 in 2012G to 42,175 in 2014G.

Plastic Surgery

Plastic Surgery revenues slightly decreased from SAR 9.6 million in 2012G to SAR 9.3 million in 2013G, while they increased in 2014G compared to 2013G by 66.0% to reach SAR 15.4 million, due the recruitment of 4 new doctors in Plastic Surgery department.

Other Departments

Other Departments include departments of Psychiatry, Radiology and Medical Imaging, Laboratories, Dermatology, Pharmacy Sales for patients from outside the Company's hospitals and Restaurant Revenues. Revenues from other Departments slightly increased at a CAGR of 2.9% from SAR 71.9 million in 2012G to SAR 76.1 million in 2014G.

6-6-1-2 Cost of Revenues

Table 198: Cost of revenue by expense type for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Employee direct costs	201,829	242,998	277,267	20.4%	14.1%	17.2%
Hospital materials and supplies	221,219	251,203	285,389	13.6%	13.6%	13.6%
Depreciation	38,336	34,743	37,857	(9.4%)	9.0%	(0.6%)
Other direct expenses	38,149	43,974	52,574	15.3%	19.6%	17.4%
AJ Sons	5,215	9,088	8,940	74.3%	(1.6%)	30.9%
Cost of Revenues including intercompany revenues	504,748	582,007	662,027	15.3%	13.7%	14.5%
Eliminations	(6,628)	(12,547)	(13,039)	89.3%	3.9%	40.3%
Total	498,119	569,460	648,988	14.3%	14.0%	14.1%
As a % of revenues						
Employee direct costs	21.7%	21.0%	19.8%			
Hospital Materials and Supplies	23.8%	21.7%	20.4%			
Depreciation	4.1%	3.0%	2.7%			
Other direct expenses	4.1%	3.8%	3.8%			
AJ Sons	0.6%	0.8%	0.6%			
Total	53.5%	49.2%	46.4%			

Source: The Company

Employee Direct Costs

Employee direct costs include the salaries and benefits paid to doctors, nurses and other medical staff. Employee direct costs increased from SAR 201.8 million in 2012G to SAR 277.3 million in 2014G. This was mainly driven by the recruitment of 59 new doctors and 119 nurses, in line with the growth of the Company's operations given the increase in patient numbers during the same period and the addition of 82 new beds to the Company's four hospitals.

Employee direct costs decreased as a percentage of revenues from 21.7% in 2012G to 19.8% in 2014G, as the total increase in the employee direct costs was less than the increase in revenues during the same period.

Hospital Materials and Supplies

Hospital materials and supplies primarily include medicines, medical disposables, consumables, laboratory materials and food items. In line with the growth of the Company's operations, the hospital materials and supplies expenses increased from SAR 221.2 million in 2012G to SAR 281.3 million in 2014G.

The hospital materials and supplies expenses decreased as a percentage of revenues from 23.8% in 2012G to 20.4% in 2014G, driven mainly by the increase in discounts provided by the vendors as a result of the higher quantity of purchases.

Depreciation

The depreciation expenses are mainly related to buildings, medical equipment, furniture, fixtures and leasehold improvements. Depreciation decreased from SAR 38.3 million in 2012G to SAR 34.7 million in 2013G. This was primarily driven by a decrease in the depreciation cost of some medical equipment in SGH Madinah, where some medical equipment in SGH-Madinah reached the end of its useful life. Accumulated Depreciation of such medical equipment was 74.8% of total cost of such equipment as at 31 December 2013G. In 2014G, depreciation increased to SAR 37.9 million due to continuous replacement of old medical equipment in the Company's hospitals.

Other Direct Expenses

Other direct expenses primarily include costs relating to public utilities and stationery and maintenance expenses. In line with the growth of the Company's operations, the other direct expenses grew at a CAGR of 17.4% from SAR 38.1 million in 2012G to SAR 52.6 million in 2014G.

6-6-1-3 Gross Profit by Hospital

Table 199: Gross profit by Entity for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
SGH Jeddah	180,891	216,195	242,212	19.5%	12.0%	15.7%
SGH Riyadh	117,099	179,394	217,516	53.2%	21.3%	36.3%
SGH Aseer	72,758	92,305	152,926	26.9%	65.7%	45.0%
SGH Madinah	58,507	94,827	122,807	62.1%	29.5%	44.9%
Hospital gross profit	429,255	582,721	735,462	35.8%	26.2%	30.9%
AJ Sons	3,209	4,618	5,543	43.9%	20.0%	31.4%
Management supervision agreement revenues	-	1,029	8,760	0.0%	751.3%	0.0%
Total	432,464	588,368	749,764	36.1%	27.4%	31.7%
Gross profit margin						
SGH Jeddah	46.8%	48.5%	49.1%			
SGH Riyadh	50.4%	55.4%	57.6%			
SGH Aseer	41.6%	44.1%	52.6%			
SGH Madinah	43.4%	53.7%	54.0%			
AJ Sons	38.1%	33.7%	38.3%			
Total	46.5%	50.8%	53.6%			

Source: The Company

Gross profit margin was 46.5%, 50.8% and 53.6% in 2012G, 2013G and 2014G respectively. This was mainly due to:

A greater increase in revenues than the increase in the costs of revenues, where employee direct costs and hospital materials and supplies expenses decreased as a percentage of revenues. The of hospital materials and supplies expenses as a percentage of revenues was 23.8%, 21.7% and 20.4% in 2012G, 2013G and 2014G respectively, while employee direct costs as a percentage of revenues was 21.7%, 21.0% and 19.8% in 2012G, 2013G and 2014G respectively;

- A decrease in the pharmaceutical expenses as a percentage of revenues from 15.7% in 2012G to 14.4% in 2013G, further, to 13.6% in 2014G. This decrease was primarily driven by:
  - An increase in discounts and rebates provided by the vendors as a result of higher quantity of purchases.
  - Integration of purchasing activities of all the Company's hospitals in a specialized department.

There are differences in Gross profit margins for each of the four hospitals, primarily driven by difference in case mix in each hospital, while the gross profit margin in AJ Sons is affected from year to year based on types of products sold during the year.

6-6-1-4 Sales and Marketing Expenses

Table 200: Sales and marketing expenses for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Rejections	109,342	163,779	145,676	49.8%	(11.1%)	15.4%
Provision for doubtful debts	14,646	16,265	35,765	11.1%	119.9%	56.3%
Advertisements and marketing expenses	6,225	7,448	8,509	19.6%	14.2%	16.9%
Total	130,213	187,492	189,951	44.0%	1.3%	20.8%
As a % of revenues						
Rejections	11.7%	14.1%	10.4%			
Provision for doubtful debts	1.6%	1.4%	2.6%			
Advertisement and marketing expenses	0.7%	0.6%	0.6%			
Total	14.0%	16.2%	13.6%			

Source: The Company

Sales and marketing expenses include rejections, provision for doubtful debts, and advertisements and marketing expenses. Sales and marketing expenses increased from SAR 130.2 million in 2012G to SAR 189.9 million in 2014G. This was mainly driven by an increase in the rejections and the provision for doubtful debts.

Rejections

The rejections increased from SAR 109.3 million in 2012G to SAR 163.8 million in 2013G. This was primarily driven by an increase in the rejections in SGH Riyadh from SAR 42.5 million in 2012G to SAR 64.4 million in 2013G. This was due to settlement of invoices relating to old accounts receivable balances of insurance companies. The provision of rejections of SGH Madinah also increased from SAR 18.0 million in 2012G to SAR 36.0 million in 2013G. This was primarily driven by an increase in rejections by the Ministry of Health.

Despite the growth of the Company's operations, the rejections decreased from SAR 163.8 million in 2013G to SAR 145.7 million in 2014G. This has been achieved by improving the administrative procedure in the Company's hospitals, including better documentation of medical reports and procedures, as well as improvement in communication with insurance companies and the Ministry of Health. In addition, the Company benefited from the settlement of outstanding balances related to previous years in 2013G. For more details, please refer to section 6-5-1-4 of this Prospectus.

Provision for Doubtful Debts

The provision for doubtful debts increased from SAR 14.6 million in 2012G to SAR 16.3 million in 2013G, in line with the growth in credit revenues during the year. The provision for doubtful debts further increased to SAR 35.8 million during 2014G due to the adoption of a new provisioning policy in 2014G. For further details, see the subsection No. 6-6-2-2 "Analysis of Current Assets" of this Prospectus.

Advertisement and Marketing Expenses

Advertisement and marketing expenses mainly include expenses incurred by the Company in relation to print, radio and television media campaigns. The advertisement and marketing expenses increased from SAR 6.2 million in 2012G to SAR 8.5 million in 2014G. This was primarily driven by an increase in the number of advertisements in newspapers and promotional booth at various malls.

6-6-1-5 G&A Expenses

Table 201: G&A expenses for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Employee indirect costs	104,379	128,551	141,313	23.2%	9.9%	16.4%
Traveling expenses	12,391	18,274	20,818	47.5%	13.9%	29.6%
Employee health insurance costs	12,131	12,949	15,293	6.7%	18.1%	12.3%
Other expenses	35,563	46,244	62,524	30.0%	35.2%	32.6%
Total	164,464	206,018	239,948	25.3%	16.5%	20.8%
As % of total revenues						
Employee indirect costs	11.2%	11.1%	10.1%			
Traveling expenses	1.3%	1.6%	1.5%			
Employee health insurance costs	1.3%	1.1%	1.1%			
Other expenses	3.8%	4.0%	4.5%			
Total	17.7%	17.8%	17.2%			

Source: The Company

Employee Indirect Costs

Employee indirect costs represent the costs of salaries and benefits paid to the administrative and support staff. Employee indirect costs increased from SAR 104.4 million in 2012G to SAR 141.3 million in 2014G. This was primarily driven by an increase in the number of employees from 1,880 in 2012G to 2,233 in 2014G, in order to support the growth of the operations of the Company's hospitals.

Traveling Expenses

The traveling expenses include employee travel allowances, expenses of visiting doctors and costs of issuing and renewing residence permits. Traveling expenses increased from SAR 12.4 million in 2012G to SAR 20.8 million in 2014G. This was driven by the transfer of some employees from BAB to the Company after the Reorganization of the Company, and the increase in the fees of renewing residence permits from SAR 200 to SAR 2,400 per non-Saudi employee in 2013G and 2014G.

Employee Health Insurance Costs

Employee health insurance costs increased from SAR 12.1 million in 2012G to SAR 12.9 million in 2013G. This was primarily driven by an increase in the Company's number of employees and change in the insurance company from Mediterranean & Gulf Insurance & Reinsurance ("Med Gulf") to Tawuniya for insurance ("Tawuniya"). Employee insurance costs increased to SAR 15.3 million in 2014G, driven by an increase in number employees during the same period.

Other Expenses

Other expenses include expenses related to staff accommodation, repairs and maintenance, mail and phone, auditor and consultation fees, pre-operating expenses, hospital security costs, etc.

Details of such expenses are provided below:

Table 202: Other general and administrative expenses for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Accommodation expenses	9,712	10,445	14,009	7.5%	34.1%	20.1%
Office supplies	6,199	5,197	8,076	(16.2%)	55.4%	14.1%
Repairs and maintenance	1,857	3,816	6,378	105.5%	67.1%	85.3%
Mail and phone	3,344	3,941	5,711	17.9%	44.9%	30.7%
Audit and consultation fees	4,930	6,152	10,732	24.8%	74.4%	47.5%

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Security services	2,782	2,566	3,692	(7.8%)	43.9%	15.2%
Insurance costs	517	871	1,299	68.5%	49.1%	58.5%
Other Expenses	6,223	13,255	12,628	113.0%	(4.7%)	42.5%
Total	35,563	46,244	62,524	30.0%	35.2%	32.6%

Source: The Company

- Accommodation expenses increased from SAR 9.7 million in 2012G to SAR 14.0 million in 2014G due to the increase in the number of employees.
- Office supplies expenses decreased from SAR 6.2 million in 2012G to SAR 5.2 million in 2013G, driven by the lower office supplies expenses in SGH Riyadh. Office supplies expenses increased to SAR 8.1 million in 2014G, as a result of growth in the Company's business growth.
- Repairs and maintenance expenses increased from SAR 1.9 million in 2012G to SAR 6.4 million in 2014G, due to repair and maintenance carried out on the electric generator in SGH Riyadh, in addition to the renovation of SGH Jeddah and repairs and maintenance of non-medical equipment in SGH Aseer.
- Mail and phone expenses increased from SAR 3.3 million in 2012G to SAR 5.7 million in 2014G, driven mainly by the installation of telephone lines and internet services in SGH Aseer.
- Audit and consultation fees expenses increased from SAR 4.9 million in 2012G to SAR 10.7 million in 2014G, mainly due to increased audit fees in addition to the increased fees paid to consultants appointed to assist the Company in the renewal of the JCI accreditation and implementation of ERP. In addition, Company also paid license fees for ERP.
- Security services expenses increased from SAR 2.8 million in 2012G to SAR 3.7 million in 2014G, as a result of the increase in the number of security personnel hired from the security services company the Company has an agreement with.
- Insurance expenses increased from SAR 0.5 million in 2012G to SAR 1.3 million in 2014G. This was mainly driven by an increase in the assets insured by the Company.
- Other expenses increased from 2012G to 2014G, mainly due to an increase in the growth of the Company's operations.

6-6-1-6 Other Income

Table 203: Other income for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Training fees	4,282	13,669	15,781	219.2%	15.5%	92.0%
Revenues from general lectures funded and sponsored by pharmaceutical and surgical equipment companies	1,231	2,210	3,332	79.5%	50.8%	64.5%
Rental revenues	4,021	3,330	2,524	(17.2%)	(24.2%)	(20.8%)
Deferred revenues from selling fixed assets	25	44	160	76.0%	263.6%	153.0%
Diverse income	1,752	2,145	1,367	22.4%	(36.3%)	(11.7%)
Total	11,311	21,397	23,163	89.2%	8.3%	43.1%

Source: The Company

Other income grew at a CAGR of 43.1% from SAR 11.3 million in 2012G to SAR 23.2 million in 2014G. This was primarily driven by an increase in the income generated from Al Batterjee Medical College. In September 2012G, the Company began providing training to Al Batterjee College of Medical Science & Technology students at SGH Jeddah under an agreement between the Company and Al Batterjee Medical College, to be renewed annually. Such agreement will not be renewed after 2017G. Accordingly, there will not be any revenues from Al Batterjee Medical College in 2018G.

Currently, the Company organizes general lectures funded and sponsored by pharmaceutical and surgical equipment companies. Revenues from such lectures increased from SAR 1.2 million in 2012G to SAR 3.3 million in 2014G.

The rental revenues are related to income from renting shops and kiosks in the Company's hospitals. Rental revenues decreased from SAR 4.0 million in 2012G to SAR 2.5 million in 2014G after Bait al Batterjee Company for Education offices were closed in SGH Riyadh, SGH Aseer and SGH Madinah in 2014G.

6-6-1-7 Depreciation

Depreciation increased from SAR 9.7 million in 2012G to SAR 15.3 million in 2013G. This was primarily driven by purchasing a residential building in 2013G for staff accommodation in SGH Jeddah and SAR 1.6 million fees related to writing-off of assets that had been previously capitalized in SGH Riyadh. Depreciation expenses decreased to SAR 6.7 million in 2014G, where some SGH Madinah assets has reached the end of its useful life.

6-6-1-8 Analysis of Net Income

Table 204: Analysis of net income for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)	Y-o-Y 2012G-2013G	Y-o-Y 2013G-2014G	CAGR 2012G-2014G
Operating income	128,095	179,585	313,176	40.2%	74.4%	56.4%
Other income	11,311	21,397	23,163	89.2%	8.3%	43.1%
Finance charges	(15)	(1,281)	(4,129)	8440.0%	222.3%	1559.1%
Income before Zakat and minority interest	139,390	199,701	332,211	43.3%	66.4%	54.4%
Zakat	(7,140)	(7,760)	(585)	8.7%	(92.5%)	(71.4%)
Income before minority interest	132,250	191,940	331,626	45.1%	72.8%	58.4%
Minority interest	140	609	343	335.0%	(43.7%)	56.5%
Net profit	132,390	192,549	331,969	45.4%	72.4%	58.4%

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Net profit increased at a CAGR of 58.4% from SAR 132.4 million in 2012G to SAR 332.0 million in 2014G. This was driven by the general growth in the Company's operations, in addition to:

- Improvement of gross profit margin and operating profits, given the relatively fixed nature of a number of cost items.
- Improvement in procurement policies and administrative procedures which helped in controlling medical materials and supplies expenses and reducing rejections.

Finance Charges

Finance charges increased from SAR 15 thousand in 2012G to SAR 4.1 million in 2014G. This was primarily driven by transfer of some debts from SGH Jeddah to the Company as part of the Reorganization.

Zakat

In 2014G, Zakat expenses reached SAR 7.7 million, including SAR 0.6 million related to NHC and since NHC is a subsidiary, its Zakat has been accounted for in the income statement. The remaining Zakat cost of SAR 7.1 million has been deducted from the retained earnings. It should be noted that this treatment is as per Saudi Organization for Certified Public Accountants Standard No. 11, whereby Zakat provision and income tax are presented as a direct deduction from the retained earnings, and the related account payable amount was classified under the "Liabilities" section of the balance sheet.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2005G and up to 31 December 2008G. DZIT's assessment resulted in additional liability of SAR 18.1 million. The Company had appealed against such claims. Subsequently, DZIT reviewed and reduced the claims by SAR 6.7 million to SAR 11.4 million. Accordingly, the Company again filed an appeal against the reviewed claims which are is still under review by DZIT. The Company has not paid the amount claimed by DZIT.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2009G and 31 December 2010G. The Company has paid the amount claimed by DZIT, and received restricted Zakat certificate from DZIT. It should be noted that it's possible for DIZIT to claim further amounts for the years 2009G and 2010G, given that the Zakat assessment is not final.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2011G and 31 December 2012G. The Company has paid the amount claimed by DZIT, but the Company has not yet received a Zakat assessments for the financial years ended 2011G and 2012G, as these are still under review by DZIT.

The Company has submitted Zakat returns to DZIT for the financial period ended 31 December 2013G and 31 December 2014G. The Company has obtained a restricted Zakat certificate from DZIT. DZIT has claimed an additional amount of SAR 4.6 million for 2014G. The Company has filed an appeal against the additional amount and it is still under review by DZIT.

Minority Interest

The minority interest for 2012G and 2013G included:

1- 0.01%[13] owned by Sobhi Abduljalil Batterjee in BABAS shares. BABAS was a subsidiary of the Company (the Company owned then 99.99% of BABAS shares);

2- 2.0% equally owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons shares which was a subsidiary of the Company (the Company owned then 98.0% of AJ Sons); and

3- 60.03% owned by several investors in NHC shares which was a subsidiary of the Company (the Company owned then 39.96% of NHC).

The minority interest for 2014G included:

1- 0.01% owned by Sobhi Abduljalil Batterjee in BABAS shares. BABAS was a subsidiary of the Company (the Company owned then 99.99% of BABAS shares);

2- 2.0% equally owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons shares which is a subsidiary of the Company (the Company owned then 98.0% of AJ Sons). In 2015G, the Company acquired the share owned by Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee in AJ Sons for SAR 10 thousand representing 2.0% of AJ Sons' ownership; and

3- The minority interest for 2014G included 67.67% owned by several investors in NHC shares which is a subsidiary of the Company (the Company owned then 32.33% of NHC).

6-6-2 Company Consolidated Balance Sheet

The table below shows the Proforma consolidated balance sheet of the Company and its subsidiaries for the periods ended 31 December 2012G and 2013G, as well as the audited consolidated financial statement of the Company and its affiliates for the year ended 31 December 2014G.

Table 205: Company consolidated balance sheet for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Assets			
Current Assets			
Cash and Bank Balances	16,493	34,487	136,226
Trade Receivables	452,895	543,222	600,414
Inventory	77,070	98,758	75,878
Prepayments and Other Assets	31,554	31,122	22,899
Amounts Due from Related Parties	3,329	17,081	10,847
Total Current Assets	581,341	724,671	846,265
Non-Current Assets			
Property and Equipment	643,773	743,130	808,318
Work in Progress	89,709	110,278	123,791
Deferred Charges	8,482	-	-
Total Non-Current Assets	741,964	853,409	932,109
Total Assets	1,323,305	1,578,080	1,778,374
Liabilities and Equity			
Current Liabilities			
Trade Payables	120,457	183,395	160,444
Accrued Expenses and Other Liabilities	86,229	106,545	93,869

13 Until the Reorganization date in September 2013G, BABAS had been 80% owned by the Company and 20% by Dr. Zuhair Sebai. Due to Reorganization, Dr. Zuhair Sebai is no longer a partner of BABAS (becoming a partner of Middle East Healthcare Company). To retain the legal status of BABAS as Limited Liability Company, the articles of association was amended granting Middle East Healthcare Company ownership of 99.99% of the Shares, and Sobhi Abduljalil Batterjee the remaining Shares. In 2014G, BABAS was converted from a Limited Liability Company to a subsidiary of Middle East Healthcare Company.

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Current Portion of Long Term Payables	-	-	8,768
Short Term Loans and Current Portion of Long Term Loans	18,847	73,625	94,297
Total Current Liabilities	225,533	363,565	357,378
Non-Current Liabilities			
Long Term Loans	58,485	87,278	69,148
Long Term Payables	61,153	65,621	28,740
Deferred Revenues	252	-	-
Provision for End of Service Benefits	91,667	116,720	136,200
Total Non-Current Liabilities	211,556	269,618	234,088
Total Liabilities	437,090	633,183	591,466
Partners' Equity			
Equity Attributable to Shareholders			
Share Capital	748,687	767,000	767,000
Statutory Reserve	2,692	16,411	49,608
Retained Earnings	91,095	113,181	323,144
Total Shareholders' Equity	842,473	896,592	1,139,753
Minority Interest	43,742	48,305	47,155
Total Shareholders' Equity and Minority Interest	886,215	944,897	1,186,908
Total Liabilities and Equity	1,323,305	1,578,080	1,778,374

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

The Company's assets increased from SAR 1.3 billion as at 31 December 2012G to SAR 1.6 billion as at 31 December 2013G. This was driven by an increase in both current and non-current assets by SAR 143.3 million and SAR 111.4 million respectively. The current assets increased from SAR 581.3 million as at 31 December 2012G to SAR 724.7 million as at 31 December 2013G. This was driven by an increase in trade receivables due to an increase in the Company's credit revenues. The non-current assets increased from SAR 742.0 million as at 31 December 2012G to SAR 853.4 million as at 31 December 2013G mainly driven by an increase in property and equipment from SAR 643.7 million as at 31 December 2012G to SAR 743.1 million as at 31 December 2013G following the purchase of additional lands, buildings and medical equipment to support the Company's operational growth.

Total assets increased again to reach SAR 1.8 billion as at 31 December 2014G as a result of an increase in current assets of SAR 121.6 million and non-current assets of SAR 78.7 million. The increase in the current assets as at 31 December 2014G was primarily due to an increase in cash and bank balances by SAR 101.7 million and a growth in trade receivables of SAR 57.2 million. This was slightly offset by a decrease in inventory by SAR 22.9 million and the amounts due from related parties by SAR 6.2 million. The current assets represented 47.6% of the Company's total assets as at 31 December 2014G, 45.9% of the Company's total assets as at 31 December 2013G and 43.9% of the Company's total assets as at 31 December 2012G

Total liabilities increased from SAR 437.1 million as at 31 December 2012G to SAR 633.2 million as at 31 December 2013G. This was driven by an increase in both current and non-current liabilities by SAR 138.0 million and SAR 58.1 million respectively. The current liabilities increased from SAR 225.5 million as at 31 December 2012G to SAR 363.6 million as at 31 December 2013G primarily driven by an increase in trade payables from SAR 120.5 million as at 31 December 2012G to SAR 183.4 million as at 31 December 2013G, in line with the overall growth of the Company's operations, The increase of short term loans and current portion of long term loans from SAR 18.8 million as at 31 December 2012G to SAR 73.6 million as at 31 December 2013G was mainly due to the transfer of some bank loans from BAB Medical Company Ltd to the Company. Total liabilities decreased to SAR 591.5 million as at 31 December 2014G as a result of a decrease in current liabilities of SAR 6.2 million and non-current liabilities of SAR 35.5 million. The decrease of trade payables from SAR 183.4 million as at 31 December 2013G to SAR 160.4 million as at 31 December 2014G was a result of the Company's improvements to the purchase policies and administrative procedures that helped to control medical materials and supplies expenses as well as a result of the settlement of previous balances.

The total shareholders' equity and minority interest includes the share capital, statutory reserve, retained earnings and minority interest. Total shareholders' equity and minority interest increased from SAR 886.2 million as at 31 December 2012G to SAR 944.9 million as at 31 December 2013G, mainly driven by an increase in share capital from SAR 748.7 million as at 31 December 2012G to SAR 767.0 million as at 31 December 2013G, coupled with an increase in the retained earnings from SAR 91.1 million as at 31 December 2012G to SAR 113.2 million as at 31 December 2013G as a result of an increase in the Company's net profits to SAR 192.5 million in 2013G. Total shareholders' equity and minority increased again to SAR 1.2 billion as at 31 December 2014G given the continued growth in the Company's net profit amounting to SAR 332.0 million during 2014G, which was partially offset by an increase in dividends of SAR 92.0 million during the same period. For further details, see Subsection No. 6-6-2-6 " Equity attributable to shareholders " of this Prospectus.

6-6-2-1 Net Working Capital

Table 206: Net working capital for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Cash and Bank Balances	16,493	34,487	136,226
Trade Receivables	452,895	543,222	600,414
Inventory	77,070	98,758	75,878
Prepayments and Other Assets	31,554	31,122	22,899
Amounts Due from Related Parties	3,329	17,081	10,847
Total Current Assets	581,341	724,671	846,265
Trade Payables	120,457	183,395	160,444
Accrued Expenses and Other Liabilities	86,229	106,545	93,869
Current Portion of Long Term Payables	-	-	8,768
Short Term Loans and Current Portion of Long Term Loans	18,847	73,625	94,297
Total Current Liabilities	225,533	363,565	357,378
Net Working Capital	355,808	361,107	488,887

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Net working capital includes cash and bank balances, trade receivables, inventory, prepayments and other assets, amounts due from Related Parties less trade payables, accrued expenses and other liabilities, current portion of long term payables and short term loans and current portion of long term loans.

The working capital increased from SAR 355.8 million as at 31 December 2012G to SAR 361.1 million as at 31 December 2013G, driven mainly by an increase in current assets from SAR 581.3 million as at 31 December 2012G to SAR 724.7 million as at 31 December 2013G. The increase in the current assets was primarily driven by an increase in trade receivables from SAR 452.9 million as at 31 December 2012G to SAR 543.2 million as at 31 December 2013G due to an increase in credit revenues from SAR 729.4 million as at 31 December 2012G to SAR 919.9 million as at 31 December 2013G. The increase in current assets was partially offset by an increase in current liabilities from SAR 225.5 million as at 31 December 2012G to SAR 363.6 million as at 31 December 2013G as a result of an increase in trade payables from SAR 120.5 million as at 31 December 2012G to SAR 183.4 million as at 31 December 2013G, in line with the increase in the purchases of pharmaceutical products and medical consumables and supplies, coupled with an increase in the balance of short term loans and current portion of long term loans from SAR 18.8 million as at 31 December 2012G to SAR 73.6 million as at 31 December 2013G after the transfer of some bank loans from BAB to the Company.

Working capital increased to SAR 488.9 million as at 31 December 2014G driven by an increase in cash and bank balances from SAR 34.5 million as at 31 December 2013G to SAR 136.2 million as at 31 December 2014G due to an increase in cash from operating activities, coupled with an increase in the Company's trade receivables to SAR 600.4 million as at 31 December 2014G. In addition, the balance of trade payables decreased to SAR 160.4 million and accrued expenses and other liabilities decreased to SAR 93.9 million as at 31 December 2014G. The current portion of long term payables increased to SAR 8.8 million during the same period.

6-6-2-2 Analysis of Current Assets

(A) Cash and Bank Balances

The cash and bank balances include petty cash and bank balances as at the date of the financial statements. The cash and bank balances increased from SAR 16.5 million as at 31 December 2012G to SAR 34.5 million as at 31 December 2013G, in line with the total growth in cash flows from operating activities from SAR 71.8 million as at 31 December 2012G to SAR 225.5 million as at 31 December 2013G. As at 31 December 2014G, the cash and bank balances increased to SAR 136.2 million driven by the continuing growth in cash flows from operating activities amounting SAR 349.3 million as at 31 December 2014G.

(B) Trade Receivables

Table 207: Trade receivables for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Hospitals	380,272	456,630	526,155
Unbilled Revenues	109,836	148,338	182,228
Current Inpatients	19,519	13,498	8,608
Trade Receivables of AJ Sons	2,926	2,199	1,881
Gross Trade Receivables	512,552	620,665	784,401
Provision for Doubtful Debts and Rejections	(59,657)	(77,442)	(183,987)
Total	452,895	543,222	600,414
Days Receivables Outstanding	204	195	183

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Net trade receivables account of the Company represents the amounts due from the Ministry of Health, insurance companies and direct clients (the companies). Net trade receivables includes gross trade receivables, which comprise unbilled revenues, amounts due from current inpatients as at the date of the financial statements and the total trade receivables of AJ Sons (after eliminating the trade receivables balances between the Company branches) less provisions for doubtful debts and rejections.

Trade receivables increased from SAR 452.9 million as at 31 December 2012G to SAR 543.2 million as at 31 December 2013G, driven mainly by an increase in trade receivable in SGH Riyadh, SGH Jeddah and SGH Madinah by SAR 32.1 million, SAR 28.3 million and SAR 23.6 million respectively as a result of an increase in credit revenues from SAR 727.6 million as at 31 December 2012G to SAR 918.7 million as at 31 December 2013G.

The trade receivables increased to SAR 600.4 million as at 31 December 2014G, driven largely by an increase in the accounts receivable of SGH Aseer and SGH Jeddah by SAR 43.5 million and SAR 22.4 million respectively during the same period. This increase in the accounts receivable of SGH Aseer was due to an increase in revenues from the Ministry of Health representing a large portion of the hospital's credit revenues (51.1% of credit revenues as at 31 December 2014G).

The unbilled revenues increased from SAR 109.8 million as at 31 December 2012G to SAR 247.8 million as at 31 December 2014G due to an increase in the Company's credit revenues from SAR 729.4 million to SAR 1,126.8 million during the same period. It is worth noting that bills are sent to the Ministry of Health and insurance companies in batches, usually 5-10 days after patient discharge.

Changes in the balance of current inpatients mainly depend on the due dates of outstanding claims from those inpatients, knowing that the Company cannot issue bills if an inpatient is not discharged, except for some critical cases exceeding 90 days where the concerned hospital may negotiate with a customer to issue partial bills.

AJ Sons' trade receivables decreased from SAR 2.9 million as at 31 December 2012G to SAR 2.2 million as at 31 December 2013G after a decrease in the sales to third party hospitals from SAR 1.8 million as at 31 December 2012G to SAR 1.2 million as at 31 December 2013G. AJ Sons' trade receivables further decreased to SAR 1.9 million as at 31 December 2014G despite the increase of sales to third party hospitals to SAR 1.4 million. The decrease in AJ Sons trade receivables was primarily driven by improved collections from third party hospitals.

Provision for doubtful debts and rejections increased from SAR 59.7 million as at 31 December 2012G to SAR 77.4 million as at 31 December 2013G in line with the growth in trade receivables balance. Provision for doubtful debts and rejections further increased to SAR 184.0 million as at 31 December 2014G following the application of a new provisioning policy. The newly adopted provisioning policy is discussed in details later in this section.

Trade Receivables by Entity

Table 208: Trade receivables by Entity for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
SGH Jeddah	131,169	159,514	181,876
SGH Riyadh	122,971	155,093	143,843
SGH Aseer	80,733	87,737	131,214
SGH Madinah	115,096	138,679	141,599
AJ Sons	2,926	2,199	1,881
Total	452,895	543,222	600,414
Days Receivables Outstanding (DSO)			
SGH Jeddah	155	162	158
SGH Riyadh	205	168	157
SGH Aseer	215	201	188
SGH Madinah	314	313	272
DSO of the Company's hospitals	204	195	183

Source: The Company

Trade receivables reached SAR 600.4 million as at 31 December 2014G. Trade receivables of SGH Jeddah, SGH Riyadh, SGH Aseer, and SGH Madinah accounted for 30.3%, 24.0%, 21.9% and 23.6% of the Company's total trade receivables balance respectively.

Trade receivables of SGH Jeddah increased from SAR 131.2 million as at 31 December 2012G to SAR 181.9 million as at 31 December 2014G following an increase in credit revenues from SAR 288.2 million as at 31 December 2012G to SAR 388.4 million as at 31 December 2014G.

Trade receivables of SGH Riyadh increased from SAR 123.0 million as at 31 December 2012G to SAR 155.1 million as at 31 December 2013G driven by an increase in credit revenues from SAR 206.7 million as at 31 December 2012G to SAR 298.7 million as at 31 December 2013G. The trade receivables balance of SGH Riyadh decreased to SAR 143.8 million as at 31 December 2014G despite the increase in credit revenues to SAR 342.6 million as at 31 December 2014G due to the settlement of payments on time and the improved collections from credit clients.

Trade receivables of SGH Aseer increased from SAR 80.7 million as at 31 December 2012G to SAR 131.2 million as at 31 December 2014G following an increase in credit revenues from SAR 120.8 million as at 31 December 2012G to SAR 209.3 million as at 31 December 2014G.

Trade receivables of SGH Madinah increased from SAR 115.1 million as at 31 December 2012G to SAR 138.7 million as at 31 December 2013G driven by an increase in credit revenues from SAR 111.9 million as at 31 December 2012G to SAR 146.1 million as at 31 December 2013G. The trade receivables balance of SGH Madinah slightly increased to SAR 141.6 million as at 31 December 2014G despite the increase in credit revenues to SAR 184.8 million as at 31 December 2014G. This is due to improvement in collection from the Ministry of Health, which is evident by a decrease in days receivables outstanding by 41 days during the same period.

The total days receivables for the Company decreased from 204 days as at 31 December 2012G to 195 days as at 31 December 2013G driven by a decrease in the days receivables for insurance companies due to improved collection and on time settlements, partially offset by an increase in the days receivables for the Ministry of Health from 308 days to 333 days during the same period as a result of a delay in collection for both SGH Jeddah and SGH Madinah. The Company's days receivables further decreased to 183 days as at 31 December 2014G, mainly driven by a decrease in the days receivables outstanding in all the Company's hospitals, especially in SGH Madinah by 41 days. It should be noted that days receivables of SGH Madinah's are high compared to the rest of the Company's hospitals, mainly due to the time taken by the Ministry of Health to pay the outstanding amounts. The decrease in the days receivables outstanding in all the Company's hospitals is mainly due to the Company's management focus on improving collections. In addition, in 2014G collection from Ministry of Health improved after the settlement of the unpaid balances to the Company with the Ministry of Health after agreeing on a one-time percentage of rejections that was applied on those balances.

Analysis of Trade Receivables Aging

Table 209: Trade receivables ages as at 31 December 2014G

SAR '000	Current Inpatients	Unbilled Revenues	0-30 days	31-360 days	1-2 years	2-3 years	After 3 years	Total amount	Provisions	Net amount
SGH Madinah	6,318	20,536	12,537	88,467	44,318	22,816	3,644	198,638	(57,039)	141,599
SGH Jeddah	14,080	85,206	35,566	69,887	16,563	9,341	21,521	252,163	(70,287)	181,876
SGH Riyadh	17,569	34,504	25,236	71,013	20,522	10,542	9,114	188,500	(44,657)	143,843
SGH Aseer	36,168	41,981	18,763	40,801	3,929	1,576	-	143,219	(12,005)	131,214
Total	74,136	182,228	92,102	270,168	85,333	44,275	34,279	782,520	(183,987)	598,533
AJ Sons										1,881
Total										600,414

Source: The Company

The analysis of the Company's trade receivables aging as at 31 December 2014G shows that 44.5% of the total balance of the trade receivables was due for less than one month and consists of the following:

- Current inpatients, related to long stay patients (above 30 days) to whom the Company issues invoices at the end of each month. Invoices that are not settled within 30 days move to the following trade receivables aging class according to their respective time period; and
- Unbilled revenues, related to inpatients discharged from the hospital, however their bills have yet to be issued since they got discharged before completion of the 30 days billing cycle.

This classification is applied to all the Company's customers including insurance companies, MoH, cash, and direct customers.

Of the total trade receivables balance, 34.5% represented amounts dues for one month to one year, while 20.9% represented dues for more than one year.

SGH Madinah accounted for 43.2% of the total balance of the trade receivables due for more than one year, while SGH Jeddah accounted for 28.9% of that balance followed by SGH Riyadh and SGH Aseer at 24.0% and 3.4% respectively.

Trade Receivables Aging by Client

Table 210: Trade receivables aging by client as at 31 December 2014G

SAR '000	Current Inpatients	Unbilled Revenues	0-30 days	31-360 days	1-2 years	2-3 years	After 3 years	Total amount	Provisions	Net amount
Ministry of Health	54,834	83,137	33,848	148,624	63,381	37,079	26,120	447,022	(114,833)	332,189
Insurance	7,641	57,392	43,235	80,738	6,733	1,768	911	198,419	(31,567)	166,852
Direct and Other	11,662	41,699	15,019	40,805	15,218	5,428	7,247	137,079	(37,587)	99,492
Total	74,136	182,228	92,102	270,168	85,333	44,274	34,279	782,520	(183,987)	598,533
AJ Sons										1,881
Total										600,414

Source: The Company

Ministry of Health trade receivables accounted for 55.3% of the net accounts receivable, while the trade receivables for insurance companies accounted for 27.8% of the net accounts receivable. Higher concentration of Ministry of Health's trade receivables is considered to be normal in the Saudi market, given that the Ministry of Health is one of the largest clients of private hospitals working in the Kingdom. Furthermore, the settlement and payment of invoices by the Ministry of Health takes longer period compared to other clients. As mentioned above, current inpatients are long stay patients (above 30 days) to whom the Company issues invoices at the end of each month. Whereas unbilled revenues are related to inpatients discharged from the hospital, however their bills have yet to be issued since they got discharged before completion of the 30 days billing cycle

The provision for doubtful debts and rejections amounted to SAR 184.0 million as at 31 December 2014G in line with the newly adopted provisioning policy (detailed in the table below). The available provisions as at 31 December 2014G covered 30.8% of the trade receivables due for less than one year, 34.0% of the trade receivables due for 1-2 years and 85.6% of the accounts receivables due for more than two years.

Table 211: Changes in the provisions for doubtful debts and rejections for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Balance at the Beginning of the Year	28,309	59,657	77,442
Provisions during the Year	123,988	180,044	181,441
Total	152,297	239,701	258,884
Adjustments during the Year	(92,640)	(162,259)	(74,897)
Total	59,657	77,442	183,987

The provisions for doubtful debts and rejections include the provisions for rejections for insurance companies and the Ministry of Health, and the provisions for both bad and doubtful debts from cash clients.

The changes in the reconciliation period of invoices affect the adjustments amount from year to year. In 2013G, the reconciliation period extended to more than one year due to a delay in negotiations with the insurance companies on settlement of invoices leading to an increase in adjustments to SAR 162.2 million in that year.

As per the trade receivables ageing and the Company's provisioning policy, the amount of bad and doubtful debts and rejections shall be charged as an expense in the income statement, and it shall be added to the "Provision for Bad and Doubtful Debts and Rejections" item in the balance sheet.

When these claims are actually rejected, the amount of rejections shall be written off from the "Provision for Bad and Doubtful Debts and Rejections" item and the "Accounts Receivable" item.

Provision Policy

Table 212: Detailed below is the newly implemented provision policy:

Client/Period	Percentage
Retail clients	
Less than one year	25% of total monthly claims
More than 1 year	100% of total outstanding amounts
Insurance companies	
Less than one year	15% of total monthly claims
1-2 years	25% of total outstanding amounts
More than 2 years	100% of total outstanding amounts
Other government clients	
Less than one year	12% of total monthly claims
1-2 years	25% of total outstanding amounts
More than 2 years	100% of total outstanding amounts
Direct corporate clients	
Less than one year	10% of total monthly claims
1-2 years	25% of total outstanding amounts
More than 2 years	100% of total outstanding amounts
Ministry of Health	
Less than one year	5-25% of total monthly claims
1-2 years	25-33% of total outstanding amounts
2-3 years	50-100% of the total outstanding amounts
More than 3 years	100% of total outstanding amounts

Source: The Company

Due to the implementation of new provisioning policy, bad and doubtful debt provision item increased by SAR 2.4 million in 2014G

(C) Inventories

Table 213: Inventories by nature for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Pharmacy supplies	36,993	50,957	48,562
Medical supplies	29,895	40,276	21,631
Other supplies	10,181	9,971	5,759
Inventory balance	77,070	101,204	75,952
Provision for slow moving and obsolete inventories	-	(2,446)	(74)
Total	77,070	98,758	75,878
Days inventory outstanding (DIO)	115	128	112

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

The Company's inventories consist of pharmacy, medical and other supplies less the provision for slow moving and damaged inventories.

The Company's inventory balance increased from SAR 77.1 million as at 31 December 2012G to SAR 101.2 million as at 31 December 2013G driven by an increase in pharmacy supplies from SAR 37.0 million as at 31 December 2012G to SAR 50.9 million as at 31 December 2013G and an increase in medical supplies from SAR 29.9 million as at 31 December 2012G to SAR 40.3 million as at 31 December 2013G. The growth in the inventory of pharmacy and medical supplies is due to the overall growth in the Company's operations.

The total inventory balance decreased to SAR 76.0 million as at 31 December 2014G driven by a decrease in medical supplies from SAR 40.3 million as at 31 December 2013G to SAR 21.6 million as at 31 December 2014G and a decrease in other supplies from SAR 10.0 million as at 31 December 2013G to SAR 5.8 million as at 31 December 2014G. The decrease in total inventory as at 31 December 2014G was mainly due to the Company's management of procurements to maintain 60 days of inventory without affecting the Company's operations, compared to previous procurement policy when the Company would buy larger amounts in order to receive higher discounts resulting in higher levels of inventory days, and in addition also due to the writing off of slow moving inventories of SAR 2.4 million after the application of a new provisioning policy. As a result, the Company's DIO decreased from 128 days as at 31 December 2013G to 112 days as at 31 December 2014G.

The provision for slow moving and damaged inventories is primarily related to medical and other supplies, since most of the pharmacy supplies that reach the expiry date are returned to suppliers. No provision for slow moving and damaged inventories was made as at 31 December 2012G, while the provision for slow moving and damaged inventories reached SAR 2.4 million as at 31 December 2013G, (the Company had not made any provisions for its inventories before that year). As mentioned, provisions are taken mainly for the Company's inventory of medical supplies and consumables. During 2014G, the Company implemented a new provision policy for its slow moving and damaged inventories. Prior to implementing the new policy, the Company wrote off all the slow moving and damaged inventories during 2014G. Accordingly, this led to a decrease in the provision for the slow moving and damaged inventories to SAR 73.9 thousand as at 31 December 2014G.

Inventory by Entity

Table 214: Inventory by Entity for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
SGH Jeddah	32,905	40,340	28,171
SGH Riyadh	16,359	16,700	17,108
SGH Aseer	16,644	23,874	15,085
SGH Madinah	8,508	14,767	12,571
AJ Sons	2,654	3,076	2,943
Total	77,070	98,758	75,878
Days Inventory Outstanding (DIO)			
SGH Jeddah	100	118	108

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
SGH Riyadh	104	88	81
SGH Aseer	133	156	119
SGH Madinah	136	172	132
Inventory days of the company's hospitals	115	128	112

Source: The Company

SGH Jeddah inventories increased from SAR 32.9 million as at 31 December 2012G to SAR 40.3 million as at 31 December 2013G as a result of an increase in purchases. SGH Jeddah inventories decreased to SAR 28.2 million as at 31 December 2014G mainly due to the implementation of improved procurement control measures to maintain an optimal level of inventory.

Inventories in SGH Aseer and SGH Madinah increased from SAR 16.6 million and SAR 8.5 million respectively as at 31 December 2012G to SAR 23.9 million and SAR 14.8 million as at 31 December 2013G. The increase in inventory balances was mainly due to an increase in procurements resulting from the overall growth in the Company's operations. However, inventories of SGH Aseer and SGH Madinah decreased to SAR 15.1 million and SAR 12.6 million respectively as at 31 December 2014G.

This resulted in a reduction in DIO in each of the SGH Aseer and SGH Madinah from 156 days and 172 days respectively as at 31 December 2013G to 119 days and 132 days respectively as at 31 December 2014G as a result of the Company's rationalization of its purchases in order to keep DIO at the level of 60 days without affecting the Company's operations, compared to the previous procurement policy, upon which the Company purchasing larger quantities in order to get discounts. Furthermore, the Company also wrote off slow-moving inventory (SAR 2.4 million) following the implementation of the new provisioning policy.

Analysis of Inventory Aging

Table 215: Inventory aging, as at 31 December 2014G

SAR '000	0-30 days	31-90 days	91-180 days	180-365 days	1-2 years	More than two years	Total amount	Provi-sions	Net amount
Pharmacy materials and supplies	47,489	683	211	157	22	-	48,562	(22)	48,540
Medical materials and supplies	11,817	2,798	2,009	4,272	702	33	21,631	(33)	21,598
Non-medical materials and supplies	1,647	261	84	296	14	2	2,304	(14)	2,290
Laboratory and X-ray materials and supplies	300	121	67	19	0	5	511	(5)	507
AJ Sons	-	-	-	-	-	-	2,943	-	2,943
Total	61,253	3,863	2,370	4,745	739	39	75,952	(74)	75,878

Source: The Company

The analysis of the inventory aging as at 31 December 2014G shows that 80.6% of the inventory was less than one month old, while the over one year old inventory only accounted for 1.0% of the total inventories. One or more year old inventory reached SAR 778 thousand as at 31 December 2014G, which mostly includes medical supplies of SAR 735 thousand. Medical supplies include surgical supplies used in surgical operations, and a separate provision for such supplies was made according to the new provisioning policy.

Total provisions amounted to SAR 74 thousand as at 31 December 2014G, in line with the recently implemented provision policy for slow-moving and damaged inventory. Prior to the adoption of such policy, the Company conducted a one-time write-off to remove all slow-moving and damaged inventory. Recently adopted Provision Policy stipulates the following:

- Pharmacy supplies: 100% of the inventory aged more than 365 days
- Medical/Surgical supplies: 100% of the inventory aged more than 720 days
- Non-medical supplies: 50% of the inventory aged 365-720 days, and 100% of the inventory aged more than 720 days
- Food items: 100% of the inventory aged more than 90 days

(D) Prepayments and Other Receivables

Table 216: Prepayments and other receivables for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Prepaid Expenses	7,629	11,999	7,860
Prepayments to Employees	12,828	13,710	3,728
Other Receivables	11,097	5,413	11,312
Total	31,554	31,122	22,899

Source: The Company

Other prepayments and receivables remained relatively stable between 31 December 2012G and 31 December 2013G, where the increase in prepaid expenses was offset by partial decrease in other receivables. The prepayments and other receivables decreased to SAR 22.9 million as at 31 December 2014G, mainly driven by a decrease in prepaid expenses and prepayments to employees.

Prepaid expenses mainly include prepaid rent, prepaid insurance, prepaid subscriptions and employment visa fees. The prepaid expenses increased from SAR 7.6 million as at 31 December 2012G to SAR 12.0 million as at 31 December 2013G following an increase in prepaid rent from SAR 1.5 million as at 31 December 2012G to SAR 3.1 million as at 31 December 2013G and an increase in prepaid insurance from SAR 1.8 million to SAR 3.9 million during the same period. The prepaid expenses decreased to SAR 7.9 million as at 31 December 2014G after a decrease in prepaid insurance from SAR 3.9 million to SAR 2.0 million during the same period and a decrease in employee visa fees from SAR 2.8 million as at 31 December 2013G to SAR 1.7 million as at 31 December 2014G.

The prepayments to employees increased from SAR 12.8 million as at 31 December 2012G to SAR 13.7 million as at 31 December 2013G as a result of an increase in the number and salaries of employees. Such prepayments are primarily related to SGH Jeddah reaching SAR 12.2 million and representing prepaid salaries for new employees as well as some of the existing employees. Prepayments to employees considerably decreased to SAR 3.7 million as at 31 December 2014G after settlements related to employees that have left SGH Jeddah.

The other receivables decreased from SAR 11.1 million as at 31 December 2012G to SAR 5.4 million as at 31 December 2013G, mainly due to a decrease in prepayments and deposits to suppliers. The other receivables increased to SAR 11.3 million as at 31 December 2014G. This was mainly due to prepaid expenses related to TV ads in addition to payments related to the expected initial public offering. The total expenses related to the offering, incurred by the Company on behalf of Selling Shareholders as at the date of this Prospectus amounted to SAR 10.4 million. Such charges are not recognized as expenses as at the date of this Prospectus, and are instead classified as amounts due from Selling Shareholders. The Selling Shareholders undertake to bear all the expenses related to the offering and to pay these amounts immediately upon completion of the Offering.

(E) Amounts Due from Related Parties

Table 217: Amounts due from related parties for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Emirates Company	-	594	6,722
Al Batterjee Medical College	18	-	4,879
BAB Company	-	19,845	3,097
Bait al Batterjee Company for Education	4,130	6,142	777
Other	1,065	997	-
Total	5,212	27,578	15,474

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Amounts due from related parties increased from SAR 5.2 million as at 31 December 2012G to SAR 27.6 million as at 31 December 2013G as the amounts due from BAB Medical Company Ltd. reached SAR 19.8 million as at 31 December 2013G These amounts due from related parties related to intercompany financing. In addition, amounts due from Bait al Batterjee Company for Education, which are related to training services provided by SGH Jeddah, increased from SAR 4.1 million to SAR 6.1 million for the same period. Amounts due from related parties decreased to SAR 15.5 million as at 31 December 2014G, driven by a decrease in the amounts due from BAB Company. The decrease in the amounts due from BAB Medical Company

Ltd. was offset by an increase in the amounts due from Emirates Company from SAR 594 thousand as at 31 December 2013G to SAR 6.7 million as at 31 December 2014G in addition to an amount of SAR 4.9 million due from Al Batterjee Medical College as at 31 December 2014G.

Amounts due from Emirates Health Care Development Company are related to the outstanding management supervision fees. Amounts due from Al Batterjee College of Medical Science & Technology are related to the training income due as SGH Jeddah is providing training to the college students.

6-6-2-3 Analysis of the Current Liabilities

(A) Trade Payables

The trade payables item in the proforma financial statements for the year ended 31 December 2013G, which amounts to SAR 183.4 million, contains a balance of SAR 11.8 million, representing the current portion of term payables. This balance has been excluded from the table below in order to ensure identical comparison with the presentation of the trade payables item in the proforma financial statements for the year ended 31 December 2014G.

Table 218: The trade payables by Company Branches for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
SGH Jeddah	66,059	91,355	72,872
SGH Aseer	21,119	33,799	45,676
SGH Riyadh	29,684	30,037	31,736
SGH Madinah	10,744	25,145	15,907
AJ Sons	4,659	6,710	6,909
Eliminations	(11,808)	(15,431)	(12,656)
Total	120,457	171,615	160,444
Days Payable Outstanding (DPO)			
SGH Jeddah	274	253	267
SGH Aseer	180	211	247
SGH Riyadh	203	158	155
SGH Madinah	254	265	209
Total –DPO of the Company's hospital	228	209	220

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Trade Payables mainly relate to the amounts payable to suppliers for medical, pharmacy and lab equipment, as well as, other services.

Trade Payables balance increased from SAR 120.5 million as at 31 December 2012G to SAR 171.6 million as at 31 December 2013G driven by an increase in purchase of hospital supplies in line with the growth in the Company's operations. The DPO decreased from 228 days as at 31 December 2012G to 209 days as at 31 December 2013G driven by a decrease in DPO for SGH Riyadh and SGH Jeddah by 45 days and 21 days respectively. The decrease in DPO for these hospitals is due to accelerated settlement of payables due to suppliers.

Trade payables balance decreased to SAR 160.4 million as at 31 December 2014G, mainly driven by the decrease in trade payables in SGH Jeddah and SGH Madinah from SAR 91.4 million and SAR 25.1 million, respectively, as at 31 December 2013G, to SAR 72.9 million and SAR 15.9 million as at 31 December 2014G respectively. The decrease in trade payables in SGH Jeddah was due to improved procurement management as well as timely settlements. The decrease in trade payables balance in SGH Madinah was due to settlement of old trade payables accounts as a result of better collection from the hospital's clients, especially the Ministry of Health. The DPO slightly increased from 209 days to 220 days during the same period.

(B) Accrued Expenses and Other Liabilities

Table 219: Accrued expenses and other liabilities for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Accrued Salaries	12,592	25,999	28,876
Leave Allowance Provision	16,942	20,336	21,471
Accrued Expenses Provision	15,968	12,691	10,532
Vacation Tickets Provision	9,416	10,184	10,323
Accrued fees and Other Payables	10,499	7,722	8,962
Education, Training and Scientific Seminars	4,001	5,555	4,042
Zakat Provision	14,145	21,902	7,631
Other	2,666	2,155	2,033
Total	86,229	106,545	93,869

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Accrued expenses and other liabilities increased from SAR 86.5 million as at 31 December 2012G to SAR 106.5 million as at 31 December 2013G. This was primarily driven by an increase in accrued salaries and Zakat provision by SAR 13.4 million and SAR 7.8 million respectively. Accrued expenses and other liabilities decreased to SAR 93.9 million as at 31 December 2014G following the decrease in Zakat provision by SAR 14.3 million, partially offset by an increase in accrued salaries by SAR 2.9 million.

Accrued salaries represent the monthly salaries payable to employees for one month. Accrued salaries increased from SAR 12.6 million as at 31 December 2012G to SAR 26.0 million as at 31 December 2013G mainly due to an increase in accrued salaries in SGH Jeddah from SAR 210 thousand to SAR 10 million during the same period, where salaries were paid in December 2012G before their due date. The accrued salaries increased to SAR 28.9 million as at 31 December 2014G, in line with both the increase in the number and average salaries of employees.

The leave allowance provision increased from SAR 16.9 million as at 31 December 2012G to SAR 21.5 million as at 31 December 2014G mainly due to an increase in the number of employees from 3,711 in 2012G to 4,322 in 2014G.

The Zakat provision decreased from SAR 14.1 million as at 31 December 2012G to SAR 7.6 million as at 31 December 2014G following the settlement of SAR 21.0 million related to previous periods.

(C) Amounts Due to Related Parties

Table 220: Amounts due to related parties for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
International Hospitals Construction Ltd.	-	-	4,626
BAB Medical Company Ltd.	1,883	-	-
Al Batterjee College of Medical Science & Technology	-	10,497	-
Total	1,883	10,497	4,626

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

The amounts due to related parties were SAR 1.9 million as at 31 December 2012G and SAR 10.5 million as at 31 December 2013G. These amounts mainly resulted from operations that were considered a type of financing between affiliates. The due to related parties balance was SAR 4.6 million as at 31 December 2014G.

This balance represents an amount due to International Hospitals Construction Ltd. in respect of supplying some fixed assets to SGH Jeddah, SGH Aseer and SGH Hail.

6-6-2-4 Analysis of Non-Current Assets

Table 221: Non-current assets for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Property and Equipment	643,773	743,130	808,318
Construction in Progress	89,709	110,278	123,791
Deferred Charges	8,482	-	-
Total	741,964	853,409	932,109

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Non-current assets increased from SAR 741.9 million as at 31 December 2012G to SAR 853.4 million as at 31 December 2013G due to an increase in the property and equipment and work in progress by SAR 99.4 million and SAR 20.6 million respectively. This was offset by a decrease in deferred charges by SAR 8.5 million during the same period. Non-current assets increased to SAR 932.1 million as at 31 December 2014G driven by an increase in the property, equipment and construction in progress by SAR 65.2 million and SAR 13.5 million respectively during the same year.

(A) Property and Equipment

Table 222: Property and equipment for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Total Property & Equipment	1,520,092	1,618,851	1,713,876
Accumulated Depreciation	(876,319)	(875,720)	(905,558)
New Property & Equipment	643,773	743,130	808,318

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Table 223: Property and equipment by Company branches for the audited financial years ended 31 December 2014G

000 SAR	2014G	2014G	2014G	2014G	2014G
	Audited	Audited	Audited	Audited	Audited
	SGH Jeddah	SGH Riyadh	SGH Aseer	SGH Madinah	AJ Sons
Total property & equipment	533,063	367,007	449,054	317,462	616
Accumulated Depreciation	(298,889)	(199,727)	(250,118)	(156,554)	(271)
Property & equipment, net	234,174	167,280	198,936	160,908	345
Property & equipment, net as a % of total property and equipment	43.9%	45.6%	44.3%	50.7%	56.0%

Property and equipment are shown at cost price after deducting of the accumulated depreciation. Repair and maintenance expenses are considered as operating expenses while improvement costs are considered as capital expenditure. Depreciation is calculated based on the asset's estimated useful life using the straight-line method. The Company does not expect the depreciation policy to be changed as of the date of this prospectus. The estimated useful lives of the different types of assets are as follows:

Depreciation Rate

Table 224: Depreciation rates

Type of assets	Years
Buildings	33
Medical equipment	10
Office equipment	8
Non-medical equipment	10
Furniture and fixtures	10
Vehicles	10
Other	10

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Table 225: Net property and equipment for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Buildings	422,378	417,036	430,309
Lands	127,996	181,244	181,244
Medical equipment	68,438	115,683	155,191
Office equipment	8,930	10,367	19,877
Non-medical equipment	5,332	6,758	8,139
Furniture and fixtures	5,095	5,234	2,579
Vehicles	2,259	2,931	3,629
Other	3,344	3,877	7,349
Total	643,773	743,130	808,318

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Property and equipment primarily included buildings, lands and medical equipment, which together represented 95% of total net book value of property and equipment as at 31 December 2014G.

The Company's property and equipment increased from SAR 643.8 million as at 31 December 2012G to SAR 743.1 million as at 31 December 2013G, due to the additions amounting to SAR 145.0 million during that period, which was partially offset by depreciation of SAR 41.5 million and write offs of SAR 4.1 million. Fixed assets of the Company increased to SAR 808.3 million as at 31 December 2014G, due to the additions amounting to SAR 111.5 million, which was partially offset by depreciation of SAR 44.5 million and write offs of SAR 1.7 million.

Additions

Table 226: Additions for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Buildings		14,369	32,973
Lands		53,248	-
Medical equipment		64,975	59,197
Office equipment		3,780	8,214
Non-medical equipment		2,467	2,464
Furniture and fixtures		2,217	1,728
Vehicles		1,099	1,224

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Other		2,828	5,696
Total	-	144,982	111,496

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

As at 31 December 2013G, additions reached SAR 145.0 million, and mainly included:

a- SAR 42.2 million is related to the purchase of land in Dammam for the construction of a new hospital as planned;

b- SAR 25.4 million is related to the purchase of three buildings in Riyadh and Jeddah for staff accommodation; and

c- SAR 11.0 million is related to the purchase of medical equipment.

As at 31 December 2014G, additions reached SAR 111.5 million, and mainly included:

a- SAR 33.0 million for building renovation, including SAR 13.9 million for SGH Aseer renovation, SAR 5.4 million for renovation of the psychiatric ward in SGH Jeddah, and SAR 5.3 million for the purchase of a residential complex for SGH Jeddah's staff; and

b- SAR 59.2 million for the purchase of medical equipment, including expenditures related to the construction of two catheterization laboratories in SGH Jeddah and SGH Aseer amounting to SAR 15.6 million.

Construction in progress

Table 227: Construction in progress for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
SGH Hail	65,131	70,747	93,955
SGH Jeddah	14,609	23,608	14,519
SGH Riyadh	9,969	8,283	10,319
SGH Aseer	-	7,640	4,999
Total	89,709	110,278	123,791

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Construction in progress increased from SAR 89.7 million as at 31 December 2012G to SAR 110.3 million as at 31 December 2013G. The construction in progress is related mostly to SGH Hail construction works and renovation of the psychiatric ward in SGH Jeddah.

Construction in progress increased to SAR 123.8 million as at 31 December 2014G, mainly due to SGH Hail construction works amounting to SAR 93.9 million.

The Company's management expects SGH Hail to commence operations in Q2 2016G.

The Company acknowledges that no property owned by the Company or its Subsidiary is under any mortgages, liabilities, mortgage rights or mortgage obligations except for the disclosed in "Bank Loans and Long Term Loans" section of this Prospectus. The Company also acknowledges that it doesn't have leased assets except for few residential units for employees' accommodation and a warehouse in Jeddah (for more information, please see Section 12-6-5 "Lease Agreements" of the Prospectus) and that there are no significant fixed assets to be bought or rented except for what is required to commence operations at SGH Hail.

6-6-2-5 Analysis of Non-Current Liabilities

Table 228: Non-current liabilities for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Long Term Loans	58,485	87,278	69,148
Long Term Payables	61,153	65,621	28,740
Provision for End of Service Benefits	91,667	116,720	136,200
Deferred Revenues	252	-	-
Total	211,557	269,618	234,088

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Non-current liabilities consist of term loans, long term payables and provision for end of service benefits. Non-current liabilities increased from SAR 211.6 million as at 31 December 2012G to SAR 269.6 million as at 31 December 2013G. This was primarily driven by an increase in the provision for end of service benefits and long term loans by SAR 25.0 million and SAR 28.8 million respectively during this period. Non-current liabilities decreased to SAR 234.1 million as at 31 December 2014G driven by a decrease in long term loans and long term payables, partially offset by an increase in provision for end of service benefits.

For more information about term loans, please see Section "Bank Loans and Long Term Loans" of this Prospectus.

(A) Long Term Payables

Long term payables balance represents the amounts payable to suppliers of medical equipment as well as to suppliers of medicines and other supplies, which were due for more than one year. The long term payables balance decreased from SAR 61.1 million as at 31 December 2012G to SAR 28.7 million as at 31 December 2014G after settlement of payables relating to SGH Jeddah and SGH Riyadh.

Long-term payables are related to credits obtained from the suppliers of medical equipment with a repayment period ranging between three to seven years. The majority of the remaining balance was paid in 2014G due to improved collection of claims from the Ministry of Health, resulting in a significant reduction in the balance of long term payables.

(B) Provision End of Service Benefits

Provision for end of service benefits reflects liabilities recorded at the current value of the incentives considered as rights to the employees in case their service got terminated at the date of the financial statements.

Provision for end of service benefits increased from SAR 91.7 million as at 31 December 2012G to SAR 136.2 million as at 31 December 2014G driven by an increase in the number of employees from 3,711 in 2012G to 4,322 in 2014G, coupled with an increase in average salaries per employee.

(C) Short Term Bank Loans and Long Term Loans

Table 229: Short Term Bank Loans and Long Term Loans for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Short Term Loans and Current Portion of Long Term Loans	18,847	73,625	94,297
Long Term Loans	58,485	87,278	69,148
Total	77,333	160,903	163,445
Debt to Equity	8.7%	17.0%	13.8%

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

Bank loans and long term loans increased from SAR 77.3 million as at 31 December 2012G to SAR 160.9 million as at 31 December 2013G, mainly due to an increase in bank loans for SGH Jeddah (SAR 80 million). The Company has also obtained a facility of SAR 14.9 million from Ministry of Finance in favor of NHC. Long term loans increased to SAR 163.4 million as at 31 December 2014G due to higher utilization of available bank facilities.

Table 230: Short term bank loans and long term loans by bank or government agencies for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Alinma Bank	-	41,500	51,000
Samba Bank	-	20,000	18,750
Samba Bank	-	19,500	19,500
Arab National Bank	6,500	5,500	4,500
SGH Jeddah	6,500	86,500	93,750
High Commission for Hail Development in 2012G / Ministry of Finance in 2013G and 2014G	5,347	14,918	24,210
SGH Hail	5,347	14,918	24,210
Ministry of Finance (MoF)	28,063	24,938	21,813
SGH Madinah	28,063	24,938	21,813

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Ministry of Finance (MoF)	25,000	18,750	15,625
Arab National Bank	-	6,500	5,000
SGH Riyadh	25,000	25,250	20,625
Ministry of Finance (MoF)	12,422	9,297	3,047
SGH Aseer	12,422	9,297	3,047
Total	77,333	160,903	163,445

Source: The Company

Table 231: Details of credit facilities by lender

SAR '000	Hospital	Type of available facilities	Payment conditions	Collaterals	Financial positions
Ministry of Finance (MoF)	SGH Aseer	Loans to finance the establishment of SGH Aseer	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Aseer and all of its buildings	N/A
Ministry of Finance (MoF)	SGH Madinah	Loans to finance the establishment of SGH Madinah	Sixteen equal annual premiums of SAR 3. 125 million	Mortgage of the land of SGH Madinah, what to be built thereon and all of its buildings	N/A
Ministry of Finance (MoF)	SGH Riyadh	Loans to finance the establishment of SGH Riyadh	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Riyadh and all of its buildings	N/A
Ministry of Finance (MoF)	SGH Hail	Term loans to finance the establishment of SGH Hail	Twenty equal annual premiums from 3.5 SAR million starting 2018G.	Mortgage of the land of SGH Hail and all of its buildings	N/A
Arab National Bank	SGH Riyadh	Tawarruq facilities to finance working capital needs	Refinance facilities for one, two, three, or six months as requested	Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million	Leverage ratio should not exceed 1.1x
Arab National Bank	SGH Jeddah	Tawarruq facilities to finance working capital needs	Refinance facilities for one, two, three, or six months as requested	Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million	Dividends should not exceed 20% of the net profit
Alinma Bank	SGH Jeddah	Refinance facilities to finance 80% of the amounts due from insurance companies.	Refinance facilities - Repayment in 180 days	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 100 million (Alinma Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	- Leverage ratio should not exceed 1.1x - Current ratio should exceed 1.25 x - Dividends should not exceed 50% of the net profit
Samba Bank	SGH Jeddah	Murabaha loan on deferred payment basis to finance payables related to SGH Jeddah	Current value of refinanced receivables - Repayment in 180 days	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	Current ratio should exceed 1x

SAR '000	Hospital	Type of available facilities	Payment conditions	Collaterals	Financial positions
Samba Bank	SGH Jeddah	Medium-term Murabaha loan to partially finance the acquisition of new residential buildings for the Hospital staff	Sixteen equal quarterly installments of SAR 1.25 million	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	The current ratio should exceed 1x Leverage ratio should not exceed 1.75x

Source: The Company

Table 232: Credit facilities by lender as at 31 December 2014G

SAR '000	Hospital	Type of available facilities	Credit limit of facilities	Utilized facilities	Repaid facilities	Remaining balance	Interest rate
Ministry of Finance (MoF)	Aseer Hospital	Term Loans	50,000	50,000	46,953	3,047	Free
Ministry of Finance (MoF)	Madinah Hospital	Term Loans	50,000	49,938	28,125	21,813	Free
Ministry of Finance (MoF)	Riyadh Hospital	Term Loans	50,000	50,000	34,375	15,625	Free
Ministry of Finance (MoF)	Hail Hospital	Term Loans	69,650	24,210	0	24,210	Free
Arab National Bank	Jeddah/Riyadh Hospital	Tawarruq facilities	25,000	13,500	4,000	9,500	Saudi Interbank Offered Rate +2%
Alinma Bank	Jeddah Hospital	Refinanced facility	60,000	51,000	0	51,000	Saudi Interbank Offered Rate +2.5%
Samba Bank	Jeddah Hospital	Murabaha loan	35,000	19,500	0	19,500	Saudi Interbank Offered Rate +2.5%
Samba Bank	Jeddah Hospital	Murabaha loan	20.000	20,000	1,250	18,750	Saudi Interbank Offered Rate +2.5%
Total			359,650	278,148	114,703	163,445	

Source: The Company

Bank loans of SGH Jeddah reached SAR 93.8 million as at 31 December 2014G, and include the following:

1- Refinance facilities for SGH Jeddah provided by Alinma Bank to meet the working capital needs of SGH Jeddah; the utilized balance reached SAR 51.0 million out of the total facilities amounting to SAR 60.0 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate;

2- Refinance Murabaha loan for SGH Jeddah to meet the working capital needs; the utilized balance reached SAR 19.5 million out of the total facilities amounting to SAR 35.0 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate;

3- Medium-term Murabaha loan to SGH Jeddah to partially finance the acquisition of new residential buildings for the hospital staff with balance due of SAR 18.75 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate, to be repaid in 16 annual installments; One installment was paid and fifteen are remaining as at 31 December 2014G; and

4- Tawarruq facilities to finance working capital needs with payable balance of SAR 4.5 million by SGH Jeddah (out of the total facilities amount of SAR 25 million), carrying a floating interest rate of 2.0% in addition to the Saudi Interbank Offer Rate.

Bank loans for SGH Hail consist of term loan of SAR 69.7 million provided by Ministry of Finance to finance the construction of SGH Hail with payable balance of SAR 24.2 million, to be repaid in 20 annual installments of SAR 3.5 million each, starting from 2018G.

Bank loans for SGH Madinah consist of term loans with a credit limit of SAR 50.0 million of which SAR 49.59 million is provided by Ministry of Finance to finance the construction of SGH Madinah with payable balance of SAR 21.8 million, to be repaid in 16 annual installments of SAR 3.1 million each. Nine out of sixteen installments have been paid and seven are remaining as at 31 December 2014G.

Loans for SGH Riyadh consist of a term loan of SAR 50.0 million provided by Ministry of Finance to finance the construction of SGH Riyadh with payable balance of SAR 15.6 million, to be repaid in 16 annual installments of SAR 3.1 million each. Eleven out of sixteen installments have been paid and five are remaining as at 31 December 2014G.

SGH Riyadh Bank loan from Arab National Bank representing Tawarruq facilities of SAR 7.0 million (out of the total facilities amounting to SAR 25 million), with a payables balance of SAR 5.0 million outstanding as at 31 December 2014G.

Bank loans for SGH Aseer consist of a term loan of SAR 50.0 million provided by Ministry of Finance to finance the construction of SGH Aseer with payable balance of SAR 3.0 million, to be repaid in 16 annual installments of SAR 3.1 million each. Fifteen out of sixteen installments have been paid and one is remaining as at 31 December 2014G.

Bank loans utilized by the Company as at 31 December 2014G are to be fully repaid by 2019G. Facilities due to Ministry of Finance as at 31 December 2014G are to be fully repaid by 2024G. The table below details the loan repayment schedule:

Table 233: Loan repayment table as at 31 December 2014G

SAR '000	The Company	2015G	2016G	2017G	2018G	2019G	2020G	2021G and beyond	Total
SGH Jeddah	Samba Bank	5,000	5,000	5,000	3,750	-	-	-	18,750
SGH Riyadh	Ministry of Finance (MoF)	3,125	3,125	3,125	3,125	3,125	-	-	15,625
SGH Aseer	Ministry of Finance (MoF)	3,047	-	-	-	-	-	-	3,047
SGH Madinah	Ministry of Finance (MoF)	3,125	3,125	3,125	3,125	3,125	3,125	3,063	21,813
SGH Hail	Ministry of Finance (MoF)	-	-	-	3,483	3,483	3,483	13,763	24,210
Total		14,297	11,250	11,250	13,483	9,733	6,608	16,826	83,445

Source: The Company

Table below sets out the Financing Structure of the Company for the two proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G.

Table 234: The Financing Structure for the two proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Current Portion of Long Term Payables	-	11,780	8,768
Short Term Loans and Current Portion of Term Loans	18,847	73,625	94,297
Total short term loans	18,847	85,405	103,065
Long Term Loans	58,485	87,278	69,148
Long Term Payables	61,153	65,621	28,740
Total long term loans	119,638	152,899	97,888
Total loans	138,485	238,304	200,953
Total Shareholders' Equity	842,473	906,096	1,139,753
Total loans as percentage of Shareholders' Equity	16.4%	26.3%	17.6%

The company does not have any bank overdrafts, commitments under acceptance, acceptance credits or hire purchase commitments.

D. Deferred Revenues

The balance of deferred revenues, which amounted to SAR 252 thousand, as at 31 December 2012G is related to prepayments by patients. This item has been included in "Other" item under the "Accrued expenses and other liabilities" account within the financial statements for the proforma financial year ended 31 December 2013G and the audited financial year ended 31 December 2014G.

6-6-2-6 Shareholders Equity

Table 235: Shareholders equity the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Share Capital	748,687	767,000	767,000
Statutory Reserve	2,692	16,411	49,608
Retained Earnings	91,095	113,181	323,144
Total Shareholders' Equity	842,473	896,592	1,139,753
Minority Interest	43,742	48,305	47,155
Total Shareholders' Equity and Minority Interest	886,215	944,897	1,186,908
Return on Shareholders' Equity	15.7%	21.5%	29.1%

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

The total shareholders' equity and minority interest consists of the share capital, statutory reserve, retained earnings and minority interest.

Paid-up capital as per audited financial statement in 2012G	SAR 590,000,000
Amount transferred from current account for the year ended December 31, 2013G	SAR 107,226,596
Shares of MEAHCO in NHC	SAR 25,980,000
98% share capital in AJ Sons	SAR 490,000
Shares acquired from BABAS	SAR 24,990,000
Total	SAR 748,686,596

The share capital in the Proforma financial statements as at 31 December 2012G reached SAR 748.7 million, including:

The Company decided to increase its paid up capital from SAR 590 million to SAR 767 million as a part of the Company's Reorganizing effective September 2013G, as follows:

Paid-up capital as per audited financial statement in 2012G	SAR 590,000,000
Amount transferred from current account for the year ended December 31, 2013G	SAR 75,848,568
Shares of MEAHCO in NHC	SAR 25,980,000
98% share capital of AJ Sons	SAR 490,000
98% of the retained earnings in AJ Sons for the year 2012G with statutory reserve and net income for the period from January 1, 2013G to September 30, 2013G	SAR 7,481,432
Shares acquired from BABAS	SAR 25,000,000
Dammam Land	SAR 42,200,000
Total	SAR 767,000,000

The differences between the capital in pro-forma balance sheets of 2012G and 2013G were as follows:

Capital in 2012G as per pro-forma balance sheets	SAR 748,686,596
Less: Capital in 2013G as per pro-forma balance sheets	(SAR 767,000,000)
Total difference	(SAR 18,313,404)
In SGH Jeddah the current account for the year ended December 31, 2013G was SR. 75,848,568 which was used to increase of capital in 2013G, while the current account balance in 2012G was used SR. 107,226,599, as a result the said difference occurred	SAR 31,378,028
Reducing of the Dammam Project land	(SAR 42,200,000)
Reducing the share of capital of Eng. Sobhi Batterjee from the old share capital of SGH Riyadh	(SAR 10,000)
98% of the retained earnings in Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd. for the year 2012G with statutory reserve and net income for the period from January 1, 2013G to September 30, 2013G	(SAR 7,481,432)
Net Difference	(SAR 18,313,404)

The Company transfers 10% of its annual net profit to statutory reserve in accordance with the requirements specified in Article (176) of the Saudi Companies Law until the statutory reserve reaches 50% of the paid-up capital.

The retained earnings increased from SAR 91.1 million as at 31 December 2012G to SAR 113.2 million as at 31 December 2013G. This was due to a net income of SAR 192.5 million during the same period and a dividend of SAR 19.8 million. The adjustments to retained earnings are related to the reversal of administrative fees, in addition to the charges incurred by related parties that are related to prior periods. The retained earnings increased to SAR 323.1 million as at 31 December 2014G driven by an annual net income of SAR 332.0 million, partially offset by a distribution of dividends of SAR 92.0 million.

6-6-3 Cash Flow Statements

Table 236: Cash flow statements for the two Proforma financial years ended 31 December 2012G and 2013G and the audited financial year ended 31 December 2014G

	2012G Proforma (SAR '000)	2013G Proforma (SAR '000)	2014G Audited (SAR '000)
Cash from operating activities			
Net Income for the Year	132,390	192,549	331,969
Adjustments for non-cash items:			
Depreciation	44,183	41,533	44,546
Amortization	3,846	8,482	-
End of Service benefits	18,178	25,053	19,481
Adjusted net income	198,596	267,617	395,996
Accounts receivable	(77,667)	(90,327)	(57,192)
Inventories	(13,127)	(21,688)	22,880
Prepaid expenses and other receivables	(6,179)	432	8,223
Net Related parties	(3,329)	(13,752)	6,234
Accounts payable	(37,565)	62,938	(14,183)
Accrued expenses and other payables	11,083	20,315	(12,676)
Net cash flow available from operating activities	71,811	225,535	349,282
Cash flows from investment activities			
PPE - net	(15,339)	(140,890)	(109,733)
Capital works in progress	(10,724)	(20,569)	(13,512)
Net cash (used in) investing activities	(26,063)	(161,460)	(123,246)
Cash flows from financing activities			
Loans	850	83,570	2,543
Long term payables	57,434	4,468	(36,881)
Deferred Revenues	226	(252)	-
Dividends paid	-	(19,769)	(92,040)
Due to related parties & Shareholders' current account	(54,546)	18,313	(7,071)
Adjustments in retained earnings	(56,062)	(136,974)	799
Minority interest	3,911	4,563	(1,149)
Net cash (used in) financing activities	(48,188)	(46,080)	(133,800)
Net increase (decrease) in cash and cash equivalents	(2,440)	17,995	92,236
Cash and cash equivalents at the beginning of the year	18,932	16,493	43,991
Cash and cash equivalents at the end of the year	16,492	34,487	136,226

Source: The Proforma consolidated financial statements for 2012G and 2013G and the audited consolidated financial statements for 2014G

6-6-3-1 Net Cash from Operating Activities

Net cash from operating activities comprises net income for year with adjustments for non-cash items such as depreciation and amortization; changes in employee end of service benefits; Zakat; financial charges and changes in working capital.

Net cash from operating activities increased from a net inflow of SAR 71.8 million in 2012G to a net outflow of SAR 225.5 million in 2013G driven by an increase in net income from SAR 132.4 million in 2012G to SAR 192.5 million in 2013G, coupled with a decrease in working capital changes. Cash used in financing working capital changes was SAR 42.1 million in 2013G compared to SAR 126.8 million in 2012G. This is mainly due to an increase in accounts payable by SAR 62.9 million in 2013G. Cash from operating activities continued to increase to a net inflow of SAR 349.3 million in 2014G driven by an increase in net income to SAR 332.0 million during the same period.

6-6-3-2 Net Cash Used in Investing Activities

Investing activities included property and equipment additions, sale of property and equipment and work in progress.

Net cash used in investing activities increased from SAR 26.1 million in 2012G to SAR 161.5 million in 2013G driven by capital expenditures in relation to the purchase of land in Dammam of SAR 42.2 million, three additional buildings in Riyadh and Jeddah for SAR 25.4 million and purchase of medical equipment for SAR 65.0 million. Net cash used in investing activities decreased to SAR 123.2 million in 2014G. Such activities are mainly related to purchase of medical equipment for SAR 59.2 million and construction and restoration works of SAR 33.0 million mainly in SGH Jeddah and SGH Aseer.

6-6-3-3 Net Cash Used in Financing Activities

The net cash used in financing activities is mainly related to the net changes in bank loans, net changes in the amounts due to related parties, net changes in term payables and the adjustments to retained earnings and dividends.

The net cash used in financing activities decreased from an outflow of SAR 48.2 million in 2012G to SAR 46.1 million in 2013G primarily driven by SAR 137.0 million adjustment to retained earnings during the same period, partially offset by an increase in bank loans by SAR 83.6 million during the same period after the transfer of bank loans from SGH Jeddah to the Company as part of the Company's Reorganization. Net cash used in financing activities was SAR 133.8 million in 2014G, and mainly comprised of the dividends paid to the Company's shareholders amounting to SAR 92.0 million and reduction in long term accounts payable balance amounting to SAR 36.9 million in 2014G.

6.7 Management Discussion and Analysis of Financial Position and Results of Operations of the Unaudited Consolidated Financial Statements for the Unaudited 6 Months Ended 30 June 2014G and the Audited 6 Months Ended 30 June 2015G

6-7-1 Consolidated Income Statement

Table 237: Consolidated income statement for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Operating Revenues	706,253	763,646	8.1%
Cost of Revenues	(320,986)	(350,779)	9.3%
Gross Profit	385,267	412,867	7.2%
Selling and Marketing Expenses	(98,040)	(86,720)	(11.5%)
G&A Expenses	(120,791)	(130,151)	7.7%
Net Operating Profit	166,436	195,996	17.8%
Other income	11,092	7,534	(32.1%)
Depreciation	(3,163)	(3,861)	22.1%
Net Income for the Period before Finance Charges	174,365	199,668	14.5%
Finance Charges	(1,391)	(2,620)	88.4%
Net Income for the Period before Zakat and Tax	172,974	197,048	13.9%
Payable Zakat and Tax	(197)	-	-

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Net Income for the Period before Minority Interest	172,777	197,048	14,0%
Minority Interest	183	132	(27.9%)
Net Income for the Period	172,960	197,180	14.0%
Gross profit margin	54.6%	54.1%	
Net Profit Margin	24.5%	25.8%	

6-7-1-1 Revenue Analysis

(A) Revenues by Entity

Table 238: Revenues by entity type for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Source Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
SGH Jeddah	250,845	272,811	8.8%
SGH Riyadh	189,240	183,307	(3.1%)
SGH Aseer	137,860	166,864	21.0%
SGH Madinah	123,634	132,556	7.2%
Net Revenues from Hospitals	701,578	755,538	7.7%
AJ Sons	6,461	8,986	39.1%
Management Supervision Agreement Revenues	4,184	6,866	64.1%
Total	712,223	771,390	8.3%
Eliminations	(5,971)	(7,744)	29.7%
Total	706,253	763,646	8.1%

SGH Jeddah

Table 239: Net revenues by service type - SGH Jeddah for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Service Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Inpatient Revenue	112,214	119,761	6.7%
Outpatient Revenue	85,646	97,712	14.1%
Patient Revenues	197,860	217,473	9.9%
Pharmacy	52,985	55,338	4.4%
Total	250,845	272,811	8.8%
KPIs			
Number of Inpatients	8,998	8,645	
Number of Outpatient Visits	270,324	273,221	
Number of Beds	191	191	
Number of Pharmacy Prescriptions	250,619	253,436	
Average Inpatient Revenue per Inpatient (SAR)	12,471	13,853	
Average Outpatient Revenue per Visit (SAR)	317	358	
Average Pharmacy Revenue per Prescription (SAR)	211	218	

Revenues of SGH Jeddah increased by 8.8% from SAR 250.8 million as for the six months period ended 30 June 2014G to SAR 272.8 million as for the six months period ended 30 June 2015G mainly due to:

- An increase in average inpatient revenues per patient from SAR 12.471 million for the six months period ended 30 June 2014G to SAR 13.853 million for the six months period ended 30 June 2015G as a result of a change in medical care mix in favor of critical cases despite the decrease in the number of inpatients during the same period due to renovation of some rooms.
- An increase in outpatient revenues from SAR 85.6 million for the six months period ended 30 June 2014G to SAR 97.7 million for the six months period ended 30 June 2015G. This was driven by an increase in average outpatient revenue per visit from SAR 317 to SAR 358 during the same period and the increase in the number of outpatient visits from 270.324 for the six months period ended 30 June 2014G to 273,221 for the six months period ended 30 June 2015G, The growth in the number of outpatient visits during the first half of 2014G was relatively low due to the spread of Corona disease.

Pharmacy revenue increased from SAR 53.0 million for the six months period ended 30 June 2014G to SAR 55.3 million for the six months period ended 30 June 2015G. This was driven by an increase in the number of pharmacy prescriptions from 250,619 for the six months period ended 30 June 2014G to 253,436 for the six months period ended 30 June 2015G supported by the overall growth in outpatient visits during the same period and an increase in average pharmacy revenue per prescription from SAR 211 to 218 during the same period.

SGH Riyadh

Table 240: Net revenues by service type - SGH Riyadh for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Service Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Inpatient Revenue	119,354	111,200	(6.8%)
Outpatient Revenue	32,274	34,285	6.2%
Patient Revenues	151,627	145,485	(4.1%)
Pharmacy	37,613	37,821	0.6%
Total	189,240	183,307	(3.1%)
KPIs			
Number of Inpatients	4,769	4,977	
Number of Outpatient Visits	103,704	108,319	
Number of Beds	213	219	
Number of Pharmacy Prescriptions	118,789	120,893	
Average Inpatient Revenue per Inpatient (SAR)	25,027	22,343	
Average Outpatient Revenue per Visit (SAR)	311	317	
Average Pharmacy Revenue per Prescription (SAR)	317	313	

Revenues of SGH Riyadh decreased by 3.1% from SAR 189.2 million as for the six months period ended 30 June 2014G to SAR 183.3 million as for the six months period ended 30 June 2015G mainly due to:

- Despite the increase in the number of inpatients from 4.769 for the six months period ended 30 June 2014G to 4.977 for the six months period ended 30 June 2015G, inpatient revenues decreased from SAR 119.4 million for the six months period ended 30 June 2014G to SAR 111.2 million for the six months period ended 30 June 2015G. This because of decrease in inpatient revenue rate per patient from SAR 25.027 during the 6 month period ended 30 June 2014G to SAR 22.343 during the 6 month period ended 30 June 2015G as a result of renovation and maintenance works in NICU since the average revenue per NICU inpatient is usually higher than the average revenue per inpatient for non-critical cases.
- An increase in outpatient revenues from SAR 32.3 million for the six months period ended 30 June 2014G to SAR 34.3 million for the six months period ended 30 June 2015G. This was driven by an increase in average outpatient revenue per visit from SAR 311 to SAR 317 during the same period and an increase in the number of outpatient visits from 103.704 for the six months period ended 30 June 2014G to 108.319 for the six months period ended 30 June 2015G.

SGH Aseer

Table 241: Net revenues by service type - SGH Aseer for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Service Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Inpatient Revenue	87,879	114,027	29.8%
Outpatient Revenue	26,385	27,566	4.5%
Patient Revenues	114,264	141,593	23.9%
Pharmacy	23,596	25,271	7.1%
Total	137,860	166,864	21.0%
KPIs			
Number of Inpatients	5,279	5,247	
Number of Outpatient Visits	104,584	113,647	
Number of Beds	184	194	
Number of Pharmacy Prescriptions	128,504	134,355	
Average Inpatient Revenue per Inpatient (SAR)	16,647	21,732	
Average Outpatient Revenue per Visit (SAR)	252	243	
Average Pharmacy Revenue per Prescription (SAR)	184	188	

SGH Aseer revenues increased by 21.0% from SAR 137.9 million for the six months period ended 30 June 2014G to SAR 166.9 million for the six months period ended 30 June 2015G. This is primarily driven by an increase in inpatient revenues from SAR 87.9 million for the six months period ended 30 June 2014G to SAR 114.0 million for the six months period ended 30 June 2015G as a result of an increase in average inpatients revenue per inpatient from SAR 16.647 for the six months period ended 30 June 2014G to SAR 21.732 for the six months period ended 30 June 2015G due to a change in medical care mix in favor of critical cases, in addition to an increase in the number of beds from 184 to 194 during the same period.

SGH Madinah

Table 242: Net revenues by service type - SGH Madinah for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Service Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Inpatient Revenue	88,122	91,414	3.7%
Outpatient Revenue	18,105	19,032	5.1%
Patient Revenues	106,228	110,446	4.0%
Pharmacy	17,406	22,110	27.0%
Total	123,634	132,556	7.2%
KPIs			
Number of Inpatients	4,178	4,162	
Number of Outpatient Visits	75,716	82,297	
Number of Beds	183	184	
Number of Pharmacy Prescriptions	150,136	144,516	
Average Inpatient Revenue per Inpatient (SAR)	21,092	21,964	
Average Outpatient Revenue per Visit (SAR)	239	231	
Average Pharmacy Revenue per Prescription (SAR)	116	153	

SGH Madinah revenues increased by 7.2% from SAR 123.6 million for the six months period ended 30 June 2014G to SAR 132.6 million for the six months period ended 30 June 2015G, mainly due to:

- An increase in inpatient revenues from SAR 88.1 million for the six months period ended 30 June 2014G to SAR 91.4 million for the six months period ended 30 June 2015G due to an increase in average inpatient revenue per inpatient from SAR 21.092 (million) for the six months period ended 30 June 2014G to SAR 21.964 (million) as for the six months period ended 30 June 2015G as a result of the growth in the number of operations performed.
- An increase in pharmacy revenues from SAR 17.4 million for the six months period ended 30 June 2014G to SAR 22.1 million for the six months period ended 30 June 2015G driven by an increase in outpatient visits.

AJ Sons Revenues

AJ Sons revenues increased from SAR 6.5 million for the six months period ended 30 June 2014G to SAR 9.0 million for the six months period ended 30 June 2015G due to the overall growth in the operations of the Company's hospitals.

Management Supervision Agreement Revenues

Management supervision agreement revenues increased from SAR 4.2 million for the six months period ended 30 June 2014G to SAR 6.9 million for the six months period ended 30 June 2015G. These revenues are related to SGH Dubai and have increased due to SGH Dubai's improved operational performance.

(B) Net Revenues by Client Type

Table 243: Net revenues by client type for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Client Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Insurance	269,698	292,344	8.4%
Ministry of Health	224,607	251,102	11.8%
Cash Clients	127,418	129,547	1.7%
Direct Clients	79,855	82,544	3.4%
Net Revenues from Hospitals	701,578	755,538	7.7%

Insurance companies

Revenues from insurance companies increased by 8.4% from SAR 269.7 million for the six months period ended 30 June 2014G to SAR 292.3 million for the six months period ended 30 June 2015G. This was due to an overall increase in the number of health insurance policy holders in the Kingdom as a result of the Saudi government initiatives requiring private companies to provide their Saudi and non-Saudi employees with health insurance coverage.

Ministry of Health

Revenues from Ministry of Health increased by 11.8% from SAR 224.6 million for the six months period ended 30 June 2014G to SAR 251.1 million for the six months period ended 30 June 2015G due to an increase in referrals from the Ministry of Health.

Cash Clients

Net revenues from cash clients slightly increased by 1.7% from SAR 127.4 million for the six months period ended 30 June 2014G to SAR 129.5 million for the six months period ended 30 June 2015G

Direct Clients

Revenues from direct clients increased by 3.4% from SAR 79.9 million for the six months period ended 30 June 2014G to SAR 82.5 million for the six months period ended 30 June 2015G.

(C) Discounts

Table 244: Discounts for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Total Revenues	849,533	942,629	11.0%
Discounts	(147,955)	(187,092)	26.5%
Net Revenues from Hospitals	701,578	755,537	7.7%
Discounts as a percentage of total revenues	17.4%	19.8%	

Discounts increased as a percentage of total revenues from 17.4% for the six months period ended 30 June 2014G to 19.8% for the six months period ended 30 June 2015G as a result of an increase in the losses from offers provided to Ministry of Health, mainly due to a change in the Ministry of Health billing policy, whereby the previous policy depended on setting separate pricing for each medical procedure provided to patients referred from the Ministry of Health whereas the current policy relies on a unified and pre-determined package price by nature of medical case which includes all procedures provided to the patient referred from the Ministry of Health.

(D) Revenues by Department

Table 245: Revenues by department for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Department	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Internal Medicine	106,148	128,077	20.7%
Pediatrics	101,016	82,435	(18.4%)
Orthopedics	89,810	109,398	21.8%
Obstetrics & Gynecology	54,595	52,050	(4.7%)
Surgery	39,306	46,170	17.5%
Cardiology	48,409	49,063	1.4%
Neurology	40,095	36,694	(8.5%)
Neurosurgery	39,020	57,835	48.2%
Oncology	22,713	27,766	22.2%
Urology	19,402	19,053	(1.8%)
Dentistry and Oral and Maxillo-facial Surgery	16,089	18,673	16.1%
Ear, Nose & Throat	18,473	18,075	(2.2%)
Rheumatology	14,360	14,962	4.2%
Cardiothoracic Surgery	16,190	13,305	(17.8%)
Emergency	12,680	17,451	37.6%
Physiotherapy and Rehabilitation	5,056	5,811	15.0%
Ophthalmology	6,693	6,690	0.0%
Plastic Surgery	11,293	13,002	15.1%
Other	40,232	39,029	(3.0%)
Total	701,578	755,538	7.7%

Revenues increased by 7.7% from SAR 701.6 million for the six months period ended 30 June 2014G to SAR 755.5 million for the six months period ended 30 June 2015G due to the following reasons:

- Internal Medicine revenues increased by 20.7% from SAR 106.1 million for the six months period ended 30 June 2014G to SAR 128.1 million for the six months period ended 30 June 2015G due to a change in the medical case mix and an increase in the number of surgeries together with recruitment of a number of new doctors.
- Revenues from the Orthopedics department increased by 21.8% from SAR 89.8 million for the six months period ended 30 June 2014G to SAR 109.4 million for the six months period ended 30 June 2015G. This increase was due to an increase in referrals from the Ministry of Health in addition to an increase in knee replacement operations.

- Cardiology department revenues increased by 48.2% from SAR 39.0 million for the six months period ended 30 June 2014G to SAR 57.8 million for the six months period ended 30 June 2015G due to an increase in operations from 44 for the six months period ended 30 June 2014G to 77 for the six months period ended 30 June 2015G in addition to an increase in the number of patients treated.

The above mentioned increase was offset by a decrease in revenues from Pediatrics department by 18.4% from SAR 101.0 million for the six months period ended 30 June 2014G to SAR 82.4 million for the six months period ended 30 June 2015G as a result of renovation and maintenance works in NICU in SGH Riyadh.

6-7-1-2 Cost of Revenues

Table 246: Cost of revenues for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Type	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Employee Direct Costs	134,067	152,131	13.5%
Hospital Materials and Supplies	142,756	151,119	5.9%
Depreciation	17,963	21,493	19.7%
Other Direct Expenses	26,201	26,037	(0.6%)
Total	320,986	350,779	9.3%
As a % of revenues			
Employee Direct Costs	19.0%	19.9%	
Hospital Materials and Supplies	20.2%	19.8%	
Depreciation	2.5%	2.8%	
Other Direct Expenses	3.7%	3.4%	
Total	45.4%	45.9%	

Cost of revenues increased by 9.3% from SAR 321.0 million for the six months period ended 30 June 2014G to SAR 350.8 million for the six months period ended 30 June 2015G due to:

- An increase in employee direct costs by 13.5% from SAR 134.1 million for the six months period ended 30 June 2014G to SAR 152.1 million for the six months period ended 30 June 2015G due to the recruitment of 44 new doctors and higher average salaries; and
- An increase in hospital materials and supplies by 5.9% from SAR 142.8 million for the six months period ended 30 June 2014G to SAR 151.1 million for the six months period ended 30 June 2015G, in line with the overall growth in the Company's operations.

6-7-1-3 Gross Profit by Hospital

Table 247: Gross profit by hospital for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Hospital	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
SGH Jeddah	125,994	138,172	9.7%
SGH Riyadh	108,633	103,048	(5.1%)
SGH Aseer	70,967	89,852	26.6%
SGH Madinah	72,882	71,838	(1.4%)
Hospital Gross Profit	378,476	402,911	6.5%
AJ Sons	2,607	3,090	18.5%
Revenues from Management Supervision Agreements	4,184	6,866	64.1%
Total	385,267	412,867	7.2%
Gross Profit Margin			

Hospital	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
SGH Jeddah	50.2%	50.6%	
SGH Riyadh	57.4%	56.2%	
SGH Aseer	51.5%	53.8%	
SGH Madinah	58.9%	54.2%	
AJ Sons	40.3%	34.4%	
Total	54.6%	54.1%	

Gross profit margin was 54.6% for the six months period ended 30 June 2014G and 54.1% for the six months period ended 30 June 2015G. This was mainly due to:

- A decrease in the gross profit margin of SGH Riyadh from 57.4% for the six months period ended 30 June 2014G to 56.2% for the six months period ended 30 June 2015G as a result of renovation and maintenance works in NICU in SGH Riyadh.
- A decrease in the gross profit margin of SGH Madinah from 58.9% for the six months period ended 30 June 2014G to 54.2% for the six months period ended 30 June 2015G as a result of an increase in the discounts provided to Ministry of Health due to a change in the Ministry billing policy and an increase in hospital materials and supplies in SGH Madinah.

6-7-1-4 Sales and Marketing Expenses

Table 248: Sales and marketing expenses for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Rejections	75,699	73,365	(3.1%)
Provision for doubtful debts	18,761	8,865	(52.7%)
Advertisement and Marketing Expenses	3,579	4,491	25.5%
Total	98,040	86,721	(11.5%)
As a % of Hospital Revenues			
Rejections	10.8%	9.7%	
Provision for doubtful debts	2.7%	1.2%	
Advertisement and Marketing Expenses	0.5%	0.6%	
Total	14.0%	11.5%	

Sales and marketing expenses decreased by 11.5% from SAR 98.0 million for the six months period ended 30 June 2014G to SAR 86.7 million for the six months period ended 30 June 2015G, with sales and marketing expenses as a percentage of hospital revenues decreasing from 14.0% for the six months period ended 30 June 2014G to 11.5% for the six months period ended 30 June 2015G. This is as a result of the following:

- A decrease in rejections by 3.1% from SAR 75.7 million for the six months period ended 30 June 2014G to SAR 73.4 million for the six months period ended 30 June 2015G due to improved administrative procedures in the Company's hospitals, including better documentation of medical reports and procedures, as well as, improvement in communication with insurance companies and the Ministry of Health, mainly in SGH Riyadh and SGH Madinah. (For more information on the nature of rejections and the procedures followed by the Company, please see Section 6-5-1-4 of the Prospectus); and
- A decrease in the provision for doubtful debts by 52.7% from SAR 18.8 million for the six months period ended 30 June 2014G to SAR 8.9 million for the six months period ended 30 June 2015G due to the settlement of long overdue balances in 2014G as a result of the adoption of the new provisioning policy at the end of 2014G.

6-7-1-5 G&A Expenses

Table 249: G&A expenses for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Employee Indirect Costs	72,713	75,711	4.1%
Traveling expenses	11,270	11,610	3.0%
Employee Health Insurance Costs	7,608	9,098	19.6%
Accommodation expenses	6,474	7,510	16.0%
Other fixtures	4,184	4,633	10.7%
Maintenance and repairs	2,178	2,969	36.3%
Mail and phone	2,810	2,154	(23.3%)
Audit / consultation fees etc.	5,572	5,455	(2.1%)
Security services	1,672	2,355	40.8%
Insurance costs	561	499	(11.1%)
Other Expenses	5,748	8,156	41.9%
Total	120,790	130,150	7.7%
As % of total revenues			
Employee Indirect Costs	10.3%	9.9%	
Traveling expenses	1.6%	1.5%	
Employee Health Insurance Costs	1.1%	1.2%	
Accommodation expenses	0.9%	1.0%	
Other fixtures	0.6%	0.6%	
Maintenance and repairs	0.3%	0.4%	
Mail and phone	0.4%	0.3%	
Audit / consultation fees etc.	0.8%	0.7%	
Security services	0.2%	0.3%	
Insurance costs	0.1%	0.1%	
Other Expenses	0.8%	1.1%	
Total	17.1%	17.0%	

G&A expenses increased by 7.7% from SAR 124.0 million for the six months period ended 30 June 2014G to SAR 134.0 million for the six months period ended 30 June 2015G due to:

- An increase in employee non-direct costs by 4.1% from SAR 72.7 million for the six months period ended 30 June 2014G to SAR 75.7 million for the six months period ended 30 June 2015G due to an increase in average salaries by 10.5% partly driven by the renewal of certain employee contracts during 2014G. This higher average salary was offset by a decrease in the number of employees.
- An increase in employee health insurance costs by 19.6% from SAR 7.6 million for the six months period ended 30 June 2014G to SAR 9.1 million for the six months period ended 30 June 2015G due to the renewal of employee health insurance for better insurance coverage.

6-7-1-6 Other Income

Table 250: Other income for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)	Change % 30 June 2014G - 30 June 2015G
Training fees	8,040	4,750	(40.9%)
Revenues from general lectures funded and sponsored by pharmaceutical and surgical equipment companies	815	1,189	45.9%
Rental income	1,408	724	(48.6%)
Deferred income from selling fixed assets	96	17	(82.3%)
Diverse income	733	854	16.5%
Total	11,092	7,534	(32.1%)

Other income decreased by 32.1% from SAR 11.1 million for the six months period ended 30 June 2014G to SAR 7.5 million for the six months period ended 30 June 2015G due to decrease in training fees by 40.9% from SAR 8.0 million for the six months period ended 30 June 2014G to SAR 4.8 million for the six months period ended 30 June 2015G because third party hospitals, not related to MEAHCO, started providing training to Al Batterjee Medical College students. Training revenues are expected to gradually reduce to zero over the next 3 years.

Rent revenues decreased by 48.6% from SAR 1.4 million for the six months period ended 30 June 2014G to SAR 724 thousand as for the six months period ended 30 June 2015G as a result of renovation works in shops and kiosks in SGH Jeddah.

6-7-2 Company Consolidated Balance Sheet

Table 251: Company consolidated balance sheet for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Assets		
Current Assets		
Cash and bank balances	38,651	57,966
Trade receivables	597,360	754,577
Inventories	115,056	83,377
Prepayments and other assets	25,556	29,715
Net Amounts due from related parties	123,483	4,588
Total current assets	900,106	930,224
Non-current assets		
Construction in progress	125,673	158,826
Property and equipment	754,213	811,388
Total non-current assets	879,886	970,214
Total Assets	1,779,992	1,900,438
Liabilities and Equity		
Liabilities		
Current Liabilities		
Trade payables	195,357	190,571
Accrued expenses and other liabilities	114,120	91,086
Current portion of term payables	6,716	6,430

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Current portion of long term loans	74,500	126,631
Total Current Liabilities	390,693	414,717
Non-Current Liabilities		
Long term payables	51,197	27,984
Provision for end of service benefits	127,189	144,423
Long term loans	87,278	90,377
Total Non-Current Liabilities	265,664	262,783
Total liabilities	656,357	677,500
Shareholders' Equity		
Share Capital	767,000	920,400
Statutory Reserve	16,411	49,608
Retained earnings	292,908	196,273
Total Shareholders' Equity	1,076,319	1,166,281
Minority Interest	47,316	56,657
Total Liabilities and Shareholders' Equity	1,779,992	1,900,438

6-7-2-1 Net Working Capital

Table 252: Net working capital for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Cash and bank balances	38,651	57,966
Trade receivables	597,360	754,577
Inventories	115,056	83,377
Prepayments and other assets	25,556	29,715
Net Amounts due from related parties	123,483	4,588
Total Current Assets	900,106	930,224
Trade payables	195,357	190,571
Accrued expenses and other liabilities	114,120	91,086
Current portion of term payables	6,716	6,430
Short term Loans and current portion of term loans	74,500	126,631
Total Current Liabilities	390,693	414,717
Net Working Capital	509,413	515,506

6-7-2-2 Analysis of Current Assets

(A) Cash and Bank Balances

Cash and bank balances increased from SAR 38.7 million for at 30 June 2014G to SAR 58.0 million as at 30 June 2015G, in line with the growth in cash flows from operating activities.

(B) Trade Receivables

Table 253: Trade receivables for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Hospitals	543,751	723,283
Unbilled Revenues	91,849	175,219
Current Inpatients	85,870	74,544
AJ Sons Trade Receivables	1,970	2,476
Total Trade Receivables	723,439	975,521
Provision for Doubtful Debts and Rejections	(126,079)	(220,944)
Total	597,360	754,577
Days Receivables Outstanding (DSO)	188	194

Trade receivables increased from SAR 597.4 million as at 30 June 2014G to SAR 754.6 million as at 30 June 2015G. This was due to an increase in the trade receivable of SGH Aseer, SGH Jeddah and SGH Riyadh by SAR 71.5 million, SAR 37.7 million and SAR 31.4 million respectively as a result of an increase in credit revenues. The increase in SGH Aseer receivables from SAR 118.7 million as at 30 June 2014G to SAR 190.3 million as at 30 June 2015G was due to the renewal of the Ministry of Health contract during which payments from the Ministry remained pending.

The Company's DSO increased from 188 days as at 30 June 2014G to 194 days as at 30 June 2015G due to the delay in collections from the Ministry of Health.

Accounts receivable increased from SAR 600.4 million as at 31 December 2014G to SAR 754.6 million as at 30 June 2015G.

Table 254: Trade receivables for the audited financial year ended 31 December 2014G and the audited 6 months ended 30 June 2015G

	31 December 2014G Audited (SAR '000)	30 June 2015G Audited (SAR '000)
Total Trade Receivables	526,155	723,283
Unbilled Revenue	182,228	175,219
Current Inpatients	74,136	74,544
AJ Sons Trade Receivables	1,881	2,476
Total Trade Receivables	784,401	975,521
Net Trade Receivables	600,414	754,577
Days Receivables Outstanding - Total	183	194

The Company's DSO increased from 183 as at 31 December 2014G to 194 as at 30 June 2015G. This increase was mainly due to delays in the collections from the Ministry of Health in SGH Jeddah, SGH Riyadh, and SGH Aseer. As a result of this delay, the DSO of MoH increased from 172 days as at 31 December 2014G to 247 days as at 30 June 2015G.

Trade Receivables Ages by Client

Table 255: Trade receivables ages by client as at 30 June 2015G

Client	Current Inpatients	Unbilled Revenues	0-30 days	31-360 days	1-2 years	2-3 years	More than three years	Total amount	Provisions	Net amount
Ministry of Health	50,483	59,174	38,608	309,599	63,847	45,051	31,842	598,604	(151,641)	446,963
Insurance	7,234	56,485	48,896	83,455	16,897	1,589	1,010	215,350	(35,162)	180,493
Direct and Other	16,826	59,560	22,155	31,922	13,122	7,381	7,820	159,786	(34,141)	124,645
Total	74,544	175,219	109,659	425,066	93,867	53,018	40,672	973,045	(220,944)	752,101
AJ Sons										2,476
Total	74,544	175,219	109,661	425,066	93,867	54,108	40,672	973,045	(220,944)	754,577

The accounts receivable from Ministry of Health accounted for 61.5% of the total accounts receivable, while the accounts receivable from insurance companies accounted for 22.1% of the total accounts receivable. Higher concentration of accounts receivable from Ministry of Health is considered to be a normal condition in Saudi market, given that the Ministry of Health is one of the largest clients of private hospitals working in the Kingdom. Therefore, settlements and payments take longer compared to other clients. As mentioned above, current inpatients are long stay patients (above 30 days) to whom the Company issues invoices at the end of each month. Whereas unbilled revenues are related to inpatients discharged from the hospital, however their bills have yet to be issued since they got discharged before completion of the 30 days billing cycle.

Table 256: Changes in the provisions for doubtful debts and rejections for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Balance at the Beginning of the Year	77,442	183,987
Provisions during the Year	94,431	82,200
Total	171,873	266,187
Adjustments during the Year	(43,805)	(45,243)
Total	128,068	220,944

The provisions for doubtful debts and rejections include the provisions for rejections for insurance companies and the Ministry of Health, and the provisions for both bad and doubtful debts from cash clients.

Trade receivables aging by branch has been analyzed as at 30 June 2015G.

Table 257: Trade receivables ages by branch as at 30 June 2015G

Client	Current Inpatients	Unbilled Revenue	0-30 day	31-360 day	1-2 years	2-3 years	More than three years	Total amount	Provisions	Net amount
SGH Jeddah	16,748	94,292	51,712	58,899	24,194	7,189	21,811	274,845	(66,021)	208,825
SGH Riyadh	12,443	26,019	23,566	124,313	16,748	22,980	10,364	236,432	(64,110)	172,323
SGH Aseer	32,537	38,915	16,732	111,998	3,304	4,271	327	208,084	(17,806)	190,278
SGH Madinah	12,814	15,991	17,651	13,825	49,622	19,579	7,199	253,683	(73,007)	180,676
Total	74,542	175,217	109,661	309,035	93,868	54,019	39,701	973,044	(220,94)	752,102
AJ Sons										2,476
Total										754,577

(C) Inventories

Table 258: Inventories by nature for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

Inventories nature	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Pharmacy supplies	72,243	54,183
Medical supplies	34,933	22,783
Other supplies	10,327	6,918
Inventory balance	117,503	83,884
Provision for slow moving and obsolete inventories	(2,446)	(507)
Total	115,056	83,377
Days inventory outstanding (DIO)	120	95

Total inventories decreased from SAR 115.1 million as at 30 June 2014G to SAR 83.4 million as at 30 June 2015G driven by a decrease in pharmacy supplies from SAR 72.2 million as at 30 June 2014G to SAR 54.2 million as at 30 June 2015G and decrease in medical supplies from SAR 34.9 to SAR 22.8 million during the same period. The decrease in total inventory as at 30 June 2015G was mainly due to improved procurement control measures imposed to maintain an optimal level of inventory without affecting the Company's operations in addition to writing off slow moving inventories (of SAR 2.4 million) after returning the materials that are close to expiry back to the suppliers. As a result, the Company's DIO decreased from 120 days as at 30 June 2014G to 95 days as at 30 June 2015G.

In 2014G, the Company adopted a new provisioning policy for its slow moving and damaged inventories. Prior to adopting the new policy, the Company wrote off all the slow moving and damaged inventories during 2014G. Accordingly, the provision for the slow moving and damaged inventories decreased to SAR 507 thousand as at 30 June 2015G.

(D) Prepayments and Other Assets

Table 259: Prepayments and other assets for the unaudited 6 months ended 30 June 2014G and the unaudited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Prepaid expenses	12,675	13,635
Prepayments to Employees	4,136	2,387
Other Receivables	8,745	13,693
Total	25,556	29,715

The prepayments and other assets increased from SAR 25.6 million as at 30 June 2014G to SAR 29.7 million as at 30 June 2015G due to an increase in other receivables from SAR 8.7 million as at 30 June 2014G to SAR 13.7 million as at 30 June 2015G, offset by a decrease in prepayments to employees from SAR 4.1 million to SAR 2.4 million during the same period.

The prepaid expenses increased from SAR 12.7 million as at 30 June 2014G to SAR 13.7 million as at 30 June 2015G due to an increase in prepaid insurance from SAR 2.5 million to SAR 4.0 million during the same period. Prepayments to employees were SAR 2.4 million as at 30 June 2015G. These are mainly related to SGH Jeddah, where advance salary payments to employees reached SAR 1.2 million.

The other receivables account increased from SAR 8.8 million as at 30 June 2014G to SAR 13.7 million as at 30 June 2015G mainly due to expenses related to the offering that the Company has incurred on behalf of the selling shareholders.

(E) Due from Related Parties

Table 260: Amounts due from related parties for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Emirates Company	5,351	10,326
BAB.	115,810	-
Bait al Batterjee Company for Education	6,286	769
Total	127,447	11,095

The amounts due from BAB Medical Company Ltd reached SAR 115.8 million as at 30 June 2014G. These amounts due from related parties were driven by operations representing financing between affiliates.

Balances of SAR 6.3 million as at 30 June 2014G and SAR 0.8 million as at 30 June 2015G are related to the provision of training services to the students of Bait Al-Batterjee Company for Education and Training.

Balances of SAR 5.4 million as at 30 June 2014G and SAR 10.3 million as at 30 June 2015G are related to the management supervision fees due from SGH Dubai.

6-7-2-3 Analysis of the Current Liabilities

(A) Trade Payables

Table 261: Trade payables by Company Branches for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

The Company's Branches	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
SGH Jeddah	84,909	81,601
SGH Aseer	46,246	60,430
SGH Riyadh	44,276	34,507
SGH Madinah	30,497	23,566
AJ Sons	6,222	4,388
Eliminations	(16,793)	(13,923)
Total	195,357	190,571
Total Days Payable Outstanding (DPO)	224	209

Trade payables decreased from SAR 195.4 million as at 30 June 2014G to SAR 190.6 million as at 30 June 2015G primarily driven by a decrease in SGH Riyadh and SGH Madinah trade payables by SAR 9.8 million and SAR 6.9 million respectively. The decrease in trade payables balance in SGH Riyadh was due to better procurement management as well as timely settlements. The decrease in SGH Madinah trade payables was due to settlement of outstanding payments. The decrease in SGH Riyadh and SGH Madinah trade payables was partially offset by an increase in the balances of SGH Aseer trade payables, as outstanding payments were not settled until the renewal of contract with MoH. DPO decreased from 224 days to 209 days during the same period due to timely settlements with suppliers.

(B) Accrued Expenses and Other Liabilities

Table 262: Accrued expenses and other liabilities for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Accrued salaries	26,412	29,025
Leave Allowance Provision	23,600	22,718
Accrued Expenses Provision	18,458	9,756
Vacation Tickets Provision	10,384	10,683
Accrued fees and Other Payables	8,566	9,156
Education, Training and Scientific Seminars	7,121	3,229
Zakat Provision	17,406	4,088
Other	2,172	2,431
Total	114,120	91,086

The accrued expenses and other liabilities decreased from SAR 114.1 million as at 30 June 2014G to SAR 91.1 million as at 30 June 2015G, mainly driven by a decrease in the accrued expenses provision by SAR 8.7 million and Zakat provision by SAR 13.3 million.

Accrued salaries increased from SAR 26.4 million as at 30 June 2014G to SAR 29.0 million as at 30 June 2015G in line with the increase in the number of employees, coupled with an increase in the average salary per employee.

(C) Amounts Due to Related Parties

Table 263: Amounts due to related parties for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
International Hospitals Construction Ltd.	1,822	6,100
Al Batterjee College of Medical Science & Technology	2,142	407
Total	3,964	6,507

6-7-2-4 Analysis of non-current assets

Table 264: Non-current assets for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Property and Equipment	754,213	811,388
Work in Progress	125,673	158,826
Total	879,886	970,214

(A) Property and Equipment

Table 265: Property and equipment for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Total Property & Equipment	1,646,451	1,719,412
Accumulated Depreciation	(892,238)	(908,024)
Net Property & Equipment	754,213	811,388

Table 266: Net property and equipment for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Buildings	407,288	421,541
Lands	181,244	181,244
Medical equipment	133,732	163,980
Office equipment	11,120	13,183
Non-medical equipment	6,572	8,720
Furniture and fixtures	5,973	7,920
Vehicles	3,202	4,167
Other	5,081	10,632
Total	754,213	811,388

Property and equipment primarily includes buildings, lands and medical equipment, which together represented 94.5% of total net book value of Property and Equipment as at 30 June 2015G.

The Company's property and equipment increased from SAR 754.2 million as at 30 June 2014G to SAR 811.4 million as at 30 June 2015G, due to additions of to SAR 107.6 million during that period, such income was partially offset by depreciation of SAR 48.8 million and write offs of SAR 1.7 million.

Additions

Table 267: Additions for the audited six months ended 30 June 2015G

	30 June 2015G Audited (SAR '000)
Medical equipment	20,370
Office equipment	2,194
Buildings	1,644
Non-medical equipment	1,274
Furniture and fixtures	1,202
Other	2,527
Total	29,210

As at 30 June 2015G, additions reached SAR 29.2 million, and mainly included:

- SAR 20.4 million related to the purchase of medical equipment in line with the growth in operations;
- SAR 2.2 million related to the purchase of office equipment; and
- SAR 1.6 million related to the purchase of buildings to increase hospitals' capacity.

Construction in Progress

Table 268: Construction in progress for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
SGH Hail	76,565	112,730
SGH Jeddah	26,375	25,395
SGH Riyadh	8,806	11,489
SGH Aseer	13,927	9,212
Total	125,673	158,826

Construction in progress increased from SAR 125.7 million as at 30 June 2014G to SAR 158.8 million as at 30 June 2015G. Construction in progress is related to most of SGH Hail construction works and renovation of the psychiatric ward in SGH Jeddah.

The Company's management expects that SGH Hail shall commence its operations in Q2 2016G.

6-7-2-5 Analysis of Non-Current Liabilities

Table 269: Non-current liabilities for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Long term loans	87,278	90,377
Long term payables	51,197	27,984
Provision for end of service benefits	127,189	144,422
Total	265,664	262,782

Non-current liabilities decreased from SAR 265.7 million as at 30 June 2014G to SAR 262.8 million as at 30 June 2015G, mainly driven by a decrease in long term payables balance by SAR 23.2 million during the same period.

Long Term Payables

Long term payables balance decreased from SAR 51.2 million as at 30 June 2014G to SAR 28.0 million as at 30 June 2015G, as a result of settlement of payables related to SGH Jeddah and SGH Aseer.

Provision for End of Service Benefits

Provision for end of service benefits increased from SAR 127.2 million as at 30 June 2014G to SAR 144.4 million as at 30 June 2015G driven by an increase in the number of employees, coupled with an increase in average salary per employee during this period.

(A) Bank Loans and Long Term Loans

Table 270: Bank loans and long term loans for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Short Term Loans and Current Portion of Long Term Loans	74,500	126,631
Long Term Loans	87,278	90,377
Total	161,778	217,007
Debt to Equity Ratio	15.0%	18.6%

Bank loans and long term loans increased from SAR 161.8 million as at 30 June 2014G to SAR 217.0 million as at 30 June 2015G as the Company obtained a new loan.

Table 271: Bank loans and long term loans by bank for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

(Bank)	30 June 2014G Unaudited (SAR '000)	30 June 2015G Unaudited (SAR '000)
Alinma Bank	49,000	52,000
Samba Bank	20,000	16,250
Samba Bank	17,500	27,000
Arab National Bank	5,000	-
SGH Jeddah	91,500	95,250
Ministry of Finance (MoF)	14,918	39,605
SGH Hail	14,918	39,605

(Bank)	30 June 2014G Unaudited (SAR '000)	30 June 2015G Unaudited (SAR '000)
Ministry of Finance (MoF)	24,938	21,813
SGH Madinah	24,938	21,813
Ministry of Finance (MoF)	18,750	15,625
Arab National Bank	5,500	-
SGH Riyadh	24,250	15,625
Ministry of Finance (MoF)	6,172	3,047
SGH Aseer	6,172	3,047
Samba Bank	-	41,667
SGH Head Office	-	41,667
Total	161,778	217,007

Source: The Company

Table 272: Details of credit facilities by lender

Bank	Hospital	Type of available facilities	Payment conditions	Collaterals	Financial positions
Ministry of Finance	SGH Aseer	Loans to finance the establishment of SGH Aseer	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Aseer and all of its buildings	N/A
Ministry of Finance	SGH Madinah	Loans to finance the establishment of SGH Madinah	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Madinah, what to be built thereon and all of its buildings	N/A
Ministry of Finance	SGH Riyadh	Loans to finance the establishment of SGH Riyadh	Sixteen equal annual premiums of SAR 3.125 million	Mortgage of the land of SGH Riyadh and all of its buildings	N/A
Ministry of Finance	SGH Hail	Term loans to finance the establishment of SGH Hail	Twenty equal annual premiums of SAR 3.5 million starting 2018G.	Mortgage of the land of SGH Hail and all of its buildings	N/A
Alinma Bank	SGH Jeddah	Refinance facilities to finance 80% of the amounts due from insurance companies.	Refinance facilities - Repayment in 180 days	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 100 million (Alinma Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	- Leverage ratio should not exceed 1.1x - Current ratio should exceed 1.25 x - Dividends should not exceed 50% of the net profit
Samba Bank	SGH Jeddah	Murabaha loan on deferred payment basis to finance payables related to SGH Jeddah	Current value of refinanced receivables - Repayment in 180 days	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	Current ratio should exceed 1x

Bank	Hospital	Type of available facilities	Payment conditions	Collaterals	Financial positions
Samba Bank	SGH Jeddah	Medium-term Murabaha loan to partially finance the acquisition of new residential buildings for the Hospital staff	Sixteen equal quarterly installments of SAR 1.25 million	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive the guarantee; and the waiver shall be applicable as at the date of completion of offering and listing of the Company's shares on the Saudi Stock Exchange)	The current ratio should exceed 1x Leverage ratio should not exceed 1.75x
Samba Bank	Head Office	Murabaha loan on deferred payment basis to finance payables related to the Head Office	Eighteen equal monthly premiums of SAR 2.8 million	Personal guarantees on a joint and several basis from Sobhi Abduljalil Batterjee and Khalid Abduljalil Batterjee of SAR 118.1 million (Samba Bank has agreed to waive this guarantee, that this waiver shall be effective from the date of completion of the offering and listing of the Company's shares in the Saudi Stock Exchange as a Public joint stock company)	- The current ratio should exceed 1x -Leverage should not exceed 2x

Source: The Company

Table 273: Credit facilities by bank as at 30 June 2015G

Bank	Hospital	Type of available facilities	Credit limit of facilities (SAR '000)	Utilized facilities (SAR '000)	Repaid facilities (SAR '000)	Remaining balance (SAR '000)	Interest rate
Ministry of Finance	SGH Aseer	Term Loans	50,000	49,938	28,125	21,813	Free
Ministry of Finance	SGH Madinah	Term Loans	50,000	50,000	34,375	15,625	Free
Ministry of Finance	SGH Riyadh	Term Loans	69,650	39,605	-	39,605	Free
Ministry of Finance	SGH Hail	Term Loans	50,000	50,000	46,952	3,047	Free
Alinma Bank	SGH Jeddah	Refinanced facility	60,000	52,000	-	52,000	Saudi Interbank Offered Rate +2.5%
Samba Bank	SGH Jeddah	Murabaha loan	20,000	20,000	3,750	16,250	Saudi Interbank Offered Rate +2.5%
Samba Bank	SGH Jeddah	Murabaha loan	35,000	27,000	-	27,000	Saudi Interbank Offered Rate +2.5%
Samba Bank	Head Office	Murabaha loan	100,000	50,000	8,333	41,667	Saudi Interbank Offered Rate +2.5%
Total			434,650	314,648	121,535	217,007	

Source: The Company

The outstanding balance from SGH Jeddah bank loans reached SAR 95.3 million as at 30 June 2015G, and consists of:

- Refinance facilities for SGH Jeddah provided by Alinma Bank to meet the working capital needs of SGH Jeddah; the utilized balance reached SAR 52.0 million out of the total facilities amounting to SAR 60.0 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate;
- Medium-term Murabaha loan to SGH Jeddah to partially finance the acquisition of new residential buildings for the hospital staff with balance due of SAR 16.3 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate, to be repaid in 16 annual installments; Three installment was paid and thirteen are remaining as at 30 June 2015G; and
- Refinance Murabaha loan for SGH Jeddah to meet the working capital needs; the utilized balance reached SAR 27.0 million out of the total facilities amounting to SAR 35.0 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offer Rate.

Bank loans for SGH Hail consist of term loans of SAR 69.7 million provided by Ministry of Finance to finance the construction of SGH Hail with payable balance of SAR 39.6 million, to be repaid in 20 annual installments of SAR 3.5 million each, starting from 2018G.

Bank loans for SGH Madinah consist of term loans with a credit limit of SAR 50.0 million provided by Ministry of Finance to finance the construction of SGH Madinah with payable balance of SAR 21.8 million, to be repaid in 16 annual installments of SAR 3.1 million each. Nine out of sixteen installments were paid and seven other are remaining as at 30 June 2015G.

Bank loans for SGH Riyadh consist of term loans of SAR 50.0 million provided by Ministry of Finance to finance the construction of SGH Riyadh with payable balance of SAR 15.6 million, to be repaid in 16 annual premiums of SAR 3.1 million each. Eleven out of sixteen installments were paid and five other are remaining as at 30 June 2015G.

Bank loans for SGH Aseer consist of term loans of SAR 100.0 million provided by Ministry of Finance to finance the construction of SGH Aseer with payable balance of SAR 3.0 million, to be repaid in 16 annual installments of SAR 3.1 million each. Fifteen out of sixteen installments were paid and only one is remaining as at 30 June 2015G.

Head Office bank loans consist of Murabaha loan of SAR 50.0 million from Samba Bank with a payable balance of SAR 41.7 million, carrying a floating interest rate of 2.5% in addition to the Saudi Interbank Offered Rate. It shall be repaid in 18 monthly installments of SAR 2.8 million each.

Bank loans utilized the Company as at 30 June 2015G are to be fully repaid by 2019G. Facilities due to Ministry of Finance as at 30 June 2015G are to be fully repaid by 2037G. Detailed repayment schedule is attached below:

Table 274: Loan repayment table as at 30 June 2015G

	The Company	2015G (SAR '000)	2016G (SAR '000)	2017G (SAR '000)	2018G (SAR '000)	2019G (SAR '000)	2020G (SAR '000)	2021G (SAR '000)	2021G and beyond (SAR '000)	Total
SGH Head Office	Samba Bank	16,667	25,000	-	-	-	-	-	-	41,667
SGH Jeddah	Samba Bank	2,500	5,000	5,000	3,750	-	-	-	-	16,250
SGH Riyadh	Ministry of Finance (MoF)	3,125	3,125	3,125	3,125	3,125	-	-	-	15,625
SGH Aseer	Ministry of Finance (MoF)	3,047	-	-	-	-	-	-	-	3,047
SGH Madinah	Ministry of Finance (MoF)	3,125	3,125	3,125	3,125	3,125	3,125	3,063	-	21,813
SGH Hail	Ministry of Finance (MoF)	-			3,483	3,483	3,483	3,483	25,675	39,605
Total		28,464	36,250	11,250	13,483	9,733	6,608	6,546	25,675	138,007

Source: The Company

The following table shows the Company Financing Structure for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G.

Table 275: Financing Structure for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Current Portion of long term payables	6,716	6,430
Current portion of long term loans	74,500	126,631
Total short term loans	81,216	133,061
Long term loans	87,278	90,377
Long term payables	51,197	27,984

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Total long term loans	138,475	118,361
Total loans	219,691	251,422
Total shareholders' equity	1,076,319	1,166,281
Total loans as percentage of Shareholders' Equity	20.4%	21.6%

6-7-2-6 Shareholders' Equity

Table 276: Shareholders' equity for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Share Capital	767,000	920,400
Statutory Reserve	16,411	49,608
Retained Earnings	292,908	196,273
Total Shareholders' Equity	1,076,319	1,166,281
Minority Interest	47,316	56,657
Total Shareholders' Equity and Minority interest	1,123,635	1,222,938
Return on Shareholders' Equity	16.1%	16.9%

During 2015G, the Company increased its share capital from SAR 767.0 million as at 30 June 2014G to SAR 920.4 million as at 30 June 2015G through capitalization of SAR 153.4 million from retained earnings.

The Company transfers 10% of its annual net profit to statutory reserve in accordance with the requirements specified in Article (176) of the Saudi Companies Law until the statutory reserve reaches half the paid-up capital.

Retained earnings decreased from SAR 292.1 million as at 30 June 2014G to SAR 196.3 million as at 30 June 2015G due to transfer of SAR 153.4 million in 2015G to share capital, in addition to the distribution of SAR 165.7 million in dividends during the same period. The reduction in retained earnings was offset by the Company's net profit of SAR 332.0 million during 2014G.

6-7-3 Cash Flow Statements

Table 277: Cash flow statements for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Cash from operating activities		
Net Income of the Period	172,960	197,180
Adjustments for non-cash items		
Depreciation	21,126	25,355
End of service benefits	10,469	8,222
Adjusted net income	204,555	230,757
Change in current assets and liabilities:		
Accounts receivable	(54,138)	(154,163)
Inventories	(16,298)	(7,499)
Prepaid expenses and other receivable balances	5,566	(6,815)
Accounts payable	18,679	27,789

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Net Related parties	(106,402)	6,259
Accrued expenses and other payable balances	7,575	(2,783)
Net cash provided by operating activities	59,538	93,544
Cash flows from investment activities		
PPE - net	(32,208)	(28,424)
Works in progress	(15,395)	(35,035)
Net cash (used in) investing activities	(47,603)	(63,459)
Cash flows from financing activities		
Long term payables	(14,424)	(756)
Long term loans	875	53,562
Previous years adjustments	799	(892)
Zakat and tax payable	(3,535)	(4,088)
Minority Interest	(989)	9,502
Dividends	-	(165,672)
Net cash (used in) financing activities	(17,274)	(108,345)
Net increase (shortage) in cash	(5,340)	(78,260)
Cash balance at the beginning of the period	43,991	136,226
Cash balance at the end of the period	38,651	57,966
Non-cash transactions		
Retained earnings transferred to increase the capital	-	(153,400,000)
Share Capital	-	153,400,000

6-7-3-1 Net Cash from Operating Activities

Net cash from operating activities increased from an inflow of SAR 59.5 million for the six months period ended 30 June 2014G to an inflow of SAR 93.5 million for the six months period ended 30 June 2015G due to an increase in net income from SAR 204.6 million in the six months ended in 2014G to SAR 230.8 million in the six months ended in 2015G.

6-7-3-2 Net Cash Used in Investing Activities

Net cash used in investing activities increased from an outflow of SAR 47.6 million for the six months period ended 30 June 2014G to an outflow of SAR 63.5 million for the six months period ended 30 June 2015G driven by capital expenditures in relation to the purchase of medical equipment of SAR 20.4 million, construction and renovation works of SAR 11.0 million and expenditures of SAR 9.4 million for expansion purposes.

6-7-3-3 Net Cash Used in Financing Activities

The net cash used in financing activities increased from an outflow of SAR 17.3 million for the six months period ended 30 June 2014G to an outflow of SAR 108.3 million for the six months period ended 30 June 2015G. This is mainly due to the payment of dividends of SAR 165.7 million, which was partly offset by an increase in bank loans of SAR 53.6 million.

6-7-3-4 Capital Commitments and Contingent Liabilities

A. Capital Commitments

The Company had capital commitments of SAR 74.8 million as at 30 June 2015G related to purchasing of medical equipment of SAR 48.1 million and the construction of SGH Hail with an estimated cost of SAR 26.7 million. It is expected that the purchase of medical equipment will be financed internally, while the construction of SGH Hail will be financed through a loan from MoF.

B. Contingent Liabilities

The contingent liabilities are mainly related to the letters of guarantee (LGs) and letters of credit (LCs) as at the date of the consolidated financial statement which reached SAR 18.0 million as at 30 June 2015G. The LCs are used to import medical equipment. As at 30 June 2015G, the Company issued LCs of SAR 10.4 million through Arab National Bank and SAR 3.0 million through SAMBA Financial Group. Additionally, the Company has unutilized facilities from local banks and MoF amounting to SAR 96.0 million as at 30 June 2015G.

The Company declares that there are no commitments other than those mentioned above.

6.8 Summary of Financial Statements for the Company's hospitals (Branches)

Table 278: Summary of SGH Jeddah income statements for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Revenues	250,845	272,811
Cost of Revenues	(124,851)	(134,639)
Gross Profit	125,994	138,172
Sales and Marketing Expenses	(28,757)	(29,847)
G&A expenses	(51,346)	(56,600)
Operating income	45,891	51,725
Net profit	53,740	55,189

Source: The Company

Table 279: Summary of SGH Jeddah balance sheet for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Current assets	254,372	260,046
Non-current assets	226,330	263,373
Total assets	480,702	523,418
Current Liabilities	201,550	205,783
Non-Current Liabilities	123,789	106,279
Total Liabilities	325,340	312,062
Total Shareholders' Equity	155,362	211,356
Total Liabilities and Equity	480,702	523,418

Source: The Company

Table 280: Summary of SGH Riyadh income statements for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Revenues	189,240	183,307
Cost of revenues	(80,607)	(80,258)
Gross profit	108,633	103,048
Selling and marketing expenses	(26,786)	(22,268)
General & administrative expenses	(20,824)	(22,830)
Operating income	61,023	57,950
Net profit	61,944	59,145

Source: The Company

Table 281: Summary of SGH Riyadh balance sheet for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Current assets	178,637	197,590
Non-current assets	177,945	179,847
Total assets	356,582	377,437
Current Liabilities	86,271	55,084
Non-Current Liabilities	40,966	35,067
Total liabilities	127,238	90,151
Total shareholders' equity	229,345	287,286
Total liabilities and equity	356,582	377,437

Source: The Company

Table 282: Summary of SGH Aseer income statements for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Revenues	137,860	166,864
Cost of revenues	(66,893)	(77,012)
Gross profit	70,967	89,852
Selling and marketing expenses	(10,679)	(15,083)
General & administrative expenses	(27,340)	(27,788)
Operating income	32,949	46,981
Net profit	33,536	47,650

Source: The Company

Table 283: Summary of SGH Aseer balance sheet for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Current assets	300,369	218,183
Non-current assets	192,295	207,628
Total assets	492,664	425,810
Current Liabilities	65,148	81,567
Non-Current Liabilities	39,025	26,359
Total liabilities	104,173	107,926
Total shareholders' equity	388,491	317,884
Total liabilities and equity	492,664	425,810

Source: The Company

Table 284: Summary of SGH Madinah income statements for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Revenues	123,634	132,556
Cost of revenues	(50,752)	(60,718)
Gross profit	72,882	71,839
Selling and marketing expenses	(31,736)	(19,448)
General & administrative expenses	(16,339)	(18,896)
Operating income	24,806	33,495
Net profit	25,142	33,815

Source: The Company

Table 285: Summary of SGH Madinah balance sheet for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

	30 June 2014G Unaudited (SAR '000)	30 June 2015G Audited (SAR '000)
Current assets	189,583	209,279
Non-current assets	159,920	159,586
Total assets	349,503	368,865
Current Liabilities	78,980	43,392
Non-Current Liabilities	46,285	46,551
Total liabilities	125,265	89,943
Total shareholders' equity	224,238	278,921
Total liabilities and equity	349,503	368,865

Source: The Company

6.9 Summary of Financial Statements for the Company's hospitals (Branches)

Table 286: Summary of SGH Jeddah income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Revenues	386,566	446,016	493,057
Cost of revenues	(205,675)	(229,822)	(250,845)
Gross profit	180,891	216,194	242,212
Selling and marketing expenses	(45,303)	(57,218)	(56,571)
General & administrative expenses	(72,515)	(88,768)	(100,046)
Operating income	63,073	70,208	85,595
Net profit	68,474	83,446	98,044

Source: The Company

Table 287: Summary of SGH Jeddah balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Current assets	183,878	232,325	228,656
Non-current assets	183,630	221,441	248,693
Total Assets	367,508	453,766	477,349
Current Liabilities	94,662	201,777	193,950
Non-Current Liabilities	97,145	121,770	104,872
Total liabilities	191,807	323,547	298,822
Total shareholders' equity	175,701	130,219	178,527
Total liabilities and equity	367,508	453,766	477,349

Source: The Company

Table 288: Summary of SGH Riyadh income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Revenues	232,344	323,708	377,327
Cost of revenues	(115,245)	(144,313)	(159,810)
Gross profit	117,099	179,394	217,516
Selling and marketing expenses	(48,445)	(70,297)	(47,705)
General & administrative expenses	(31,059)	(37,962)	(41,987)
Operating income	37,595	71,135	127,824
Net profit	37,090	70,112	129,203

Source: The Company

Table 289: Summary of SGH Riyadh balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Current assets	158,315	197,378	200,788
Non-current assets	157,038	176,514	177,599
Total Assets	315,352	373,892	378,387
Current Liabilities	58,795	63,584	60,546
Non-Current Liabilities	89,706	73,339	33,962
Total liabilities	148,500	136,923	94,508
Total shareholders' equity	166,852	236,969	283,879
Total liabilities and equity	315,352	373,892	378,387

Source: The Company

Table 290: Summary of SGH Aseer income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Revenues	175,077	209,455	290,759
Cost of revenues	(102,319)	(117,150)	(137,832)
Gross profit	72,758	92,305	152,926
Selling and marketing expenses	(13,562)	(16,679)	(26,633)
General & administrative expenses	(34,117)	(48,349)	(53,853)
Operating income	25,078	27,277	72,440
Net profit	26,891	29,549	73,720

Source: The Company

Table 291: Summary of SGH Aseer balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Current assets	110,365	121,183	154,713
Non-current assets	174,088	176,773	203,934
Total Assets	284,453	297,956	358,648
Current Liabilities	41,448	53,337	65,330
Non-Current Liabilities	31,151	33,408	25,919
Total liabilities	72,599	86,745	91,249
Total shareholders' equity	211,854	211,212	267,399
Total liabilities and equity	284,453	297,956	358,648

Source: The Company

Table 292: Summary of SGH Madinah income statements for the audited financial years ended 31 December 2012G, 2013G for 2014G

SAR in 000s	2012G	2013G	2014G
Revenues	134,801	176,460	227,407
Cost of revenues	(76,294)	(81,633)	(104,600)
Gross profit	58,507	94,827	122,807
Selling and marketing expenses	(22,822)	(43,211)	(58,906)
General & administrative expenses	(25,722)	(30,484)	(34,769)
Operating income	9,964	21,132	29,132
Net profit	11,842	22,315	32,627

Source: The Company

Table 293: Summary of SGH Madinah balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Current assets	129,700	162,907	177,825
Non-current assets	157,448	161,116	160,909
Total Assets	287,148	324,024	338,733
Current Liabilities	25,914	43,782	34,621
Non-Current Liabilities	46,237	48,523	47,359
Total liabilities	72,151	92,305	81,979
Total shareholders' equity	214,997	231,719	256,754
Total liabilities and equity	287,148	324,024	338,733

Source: The Company

Table 294: Summary of SGH Hail income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Revenues	-	-	-
Cost of revenues	-	-	-
Gross profit	-	-	-
Selling and marketing expenses	-	-	-
General & administrative expenses	(278,825)	(1,318,806)	(527,531)
Operating income	(278,825)	(1,318,806)	(527,531)
Net profit	(278,825)	(1,318,806)	(578,469)

Source: The Company

Table 295: Summary of SGH Hail balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

SAR in 000s	2012G	2013G	2014G
Current assets	3,229	10,185	865
Non-current assets	69,605	75,221	98,429
Total Assets	72,834	85,406	99,294
Current Liabilities	6,919	545	5,716
Non-Current Liabilities	-	14,917,500	24,210,000
Total liabilities	6,919	15,462	29,926
Total shareholders' equity	65,916	69,944	69,368
Total liabilities and equity	72,834	85,406	99,294

Source: The Company

Hail National Company capital

Previously, the share capital of Hail National Company was SAR 65,000,000 (Sixty-five million Saudi riyals).

Upon incorporation in 2014G, the capital increased to SAR 80,350,000 (eighty million three hundred fifty thousand Saudi riyals) as shown below:

- The loan provided by High Commission for Hail Development amounting to (SAR 5,347,100) five million three hundred forty seven thousand one hundred Saudi Riyals was transferred to Capital and therefore shares have been issued for High Commission for Hail Development.
- Moreover, additional shares were issued to High Commission for Hail Development against additional cash of (SAR 10,002,900) ten million two thousand nine hundred Saudi Riyals. The shares were issued at face value of SAR 10 per share and no conditions were attached to this issuance.

7. Capitalization and Indebtedness

The table below sets out the capitalization and indebtedness of the Company as derived from the audited financial statements for years ended 31 December 2012G, 2013G and 2014G. The following table should be read in conjunction with Company's audited financial statements, and the notes attached thereto, included in Section 19 "Auditors' Report" of this Prospectus.

The Directors also declare that the Company does not have any debt instruments and has sufficient working capital for (12) twelve months immediately following the publication of the Prospectus.

Table 296: Capitalization and Indebtedness of the Company as derived from the audited financial statements as at the end of the years ended 31 December 2012G, 2013G and 2014G

SAR in 000's	2012G Audited	2013G Audited	2014G Audited
Liabilities			
Total current liabilities	131,161	363,565	357,378
Total non-current liabilities	114,009	269,618	234,088
Total liabilities	245,171	633,183	591,466
Shareholders' equity			
Share Capital	590,000	767,000	767,000
Statutory reserve	2,692	16,411	49,608
Retained earnings	19,769	122,684	323,144
Total shareholders' equity	612,460	906,096	1,139,753
Minority interest	32,117	48,305	47,155
Total capitalization	644,637	954,401	1,186,908

The Directors confirm that the Company's capital is under no option. The Directors also confirm that the Company does not have any debt instruments and did not authorize the issuance of such instruments as at the date of this Prospectus.

The Directors confirm that there is no intention to make any material change to the nature of the Company's business. Moreover, Company's operations were not interrupted during the last (12) twelve months in a manner that might have or has had a significant effect on the Company's financial position.

The Directors also confirm that there has been no material adverse change in the Company's or its Subsidiary's financial or business position during the three years immediately preceding the date of submission and acceptance of listing application and during the period from the end of the duration covered in the auditors' report up to and including the date of approval of this Prospectus. The Directors confirm that the Company does not own any assets including contractual securities or any other assets whose values are subject to fluctuation which would significantly affect the assessment of the financial position.

The Directors confirm that the Company is not aware of any governmental, economic, financial, monetary or political policies or any other factors that have or may materially affect (directly or indirectly) the Company's operations.

8. Dividend Distribution Policy

In accordance with the Company Bylaws, the distribution of cash dividends is subject to the approval of the OGA based on the recommendations of the Board after taking into consideration different factors at that time, including the financial condition of the Company, and its obligations that may restrict the distribution of cash dividend under the credit facilities agreements entered into by the Company as well as the results of its current and anticipated business, cash requirements and its expansion plans.

The Shareholders' dividend distribution decision aiming to maximize Shareholders' investment value is subject to the Company's capital expenditure, investment requirements, profits, financial position, market conditions, general economic conditions, and other factors, including the Company's immediate reinvestment needs, cash and capital needs, business prospects, economic activity as well as other legal and regulatory considerations. Dividends, if any, will be distributed in Saudi Riyals. Any investor willing to invest in the Offer Shares should realize that the dividend distribution policy may change from time to time.

Although the Company intends to pay annual dividends to its Shareholders, it does not make any assurance that any dividends will actually be paid nor any assurance as to the amount which will be paid in any given year. The distribution of dividends is subject to certain limitations contained in the Company's Bylaws, as Article 41 states that after deducting all other expenses and costs, the annual net profits shall be distributed as follows:

- Ten (10%) of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary General Assembly when the statutory reserve amounts to half of the Company's share capital.
- The Ordinary General Assembly may, at the request of the Board of Directors, set aside ten (10%) of the annual net profits to form a voluntary reserve to be allocated towards one or more specific purposes.
- From the remaining profits, Shareholders shall be paid an initial payment of not less than five percent (5%) of the paid-up capital.
- The remaining balance shall be distributed to the Shareholders as an additional share of the profits or carried forward to the next financial year, subject to the approval of the General Assembly of Shareholders.

The distribution of dividends is also subject to the restrictions and conditions contained in the credit facilities agreements entered into between the Company and financiers from time to time. According to the credit facilities agreements with Alinma Bank, the Company shall not distribute dividends exceeding 50% of the realized profits in the previous financial year throughout the term of the agreement (for more information about these agreements, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).

The table below sets out the amounts of dividends distributed by the Company during the last three years:

Table 297: Historical dividends in Saudi Riyals for the audited financial years ending on 31 December 2012G, 2013G, 2014G and for the period of six (6) months ended 30 June 2015G

in Saudi Riyals	2012G (Audited)	2013G (Audited)	2014G (Audited)	30 June 2015G (Audited)
Declared dividends	19,768,770	92,040,000	165,672,000	-
Dividends paid during the year	-	19,768,770	92,040,000	165,672,000
Net Income for the period	61,994,012	137,197,859	331,969,205	197,180,249
Ratio of declared dividends to net income	31.89%	67.09%	49.90%	-

Source: The Company

Table 298: Historical dividends in Saudi Riyals for the pro-forma financial years ending on 31 December 2012G and 2013G, and the audited financial year ending on 31 December 2014G and for the period of six (6) months ended 30 June 2015G

in Saudi Riyals	2012G (Pro-forma)	2013G (Pro-forma)	2014G (Audited)	30 June 2015G (Audited)
Declared dividends	19,768,770	92,040,000	165,672,000	-
Dividends paid during the year	-	19,768,770	92,040,000	165,672,000
Net Income for the period	132,389,824	192,548,988	331,969,205	197,180,249
Ratio of declared dividends to net income	14.93%	47.80%	49.90%	-

Source: The Company

Except as disclosed in the above table, the Directors confirm that there are no any declared dividends for year 2015G.

9. Use of Proceeds

The total proceeds from the Offering are estimated at SAR (1,767,168,000) million of which approximately SAR 55 million will be used to settle all expenses relating to the Offering, which include the fees of the Financial Advisor, Lead Manager, Legal Advisor, Market Consultant, Auditors, Underwriter fees, Receiving Agents fees, marketing fees, printing fees, distribution and translation fees as well as other fees relating to the Offering.

The net proceeds of approximately SAR (1,712,168,000) million will be distributed among the Selling Shareholders and the Company will not receive any portion of the Offer Proceeds.

Furthermore, Directors declare that no commissions, discounts, brokerages or other non-cash compensations were granted by the Company or any of its subsidiaries within the three years immediately preceding the application for listing in connection with the issue or sale of any securities. The Selling Shareholders will be responsible for all expenses related to the Offering.

10. Statements of Experts

Written approvals have been obtained from the Financial Advisor, Legal Advisor, Financial Due Diligence Advisor, Market Consultant and Auditors whose names are mentioned in pages (vi) for the use of their names, logos and statements in the form stated in this prospectus, and none of these approvals has been withdrawn. Moreover, the advisors do not themselves, nor any of their employees, relatives or affiliates have any shareholding or interest of any kind in the Company or its subsidiary.

Financial Advisor, Institutional Investor Bookrunner, Lead Manager and Underwriter	
sambacapital سامباكابيتال	Samba Capital & Investment Management Company (Samba Capital) One of the companies licensed by the CMA in the Kingdom. Samba Capital provides financial services such as dealing both as a principal and agent, management of investment funds and customers portfolios, arranging, advising and custody.
Legal Advisor	
Law Office of Salman M. Al-Sudairi in association with LATHAM & WATKINS LLP	Law Office of Salman M. Al-Sudairi in association with Latham & Watkins LLP One of the law firms licensed to provide legal services and legal and regulatory consulting in the Kingdom.
Financial Due Diligence Advisor	
pwc	PricewaterhouseCoopers One of the advisory firms licensed in the Kingdom, which provides professional consulting services and conducts feasibility studies for investors.
Market Consultant	
Roland Berger	Roland Berger Strategy Consultants Middle East W.L.L A consulting firm that provides services in the field of market research, prepares reports on business information and data in the sector in which the Company operates.
Auditors	
Aldar Audit Bureau	Aldar Audit Bureau (Abdullah Al Basri & Co.) - Member of Grant Thornton International One of the auditing and accounting offices licensed in the Kingdom by SOCPA, which provides accounting, auditing and consulting services, and financial and administrative studies.

11. Declarations

The Board of Directors declare that:

- The Company's audited consolidated financial information included in this Prospectus for the financial years ended 31 December 2012G, 2013G, and 2014G and the notes attached thereto; and the interim financial statements for the period of six (6) months ended 30 June 2015G and the notes attached thereto, which were issued by the Company's Auditors, Aldar Audit Bureau (Basri Abdullah & Co.) - Member of Grant Thornton International, were prepared in accordance with the auditing standards issued by SOCPA which allows the use of international auditing standards in the absence of relevant Saudi auditing standards.
- There has been no interruption in the business of the Company or any of its subsidiaries, which may have or have had a significant effect on its financial position in the last twelve (12) months.
- The share capital of the Company and its Subsidiary is under no option.
- The Company and its Subsidiary have working capital that is sufficient for twelve (12) months following the date of this Prospectus.
- There is no intention to make any material change with respect to the Company or its Subsidiary's activities.
- There has been no material adverse change in the Company's or its Subsidiary's financial or business position during the three years immediately preceding the date of submission and acceptance of listing application as at the date of approval of this Prospectus.
- None of the Company's Directors, Executive Management or Secretary have declared their bankruptcy at any time
- None of the companies, in which the Company's Directors, Executive Management or Secretary have been carrying out administrative of supervisory roles during the five past years, have been declared insolvent.
- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company or any of its Subsidiary within the three (3) years immediately preceding the application for listing in connection with the issue or offer of any securities.
- There are no pending or threatened law suits, claims or investigation procedures, which any of the Company's Directors or Executive Management members are parties thereof and may severally or jointly have a significant impact on the Company's operations or financial standing.
- Neither the Directors nor the Executive Management members can vote on a contract or proposal in which they have a material interest.
- The Directors and CEO are not authorized to participate in voting with respect to the remuneration granted to them.
- The Directors and CEO are not authorized to borrow from the Company or its Subsidiary.
- Except as disclosed in Table 87 "the Directors" and Table 3 "Selling Shareholders" of this Prospectus, none of Directors nor any of their relatives have any shares or interests of any kind in the Company or its Subsidiary.
- They do not currently own or manage any business competing with that of the Company or its Subsidiary in compliance with Article (70) of the Companies Law and Article (18) of the Corporate Governance Regulations, and they will comply with this regulatory requirement in the future in accordance with the abovementioned articles.
- All transactions with Directors (or companies in which they participate) are currently made and will continue to be made on a competitive basis and such related party transactions shall be approved by resolutions adopted by each of the Board and OGA, provided that a Director who has an interest, directly or indirectly, in these transactions shall not participate in voting in accordance with Article (69) of the Companies Law and Article (18) of the Corporate Governance Regulations.
- The Company does not have any employee share schemes in place as at the date of this Prospectus, nor any other arrangements that gives employees a stake in the Company's capital.
- Appropriate internal control systems have been put into place including a written policy to regulate conflicts of interest and address any possible cases of conflict, which include the misuse of assets and abuse resulting from transactions with related parties, in addition to ensuring the integrity of the financial and accounting procedures and ensuring the implementation of control procedures appropriate for risk management in accordance with the requirements of Article (10) of the Corporate Governance Regulations. Furthermore, the Board annually reviews the effectiveness of the internal control procedures.
- The Company and its Subsidiary have obtained all necessary licenses and permits to practice and continue their businesses as of the date of this Prospectus, except for the accreditation from CBAHI and NHC's license from SAGIA.
- All the Company's employees are under its sponsorship.

- The Company's Executive Management have the necessary knowledge and experience that qualify them to carry out the business of the Company.
- There is no intention to make any change in the Company's accounting policies as at the date of this Prospectus.
- Shareholders whose names appear in page (x) of this Prospectus are the legal and beneficial owners of the Company.
- The Company does not currently have any intention to sign any new contracts with related parties except for renewing the existing contracts with the related parties that are referred to in this Prospectus.
- All terms and conditions that could affect the decision of Subscribers to subscribe for the Company's shares have been disclosed.
- All material agreements and transactions and their main terms have been disclosed, and no breach to any of the conditions and covenants of such agreements and transactions has occurred as at the date of this Prospectus.
- Except as disclosed in Section 12-9 "Intangible Assets" of this Prospectus, the Company does not own any other material intellectual property.
- Except as disclosed in Section 12-10 "Lawsuits, Claims and Statutory Procedures" of this Prospectus, the Company is not involved in any lawsuits, arbitral proceedings, judicial, administrative or arbitral proceedings or investigation procedures that may materially affect the Company's operations or financial position.
- Except as disclosed in Section 12-2 "Shareholder Structure" of this Prospectus, there are no pledges on Company's shares.
- Except as disclosed in Section 12-6-10 "Transactions with Related Parties" of this Prospectus, there are no agreements or transactions entered into between the Company and Related- Parties.
- All increases to the share capital of the Company are in compliance with the applicable laws and regulations in the Kingdom, including the accounting policies adopted in the Kingdom.
- The Company has in place all insurance documentation required under the Company's licenses and the agreements that it has entered into.
- The Company is capable of preparing all reporting requirements under the CMA regulations in a timely manner.
- All necessary consents, relating to the Company's offering of 30% of its shares and its conversion to a public joint stock company, have been obtained from lending banks.
- Appropriate internal control policies, accounting policies and information technology policies have been put into place.
- As of the date of this Prospectus, the Company is in compliance with all terms, including the financial covenants, of the credit facilities and loan agreements specified in Section 12-6-8 "Credit Facilities and Loans" and have not breached any of such financial covenants as at the date of this Prospectus.
- Except as disclosed in Section "Possible and capital obligations" and the additional zakat claims from the DZIT disclosed in Section "Zakat Assessment" and Section 12-10 "Lawsuits, Claims and Statutory Procedures", the Company has no other possible obligations.
- There have not been any changes to the Medical Services Agreements with MOH as at the date of this Prospectus, the details of which are set out in section 12-6-1 "**Medical Services Agreements**".
- The Directors undertake the following:
  - to record Board resolutions and deliberations in a written minute of the Board meeting signed by them.
  - to disclose details of any transactions with Related-Parties (or companies in which they participate) in the agenda of General Assemblies so that the Shareholders may be given the opportunity to approve such transactions at such meetings.
  - to comply with the provisions of Articles (69) and (70) of the Companies Law and Article (18) of the Corporate Governance Regulations.

12. Legal Information

12.1 The Company

Middle East Healthcare Company is a closed Saudi joint stock company pursuant to Ministerial Resolution number 2554 dated 16/03/1425H (corresponding to 5/5/2004G), registered under commercial registration number 4030149460 dated 06/04/1425H (corresponding to 25/5/2004G), with SAGIA license number 10217351148402 dated 29/11/1435H (corresponding to 24/09/2014G), and its head office is located in Jeddah, Al Zahraa District, Batterjee Street.

The Company was established as a closed Saudi joint stock company with a paid-up share capital of (SAR 590,000,000) five hundred ninety million Saudi Riyals, of which (SAR 42,040,000) forty-two million forty thousand Saudi Riyals were paid through cash contributions, while the remaining (SAR 547,960,000) five hundred forty-seven million nine hundred sixty thousand Saudi Riyals were paid through in-kind contributions made by BAB which consisted of SGH Madinah (including land and buildings), SGH Aseer (including its land and buildings) and 80% of the share capital of BABAS (the previous owner and operator of SGH Riyadh). On 02/02/1435H (corresponding to 5/12/2013G), the EGA of the Company agreed to the increase of the Company's share capital from (SAR 590,000,000) five hundred ninety million Saudi Riyals to (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals. The increase of (SAR 177,000,000) one hundred seventy-seven million Saudi Riyals was covered through capitalization of the Shareholders' account resulting from their contribution of additional in-kind contributions to the Company, which consisted of SGH Jeddah, 98% of the shares of AJ Sons, 39.96% of NHC's share capital, Management Supervision Agreements, 20% of the shares of BABAS, and Dammam Land. For more information about the increase in capital, please see Section 4-3-2 "The First Capital Increase and reorganisation of the company ownership in 2013G" of this Prospectus. On 28/7/1436H (corresponding to 17/05/2015G), the EGA of the Company agreed to further increase of the Company's share capital from (SAR 767,000,000) seven hundred sixty-seven million Saudi Riyals to (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals. The increase of (SAR 153,400,000) one hundred and fifty-three million four hundred thousand Saudi Riyals was covered through the capitalization of retained earnings account.

The current share capital of the Company is (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals per share.

12.2 Shareholder Structure

The following table sets out the ownership of shares and Selling Shareholders of the Company pre- and post- the Offering:

Table 299: Ownership Structure of the Company's shares pre- and post- the Offering

Shareholders	Pre-Offering				Post-Offering			
	Number of Shares	Nominal Value (SAR)	Shareholding (%)		Number of Shares	Nominal Value (SAR)	Shareholding (%)	
			Direct	Indirect			Direct	Indirect
BAB*	71,911,610	719,116,100	78.1308%	-	50,338,127	503,381,270	54.6916%	-
IFC	11,081,616	110,816,160	12.0400%	-	7,757,131	77,571,310	8.4280%	-
Zuhair Ahmed Al-Sebai	4,290,958	42,909,580	4.6621%	-	3,003,671	30,036,710	3.2634%	-
IDB	1,910,765	19,107,650	2.0760%	-	1,337,535	13,375,350	1.4532%	-
Arab Fund	1,496,162	14,961,620	1.6256%	-	1,047,313	10,473,130	1.1379%	-
Sobhi Abduljaleel Batterjee	1,267,180	12,671,800	1.3768%	46.7230%	887,026	8,870,260	0.9637%	32.7061%
SAMC	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
KAMIC	34,554	345,540	0.0375%	-	24,188	241,880	0.0263%	-
Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	15.2988%	1,001	10,010	0.0011%	10.7092%
Makarim Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Sultan Sobhi Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%

Shareholders	Pre-Offering				Post-Offering			
	Number of Shares	Nominal Value (SAR)	Shareholding (%)		Number of Shares	Nominal Value (SAR)	Shareholding (%)	
			Direct	Indirect			Direct	Indirect
Rudwan Khalid Abduljaleel Batterjee	1,430	14,300	0.0016%	0.0008%	1,001	10,010	0.0011%	0.0005%
Saleh Ahmed Hefni	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Ali Abdulrahman Al-Gwaiz	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Mohammed Abdulrahman Moumena	1,430	14,300	0.0016%	-	1,001	10,010	0.0011%	-
Huda Abduljaleel Batterjee	740	7,400	0.0008%	4.8402%	518	5,180	0.0006%	3.3881%
Sabah Abduljaleel Batterjee	740	7,400	0.0008%	3.5979%	518	5,180	0.0006%	2.5185%
Abduljaleel Khalid Abduljaleel Batterjee	740	7,400	0.0008%	0.0008%	518	5,180	0.0006%	0.0005%
Saud Abdulwahab Al-Fadel	371	3,710	0.0004%	-	260	2,600	0.0003%	-
Public	-	-	-	-	27,612,000	276,120,000	30.000%	-
Total	92,040,000	920,400,000	100%		92,040,000	920,400,000	100%	

Source: The Company

** BAB pledged (1,500,000) one million five hundred thousand of its shares in the Company in favour of IFC pursuant to a Share Pledge Agreement dated 19/09/1435H (corresponding to 16/07/2014G) in consideration for facilities made available by IFC to BAB. As shown in the shareholders' register, all of BAB's shares in the Company are encumbered pursuant to the Dividend Assignment Agreement dated 19/09/1435H (corresponding to 16/07/2014G) pursuant to which BAB assigned all of its dividends in the Company to IFC. This agreement will remain effective after the Offering, and IFC shall have the right to, subject to the regulatory approvals, acquire (1,500,000) one million and five hundred thousand of BAB's shares in the Company in the event that BAB defaults on its obligations under such agreement.*

12.3 Branches and Subsidiary

12-3-1 Branches

The Company has (7) seven branches as follows:

Table 300: Branches

#	Branch Name	Commercial Registration Number	Commercial Registration Certificate Date
1	SGH Jeddah	4030124187	05/02/1419H (corresponding to 31/05/1998G)
2	SGH Aseer	5855019364	28/12/1420H (corresponding to 03/04/2000G)
3	SGH Madinah	4650032396	18/02/1423H (corresponding to 01/05/2002G)
4	SGH Riyadh	1010162269	24/07/1421H (corresponding to 21/10/2000G)
5	SGH Dammam	2050105713	18/07/1436H (corresponding to 07/05/2015G)
6	SGH Hail*	3350043739	23/12/1436H (corresponding to 07/10/2015G)
7	AJ Sons	4030181710	27/11/1429H (corresponding to 25/11/2008G)

Source: The Company

** The Company registered a branch and obtained a commercial registration for such branch in Hail pursuant to its Management Agreement with NHC to manage SGH Hail.*

12-3-2 Subsidiary

The Company has one subsidiary, namely:

Table 301: Subsidiary

#	Company's Name	Commercial Registration No	Commercial Registration Certificate Date
1	National Hail Company	3350019735	02/07/1428H (corresponding to 16/07/2007G)

Source: The Company

For more information about NHC, please see Section 4-8 "the Subsidiary" of this Prospectus.

12.4 Required Licenses and Approvals

The Board declares that the Company and its Subsidiary hold all licenses and approvals required to conduct their operations, except for NHC's Foreign Investment License, which is currently under process. In addition, the Company is currently seeking to obtain CBAHI accreditations with respect to each of MEAHCO Hospitals. CBAHI accreditation is a new requirement that is applied to all hospitals in the Kingdom; however, CBAHI have yet to issue such accreditations to the MEAHCO Hospitals, with the exception of SGH Jeddah which received CBAHI accreditation for a period of three (3) years commencing on 06/01/1437H (corresponding to 19/10/2015G) for further information about the risks relating to the Company or its Subsidiary's failure to obtain any of the required licenses and permits, please see Section 2-1-8 "Risks Relating to Legislation and Regulatory Requirements for the Healthcare Sector and the Required Licenses" of this Prospectus.

Set below are the main licenses and approvals:

Table 302: Required licenses and approvals

License Type	Purpose	License Number	Expiry Date	Renewal	Status	Issuing Authority
The Company's main licenses and approvals						
Registration Certificate of a Joint Stock Company	Registering the Company with the commercial registration	4030149460	05/04/1440H (corresponding to 12/12/2018G)	Five years	Valid	MOCI
Foreign Investment License	Company's foreign investment license issued by SAGIA	10217351148402	27/11/1437H (corresponding to 30/08/2016G)	Annual	Valid	SAGIA
The branches' main licenses and approvals						
Commercial Registration Certificate of a Branch	Branch registration of SGH Jeddah	4030124187	11/05/1440H (corresponding to 17/01/2019G)	Five years	Valid	MOCI
Medical License	License of SGH Jeddah	026-101-010-010-0020	25/04/1437H (corresponding to 04/02/2016G)	Two years	Valid	MOH
Civil Defense License	Safety license for SGH Jeddah	DF/690/1/31	26/04/1436H (corresponding to 15/02/2015G)	Annual	Under Renewal	General Directorate of Civil Defense
Accreditation Certificate	Accreditation in implementing the national hospital standards of quality	JED-PRV-HOS-117-0031-1015	08/02/1440H (corresponding to 19/10/2018G)	Three years	Valid	CBAHI
Commercial Registration Certificate of a Branch	Branch registration of SGH Aseer	5855019364	11/05/1440H (corresponding to 17/01/2019G)	Five years	Valid	MOCI
Medical License	License of SGH Aseer	072-102-010-012-10006	26/05/1441H (corresponding to 21/01/2020G)	Five years	Valid	MOH

License Type	Purpose	License Number	Expiry Date	Renewal	Status	Issuing Authority
Civil Defense License	Safety license of SGH Aseer	B/115	17/11/1436H (corresponding to 01/09/2015G)	Six months	Under Renewal	General Directorate of Civil Defense
Commercial Registration Certificate of a Branch	Branch registration of SGH Madinah	4650032396	11/05/1440H (corresponding to 17/01/2019G)	Five years	Valid	MOCI
Medical License	License of SGH Madinah	048-102-010-012-10006	22/12/1441H (corresponding to 12/08/2020G)	Five years	Valid	MOH
Civil Defense License	Safety license of SGH Madinah	9222056	20/05/1437H (corresponding to 29/02/2016G)	Annual	Valid	General Directorate of Civil Defense
Commercial Registration Certificate of a Branch	Branch registration of SGH Riyadh	1010162269	24/07/1439H (corresponding to 10/04/2018G)	Five years	Valid	MOCI
Medical License	License of SGH Riyadh	014-101-010-012-00019	10/02/1440H (corresponding to 19/10/2018G)	Five years	Valid	MOH
Civil Defense License	Safety license of SGH Riyadh	DF/23/11/2/15	N/A	N/A	Valid	General Directorate of Civil Defense
Commercial Registration Certificate of a Branch	Registration of the Company's branch in Dammam	2050105713	17/07/1441H (corresponding to 20/03/2020G)	Five years	Valid	MOCI
Initial Approval	Approval of first stage requirements in order to establish SGH Dammam	038-103-010-012-10011	03/05/1437H (corresponding to 12/02/2016G)	Six months	Valid	MOH
Commercial Registration Certificate of a Branch	Registration of AJ Sons	4030181710	04/08/1439H (corresponding to 20/04/2018G)	Five years	Valid	MOCI
Commercial Registration Certificate of a Branch*	Branch registration of SGH Hail	3350043739	23/12/1441H (corresponding to 13/08/2020G)	Five years	Valid	MOCI
NHC's main licenses and approvals						
Commercial Registration Certificate of a Joint Stock Company	Commercial Registration Certificate of NHC	3350019735	02/07/1437H (corresponding to 09/04/2016G)	Five years	Valid	MOCI
Initial Medical License	Preliminary license to establish a hospital with capacity of 150 beds in Hail.	None	None	None	Valid	MOH

Source: The Company

** The Company obtained a branch commercial registration in Hail pursuant to its Management Agreement with NHC to manage SGH Hail.*

12.5 Summary of the Company Bylaws

Company Name:

Company's name is "Middle East Healthcare Company" (MEAHCO), a Saudi Joint Stock Company.

Company's Objectives:

- to set up, operate and manage hospitals, medical clinics, centres, institutions, rehabilitation centres, laboratories, radiology and pharmacies;
- to purchase and develop lands and real estate on behalf of the Company; and to set up factories and import all required machinery and equipment, and the ownership and usage of patents; in accordance with the company's objects inside and outside the kingdom;
- to engage in retail and wholesale in computers and softwares relating to healthcare and medical centers;
- to engage in retail and wholesale in pharmaceuticals, medical equipment and machinery, and rehabilitation equipment and all related equipment for hospitals and medical centres;
- to engage in commercial agencies in medical and pharmaceutical sectors; and
- to set up specialty training centres.

The Company shall only exercise its activities after obtaining the necessary licenses from the competent authorities.

Participation, Merger, Holding Shares in Other Companies:

The Company may own, have an interest in, merge with, or participate by any means with: (a) other corporate entities that are engaged in similar activities as that of the Company; or (b) other corporate entities which may assist in realizing the Company's objects, subject to the following: (i) the amount of each investment cannot exceed 20% of its free reserves or 10% of the capital of the other company; (ii) the total amount of its investments cannot exceed its reserves; and (iii) it shall inform the general assembly in its first meeting of its investments.

Company's Head Office:

The Company's head office is located in Jeddah in the Kingdom. The Board may establish branches, offices or agencies for the Company within or outside the Kingdom.

Term of the Company:

The term of the Company shall be ninety-nine (99) Gregorian years commencing on the date of the resolution issued by HE Minister of Commerce and Industry announcing the incorporation of the Company, provided that the duration of the Company may always be extended by a resolution of the EGA made at least one year prior to the expiration of the Company's term.

The Company's Share Capital:

The Company's capital is (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, divided into (92,040,000) ninety-two million forty thousand shares of equal value with a nominal value of (SAR 10) ten Saudi Riyals which was deposited in one of the licensed banks in the Kingdom present to the certificate issued by such bank, of which (19,544,000) nineteen million five hundred forty-four thousand shares were paid through cash contributions and (72,496,000) seventy-two million four hundred ninety-six thousand shares were paid through in-kind contributions.

Subscription to Company's Capital:

The founding Shareholders have subscribed to all (92,040,000) ninety-two million forty thousand shares of the Company. Shareholders that own cash shares have paid the full value of (19,544,000) nineteen million five hundred forty four thousand cash shares amounting to (SAR 195,440,000) one hundred ninety-five million four hundred forty four thousand Saudi Riyals, Which was deposited in one of the licensed banks in the kingdom pursuant to the certificate issued by such bank, representing 21.23% of the share capital of the Company. In-kind contributions have also been contributed in full by the respective Shareholders.

Failure to Pay the Value of Shares:

In the event a Shareholder fails to pay the nominal value of a share within a specified time frame, the Board may, after issuing a notice to the concerned Shareholder to his registered address listed in the share register, sell the shares in a public auction. The defaulting Shareholder shall have until the day of the auction to pay the incurred value of the shares in addition to the expenses covered by the Company. The Company shall cover its expenses from the proceeds of the sale and settle the balance to the Shareholder. In the event the proceeds fall short, the Company may settle the difference by using the remaining Shareholder's fund and cancel the number of the sold share and grant the purchaser a new share with the same share number and indicate such purchase in the share register.

Shares:

The shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from the ownership of the share. There are no provisions regulating the modification of shares rights or classes.

Trading of Shares:

All shares are transferable upon issuance of their certificates, except that in-kind shares and cash shares subscribed to by the founding Shareholders are only transferable upon announcement of the Company's financial statement for three full financial years (each being of no less than 12 months from the incorporation of the Company as applicable). Such provisions shall apply to the subscriptions made by the founding Shareholders or in-kind shares issued pursuant to a share capital increase occurring during the Lock-Up Period, for the remaining period thereof. A notation shall be made on the respective share certificates, indicating their class, the date of the Company's incorporation and the period during which each such certificates may not be transferred. Transfer of the shares during the Lock-Up Period is permitted without restrictions in the context of a transfer from one founding Shareholder to another, from a founding Shareholder to a Director as Qualification Share or from one of the heirs of a founding Shareholder to a third party in case of his/her death.

Shareholders Register:

All nominal shares shall be registered in a Shareholder register which shall contain the names of the Shareholders, nationality, professional position, place of residence, addresses and the number of shares and paid up shares value. The transfer of title to a share shall not be effective vis-à-vis the Company or any third party until such transfer is entered in the share register or the transfer procedures through the electronic share information system has been completed.

The subscription or ownership of the shares by a Shareholder shall be consequential to the acceptance of the Bylaws and the resolutions duly passed by the General Assembly, whether said Shareholder was present or whether he agrees to such resolutions or objects to them.

Share Certificates:

The Company shall issue share certificates serially numbered and signed by the Chairman of the Board or his proxy and affixed by the Company's official seal. The share certificates shall include the number and date of the Ministerial Resolution announcing the incorporation of the Company, the share capital amount, number of issued shares and nominal value, paid-up amount and a summary of the Company's objects, duration and location of the head office. The shares may have coupons that are serially numbered and contain the number of the attaching shares.

Share Capital Increase:

After ascertaining its economic feasibility and obtaining the approval of the relevant authorities, the Company may adopt a resolution to increase its capital by issuing new shares having the same nominal value as the original shares in an EGA, provided that the original share capital has been paid in full, with due consideration to the requirements of the Companies Law. In addition, the resolution must specify how the capital will be increased.

Share Capital Decrease:

The Company may, based on certain justifiable causes and after obtaining the approval of MOCI, reduce its capital by resolution adopted by an EGA if the capital is in excess of the Company's needs or if it has sustained losses. The resolution must refer to the auditor's report regarding the reasons for the reduction and any effect of the reduction on the Company's responsibilities, with due consideration to the provisions of the Companies Law. The resolution must explain how the reduction will be made. If the reduction is due to it being in excess of the Company's needs, the Company's creditors must be invited to express their objection within (60) sixty days from the date of publication of the resolution in a daily newspaper published in the city of the head office of the Company. If a creditor timely objects to the resolution, the Company will pay that creditor the amount it owes or provide a security for any deferred amount.

Formation of the Board:

The Company shall be managed by a Board comprised of nine Directors to be appointed by the OGA for a term not exceeding three (3) years, except for the first Board whose term shall be five (5) years from the date of the Ministerial Resolution announcing the Company's incorporation.

Qualification Shares:

Each member of the Directors shall hold a number of shares having a nominal value of no less than (SAR 10,000) ten thousand Saudi Riyals. Such shares shall be deposited in a bank designated by the Industry within thirty (30) days from the date of the appointment of the Director. The Qualification Shares constitute a guarantee of the Directors' liability. In addition, such shares shall remain non-transferable until the expiry of the period specified for hearing a liability action provided for under Article (76) of the Companies Law or until a judgment is passed with respect to the said action. Should a Director fail to submit such Qualification Shares within the period specified therefore, his membership in the Board shall be deemed null and void.

Board Vacancies:

A Director’s membership of the Board shall be terminated upon the expiry of the Board’s term, or the membership of the Director ends in accordance with any applicable laws or regulations. If the seat of a Director becomes vacant, the Board may appoint a temporary Director to fill the vacancy, provided that such appointment shall be laid before the first OGA. The term of office of the new Director designated to fill a vacancy shall only extend to the term of office of his predecessor.

If the number of Directors falls below the minimum quorum prescribed, the OGA must convene as soon as possible to appoint the required number of Directors.

Powers of the Board:

a) Without prejudice to the powers conferred onto the General Assembly, the Board shall be vested with full powers to manage the business of the Company and supervise its affairs within and outside the Kingdom and in a manner that is compliant with Shariah law. The Board shall have the power, for example and without limitation, to resolve on the company’s participation in other companies, to dispose of the company’s assets and properties, to sell, accept, pay, mortgage and transfer title. However, in connection to the sale of company,s properties, the minutes of the Board meetings and resolution shall include the following conditions:

   i- the Board shall determine the reasons for such sale and justification;

   ii- the sale price must be comparable to similar properties;

   iii- the sale must be a guaranteed, current sale; and

   iv- the sale may not affect the Company’s operations or burden the Company with further obligations.

The Board may enter into governmental loan agreements regardless of their duration. The Board may also enter into commercial loan agreements which shall not exceed the Company’s term. Any commercial loan agreement that exceeds three years is subject to the following conditions:

   i- the loan and any guarantees presented provide that such loan will not harm the Company, its Shareholders and the general guarantees of creditors;

   ii- the value of loans entered into one fiscal year shall not exceed 50% of the share capital of the Company; and

   iii- determine the mechanism of how the loan will be used and repaid.

The Board shall also have the right of reconciliation, discharge and is authorized to assign, enter into contract and commitments in the name of the Company and on its behalf in order to achieve its objects.

b) The Board shall, whenever it deems fit, discharge the Company’s debtors from their liabilities and obligations for the Company’s interests, provided that the Board’s minutes shall contain the following:

   i- the discharge occurs after the lapse of at least one year from the maturity of the debt;

   ii- the right of discharge is not delegated to third parties; and

   iii- the discharge of any debtor shall be for a fixed maximum amount each year.

Furthermore, the Board is authorized to delegate, within the limits of its powers, some or all of such powers to any of the Directors or to others.

Remuneration of the Board:

Directors’ remuneration (if any) is determined by the OGA in accordance with the Companies Law or any complimentary laws or regulations or decisions. Attendance and transportation allowance shall be determined by the Board in accordance with the applicable laws and regulations in the Kingdom. The report submitted by the Board to the OGA shall contain a detailed statement of all payments made to Directors during the financial year, including salaries, share of profits, attendance allowances, expenses and other benefits. It shall as well contain a statement of payments made in consideration for approved technical, administrative or consultancy assignments carried out by Directors as approved by the Company’s General Assembly.

Chairman and Managing Director:

The Board shall appoint a Chairman from among the Directors. The Board may also appoint a Managing Director from among the Directors. A Director may not combine the position of Chairman and Managing Director at the same time.

The Chairman shall be authorized to call the Board for a meeting and to chair such Board meeting. The Board shall determine the authorities and duties of each the Chairman and the Managing Director.

The Chairman and the Managing Director (if appointed) – shall jointly or severally be authorized to represent the Company in its relationship with others and before judicial bodies, governmental organizations, notaries public, judicial courts and the Board of Grievances, judiciary and administrative commissions of all types and levels, arbitration panels, chambers of commerce and industry, and all other special committees and entities; to sign and execute all agreements, certificates and instruments, such as articles of association of companies in which the Company is a shareholder, and to amend any and all of the above and sign before notaries public; to enter into loan agreements, guarantees and issue guarantees on behalf of the Company; appoint attorneys-in-fact, plead, defend, litigate, to accept judgment or object, request arbitration and may delegate some or all of these powers to any other person or persons to do any act mentioned above.

The Managing Director (if appointed) will have in addition to the authorities mentioned above, shall carry out the day-to-day activities of the Company and will have other powers specified by the Board from time to time.

Upon its discretion, the Board shall determine special remuneration given to the Chairman and the Managing Director as well as remuneration of the Directors according to Article (41) of the Bylaws.

The Board shall appoint a Secretary and determine his remuneration. The Secretary's duties shall include procuring the writing of the proceedings and resolutions of the Board in minutes and recorded in a special register, intended for such purpose, as well as maintaining and keeping such register. The Secretary shall also carry out such authorities delegated to him by the Board. The Board shall determine the Secretary's remuneration.

The term of office of the Chairman, the Managing Director and the Secretary shall not exceed their respective term of service as Directors. The term of the Chairman, the Managing Director and the Secretary may be renewed.

Board Meetings:

The Board shall be convened upon a call by the Chairman. Such call shall be made in writing and hand delivered or sent by registered mail, by fax or by telex. The Chairman shall call for a meeting if so requested by any two Directors.

A Board meeting shall be valid only if attended by at least (5) five Directors. A Director may issue a proxy to another Director to attend a meeting on its behalf subject to the following conditions:

1- a Director may not act for more than one absent Director in respect of attending such meeting;

2- a proxy shall be recorded by way of written notice and shall be for a specific meeting; and

3- a Director acting by proxy may not vote on resolutions on which the law prohibits the absent Director to vote upon.

Directors may participate in any Board meeting by telephone, video conference or any other similar electronic means by which all attending Directors may communicate simultaneously. All such participations shall constitute presence at such meeting.

Board Resolutions:

Board resolutions shall be adopted with the approval of the majority of Directors present in person or represented by proxy. In the event of a tie, the Chairman (or equivalent) shall have a casting vote.

The Board may adopt written resolutions unless a Director requests a meeting for deliberations on such resolution. Such resolution shall be presented before the Board in the meeting following such request.

The Board deliberations and resolutions shall be drawn in minutes to be signed by the Chairman and the Secretary. Such minutes shall be recorded in a special register to be signed by the Chairman and the Secretary.

Board Committees:

The Board may establish committees, consisting of Directors or others, depending on the needs of the Company, and may appoint a chairman for each committee from among its respective members. The Board shall determine the duties of each committee, its number of members and quorum. Such committees may only perform such duties that are delegated to them from time to time by the Board in accordance with its directives and guidelines.

General Assemblies:

A General Assembly duly convened shall be deemed representing all of the Shareholders, and shall be held in the city where the Company's head office is located. Each Shareholder owning at least (20) twenty shares shall have the right to attend General Assemblies, and each Shareholder may authorize another Shareholder, except for Directors, to attend the General Assembly on his/its behalf.

Constituent Assembly:

The Constituent Assembly shall be responsible for the following matters:

1) Ascertaining that the capital of the Company has been subscribed in full and that the minimum capital has been paid in full, as required under the Companies Law, and in the amount due for the value of each share;

2) Approving the final text of the Company's Bylaws. However, no material change may be made to the Company's Bylaws unless agreed by all Shareholders represented therein; and

3) Deliberating the founders' reports on the acts and expenses required for the incorporation of the Company.

To be validly convened, the Constituent Assembly must be attended by Subscribers representing at least half of the Company's capital. Each Subscriber shall have a vote for every share subscribed for or represented by him/her at such meeting.

OGA:

Except for matters reserved for the EGA, the OGA shall be in charge of all matters concerning the Company. The OGA shall be convened at least once a year, within six (6) months following the end of the Company's financial year. Additional OGA meetings may be convened whenever needed.

EGA:

The EGA shall have the power to amend the Bylaws except those restricted by applicable law. The EGA may pass resolutions on matters falling within the authority of the OGA under the same conditions applicable to the latter.

Invitation to the General Assemblies:

The General Assembly shall be convened by the Board. The Board shall convene a meeting of the OGA if requested to do so by the auditors or by a number of Shareholders representing at least 5% of the Company's share capital. An invitation for a General Assembly meeting shall be published in the Official Gazette and in a daily newspaper circulated where the head office of the Company is located, at least twenty-five (25) days prior to the date of the meeting. A copy of the invitation and the agenda items shall be sent to the General Department of Companies at MOCI within the period designated for publication.

Record of Attendance:

When a General Assembly convenes, a list shall be prepared of the names and residence addresses of the Shareholders present or represented therein, showing the number of shares held by each, whether personally or by proxy, and the number of votes allotted thereto. Any interested party shall be entitled to examine such list.

Quorum of OGA:

Meetings of the OGA are valid only if attended by Shareholders representing at least 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within thirty (30) days. Such notice shall be published in the manner prescribed in Article (29) of the Company's Bylaws. The second meeting of an OGA is valid regardless of the number of shares represented at the meeting.

Quorum of EGA:

Meetings of the EGA are valid only if attended by Shareholders representing at least 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held in accordance with Article (31) of the Company's Bylaws. The second meeting of an EGA is valid only if attended by a number of Shareholders representing at least 25% of the Company's share capital.

Voting Power:

Votes at the meetings of OGA and EGA shall be counted on the basis of one vote for each share represented at the meeting. The OGA shall use the cumulative voting method in appointing Directors.

Resolutions:

Resolutions of the Constituent Assembly shall be adopted by the absolute majority of the shares represented at the meeting. If such resolutions relate to the evaluation of in-kind shares or special benefits, then the approval of the majority of two-thirds of the owners of cash shares (after excluding the votes of the owners of in-kind shares or the beneficiaries of special benefits) is required. Resolutions of the OGA shall be adopted by a majority vote of the shares represented thereat. Resolutions of the EGA shall be adopted by a vote of two-thirds of the shares represented at a meeting thereof. Resolutions relating to capital changes, early termination or extension of the Company's term, mergers or combinations or require a vote of at least 75% of the shares represented at the meeting thereof.

Discussion of Agenda:

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and to the auditors. The Directors or the auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If the Shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

Management of General Assembly:

The General Assembly shall be presided over by the Chairman or, in his absence, any designated delegate. The Chairman shall appoint a secretary for the meeting and a vote counter. Minutes shall be written for the meeting showing the names of the Shareholders present in person or represented by proxy, the number of the shares held, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the chairman of the assembly, the secretary and the vote counter.

Auditor:

The Company shall select at least one auditor from among the certified public accountants licensed to work in the Kingdom. The General Assembly shall appoint and fix the compensation of the auditor, and may re-appoint him In accordance with the appointed rules and resolutions. The founders have appointed Aldar Audit Bureau (Abdullah Al Basri & Co.) - Member of Grant Thornton International.

Access to Records:

The auditors shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as they deem necessary. They may further check the Company's assets and liabilities.

The auditor shall submit to the annual OGA a report showing how far the Company has enabled it to obtain the information and clarifications it has requested, any violations of the Companies Law and Bylaws, and its opinion as to whether the Company's accounts conform to the facts.

Financial Year:

The Company's financial year shall commence on the date of the ministerial decision announcing its incorporation and shall end on 31 December, and each subsequent financial year shall be of 12 months.

Budget of the Company:

The Board shall prepare at the end of each fiscal year an inventory of the Company's assets and liabilities on such date, the Company's balance sheet and profit and loss account, a report on the Company's activities and its financial position for the preceding year and its proposals as to the distribution of the net profits. The Board shall perform the foregoing within sixty (60) days from the preceding financial year. The Board shall put such documents at the auditor's disposal at least fifty-five (55) days prior to the time set for convention of the General Assembly. The Chairman shall sign the abovementioned documents and shall submit them to the Company's head office at least twenty-five (25) days prior to the date set for the convention of the general assembly. The Chairman shall cause the publication of the Company's balance sheet, profit and loss account, a comprehensive summary of the Board' report and the full text of the auditor's report in a newspaper circulated in the city where the Company's head office is located, and shall send copies of such documents to the Companies Department at MOCI at least twenty-five days (25) prior to the date set for convention of the General Assembly.

Distribution of Profits:

After deducting all general expenses and costs, the Company's annual net profits shall be allocated in the following order:

- 10% of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the General Assembly when the reserve totals one-half of the Company's share capital;
- The OGA may, based on a proposal by the Board, set aside 10% of the annual net profits to form an additional reserve to be allocated for a specific purpose or purposes;
- 5% of the remaining amount shall be paid as an initial payment to the shareholders;
- The remaining balance shall be distributed among the shareholders as additional profit or carried forward to the following years in a manner determined by the General Assembly.

Distribution of Dividends:

The profits to be distributed among the Shareholders shall be paid at such place and times as determined by the Board and in accordance with the instructions of MOCI.

Company's Losses:

In the event the Company's losses equal or exceed 75% of its share capital, the Directors shall call for an EGA to consider whether the Company shall continue to exist or be dissolved prior to the expiration of the Company's term. The EGA's resolution shall be published in the Official Gazette.

Liability Actions:

Each Shareholder shall have the right to file a liability action, vested in the Company, against the Directors if they have committed a fault which has caused some particular damage to such Shareholders, provided that the Company's right to file such action shall still be valid. The Shareholder shall notify the Company of his/its intention to file such action.

Winding-up and Dissolution of the Company:

Upon the expiry of the Company's term, or dissolution prior to such time, the EGA shall, based on a proposal by the Board, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board shall cease upon the Company's expiry. Nevertheless, the Board shall remain responsible for the management of the Company until the liquidators are appointed. the Company's departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

Declarations:

a- Neither the Directors nor the CEO can participate in voting with respect to a contract or proposal in which they have a material interest.

b- Neither the Directors nor CEO can participate in voting with respect to decisions relating to their own remuneration or for any decisions issued by the Company's General Assembly in this regard.

c- Neither the Directors nor the Executive Management can borrow from the Company.

12.6 Material Agreements

12-6-1 Medical Services Agreements

The Company entered into several agreements to provide medical services, including:

1. Medical Services Agreements with Insurance Companies

The Company entered into agreements with insurance companies in the Kingdom in order to provide medical services for medical insurance card holders issued by such companies. The table below sets out a summary of the main agreements for provision of medical services entered into with insurance companies providing healthcare insurance:

Table 303: Company's Agreements with Insurance Companies

	Party	Effective Date	Term	Renewal	Status
1	Arabian Shield Cooperative Insurance Company (the agreement includes SGH Jeddah, Riyadh, Aseer, Madinah)	29/07/1432H (corresponding to 01/07/2011G)	One year	Automatically renewable	Valid
Medical Insurance Agreements related to SGH Aseer					
2	Medgulf	08/11/1420H (corresponding to 14/02/2000G)	One year	Automatically renewable	Valid
3	Bupa	05/12/1432H (corresponding to 01/11/2011G)	Two years	Automatically renewable	Valid
4	Tawuniya	12/01/1421H (corresponding to 17/04/2000G)	One year	Automatically renewable	Valid
5	AXA Insurance Company	25/12/1431H (corresponding to 01/12/2010G)	One year	Automatically renewable	Valid
6	GlobeMed Saudi	08/01/1436H (corresponding to 01/11/2014G)	One year	Renewable by mutual agreement	Valid
Medical Insurance Agreements related to SGH Jeddah					
7	Al-Rajhi Company for Cooperative Insurance	03/09/1435H (corresponding to 01/06/2014G)	One year	Renewable by mutual agreement	Under renewal, yet the Company is still working under its provisions
8	Bupa	03/11/1432H (corresponding to 01/10/2011G)	Two years	Automatically renewable	Valid
9	Gulf Union Cooperative Insurance Company	17/11/1436H (corresponding to 01/09/2015G)	One year	Renewable by mutual agreement	Valid
10	Malath Insurance Company	10/03/1436H (corresponding to 01/01/2015G)	One year	Renewable by mutual agreement	Valid
11	Medgulf	19/02/1434H (corresponding to 01/01/2013G)	Three years	Renewable by mutual agreement	Valid
12	MedNet Saudi Arabia	10/03/1436H (corresponding to 01/01/2015G)	One year	Renewable by mutual agreement	Valid
13	Saudi Arabian Cooperative Insurance Company	14/09/1436H (corresponding to 01/07/2015G)	One year	Renewable by mutual agreement	Valid
14	Sanad Insurance & Reinsurance Cooperative Company	10/03/1436H (corresponding to 01/01/2015G)	One year	Renewable by mutual agreement	Valid

	Party	Effective Date	Term	Renewal	Status
15	Saudi Enaya Cooperative Insurance Company	14/09/1436H (corresponding to 01/07/2015G)	One year	Renewable by mutual agreement	Valid
16	Saudi Nextcare Insurance Company	12/07/1436H (corresponding to 01/05/2015G)	One year	Renewable by mutual agreement	Valid
17	Tawuniya	10/05/1436H (corresponding to 01/03/2015G)	Three years	Renewable by mutual agreement	Valid
18	Saudi Total Care Company for Insurance Claim Management	10/05/1436H (corresponding to 01/03/2015G)	One year	Renewable by mutual agreement	Valid
19	GlobeMed Saudi	13/03/1436H (corresponding to 04/01/2015G)	Ending on 20/03/1437H (corresponding to 31/12/2015G)	Renewable by mutual agreement	Valid
Medical Insurance Contracts related to SGH Madinah					
20	Bupa	03/11/1432H (corresponding to 01/10/2011G)	Two years	Automatically renewable	Valid
21	Medgulf	29/02/1435H (corresponding to 01/01/2014G)	Three years	Renewable by mutual agreement	Valid
22	Tawuniya	29/02/1435H (corresponding to 01/01/2014G)	Four years	Renewable by mutual agreement	valid
23	GlobeMed Saudi	13/03/1436H (corresponding to 04/01/2015G)	One year	Renewable by mutual agreement	Valid
Medical Insurance Contracts related to SGH Riyadh					
24	Arabian Projects & Trading Ltd. Co	20/11/1422H (corresponding to 03/02/2002G)	One year	Automatically renewable	Valid
25	Bupa	05/12/1432H (corresponding to 01/11/2011G)	Two years	Automatically renewable	Valid
26	Medgulf	16/08/1423H (corresponding to 22/10/2002G)	Three years	Automatically renewable	Valid
27	Tawuniya	20/04/1423H (corresponding to 01/07/2002G)	Four years	Automatically renewable	Valid
28	GlobeMed Saudi	22/06/1436H (corresponding to 11/02/2015G)	One year	Automatically renewable	Valid

Source: The Company

Agreements between the Company and the abovementioned insurance companies have similar terms and conditions. Most of these agreements specify the nature of medical services covered by insurance, such as medical examination, radiology, laboratories, medications, inpatients services, and dentistry, which the contracted insurance company beneficiary benefit from based on the medical insurance cards issued to them by such companies. Medical insurance cards usually vary in terms of the medical coverage provided and proportion of medical services costs incurred by the patient in accordance with insurance plan provided by the relevant insurance company.

Most of these agreements state that the Company shall provide its medical services to medical insurance card holders after confirming their identity and medical coverage provided to them by the relevant insurance company. Then, an invoice is to be sent to the insurance company with costs of medical services provided to card holder as per price table of medical services agreed upon with the Company after deducting the agreed upon proportion incurred by the card holder and discount percentage. The agreements further state that the Company has the right to annually increase the prices of medical services after notifying the insurance company. The insurance company shall repay invoices submitted to it by the Company in relation to the services provided to its insured customers within sixty (60) days from receiving the invoice, supported by relevant documents.

Moreover, most of these agreements state that the Company shall maintain medical records of the insured as per requirements specified by the related laws and the Company's record retention policy and shall provide insurance companies with access to such records as well as a detailed medical report, upon request.

Terms of these agreements range from one to four years automatically renewable or renewable by mutual agreement unless one party notifies the other its intention not to renew after the termination date of the agreement.

2. Medical Services Agreements with MOH

The Company entered into agreements with MOH pursuant to which the Company provide medical services to patients referred by MOH. The table below sets out a summary of agreements entered into between the Company and MOH.

Table 304: Medical Services Agreements with MOH

Governmental Authority	Hospital	Expiry Date	Renewal
MOH	SGH Aseer	20/03/1437H (corresponding to 31/12/2015G)	Upon end of term pursuant to a new agreement.
MOH	SGH Riyadh	08/02/1438H (corresponding to 08/11/2016G)	Upon end of term pursuant to a new agreement.

Source: The Company

Medical Service Agreement with MOH in SGH Aseer

On 13/01/1432H (corresponding to 19/12/2010G), the Company entered into a medical service agreement with MOH, pursuant to which SGH Aseer shall accept the referrals by MOH for hospitalization in the intensive care units for adults, children and new born babies, in addition to provision of nursery and natal intensive care unit. The term of this agreement ended on 15/02/1435H (corresponding to 18/12/2013G) however, it has been renewed until 20/03/1437H (corresponding to 31/12/2015G). The Company and MOH are currently working towards extending the terms of this agreement and until such extension is executed, the Company will continue to treat patients referred from MOH under the terms of the existing agreement.

This agreement is governed by applicable laws of the Kingdom. Any dispute arising out of the interpretation, execution, termination or expiration of the agreement shall be referred to competent authorities in accordance with applicable laws in Kingdom.

Medical Service Agreement with MOH in SGH Riyadh

On 04/07/1435H (corresponding to 03/05/2014G), the Company entered into a medical service agreement with MOH, pursuant to which SGH Riyadh shall accept the referrals by MOH for hospitalization in the intensive care units for adults, children and new born babies, in addition to provision of nursery and natal intensive care unit. The term of this agreement is three years ending on 08/02/1438H (corresponding to 08/11/2016G). Although this agreement only refers to SGH Riyadh, it also includes SGH Jeddah and SGH Madinah, whereby the two hospitals also provide services similar to those provided by SGH Riyadh as described above, according to the same terms set out in this agreement, and the Company have been issuing invoices to the Directorate of Health Affairs in Jeddah and Madinah.

This agreement is governed by applicable laws of the Kingdom. Any dispute arising out of the interpretation, execution, termination or expiration of the agreement shall be referred to competent authorities in accordance with applicable laws in Kingdom.

3. Medical Services Agreements with Companies and Institutions

The Company entered into agreements with a number of companies and institutions, including Saudi Aramco and the GOSI in order to provide medical services to their employees and beneficiaries. The table below sets out a summary these agreements:

Table 305: Medical Services Agreements entered into with companies and institutions

Company Name	Hospital	Expiry Date	Renewal
GOSI	SGH Madinah	20/08/1437H (corresponding to 27/05/2016G)	Annually by written mutual agreement.
GOSI	SGH Aseer	14/05/1437H (corresponding to 23/02/2016G)	Annually by written mutual agreement.
Saudi Aramco	SGH Jeddah	09/12/1438H (corresponding to 31/08/2017G)	Upon end of term by mutual agreement.
Saudi Aramco	SGH Madinah	18/02/1437H (corresponding to 30/11/2015G)	Upon end of term by mutual agreement.
Saudi Aramco	SGH Aseer	01/01/1441H (corresponding to 31/08/2019G)	Upon end of term by mutual agreement.

Source: The Company

Medical Services Agreement with GOSI in SGH Madinah

On 19/02/1434H (corresponding to 01/01/2013G), the Company has entered into a medical service agreement with GOSI, pursuant to which SGH Madinah provides medical services to GOSI participants covering work injuries and occupational diseases. The agreement is effective from 19/02/1434H (corresponding to 01/01/2013G) for a term of one (1) calendar year. The agreement shall be renewed by mutual consent of the two parties pursuant to a written agreement. In the event one party is not willing to renew the agreement, it shall notify the other party thereof at least two (2) months before the end of term through a written notice. This agreement was renewed on 10/08/1436H (corresponding to 28/05/2015G) and is still valid as at the date of this Prospectus.

Medical Services Agreement with GOSI in SGH Aseer

On 29/03/1434H (corresponding to 10/02/2013G), the Company has entered into a medical service agreement with GOSI, pursuant to which SGH Aseer provides medical services to GOSI participants covering work injuries and occupational diseases. The agreement is effective from 19/02/1434H (corresponding to 01/01/2013G) for a term of one (1) calendar year. The agreement shall be renewed by mutual consent of the parties pursuant to a written agreement. In the event one party is not willing to renew the agreement, it shall notify the other party thereof at least two (2) months before the end of term through a written notice. This agreement was renewed on 05/05/1436H (corresponding to 24/02/2015G) and it is still valid as at the date of this Prospectus.

Medical Services Agreement with Saudi Aramco in SGH Jeddah

On 15/11/1435H (corresponding to 10/09/2014G), BAB entered into a general services agreement with Saudi Aramco, which was assigned to the Company on 12/10/1436H (corresponding to 28/07/2015G) whereby the Company replaced BAB with regard to all rights and liabilities arising therefrom. Pursuant to this agreement, the Company shall provide, through SGH Jeddah, general and specialized medical care services to Saudi Aramco employees, retired employee and their families. The agreement ends on 09/12/1438H (corresponding to 31/08/2017G) and may be renewed by mutual consent of both parties.

This agreement is governed by applicable laws of the Kingdom. Any dispute arising out of the interpretation, execution, termination or expiration of the agreement shall be referred to competent authorities in accordance with applicable laws in the Kingdom.

Medical Services Agreement with Saudi Aramco in SGH Madinah

On 03/12/1429H (corresponding to 01/12/2008G) BAB entered into a general services agreement with Saudi Aramco, which was assigned to the Company on 12/10/1436H (corresponding to 28/07/2015G) whereby the Company replaced BAB with regard to all rights and liabilities arising therefrom. Pursuant to this agreement, the Company shall provide, through SGH Madinah, general and specialized medical care services to Saudi Aramco employees, retired employees and their families. The agreement was renewed on 23/04/1432H (corresponding to 26/02/2013G) until 18/02/1437H (corresponding to 30/11/2015G) and may be renewed upon the end of term by mutual consent of both parties.

This agreement is governed by applicable laws of the Kingdom. Any dispute arising out of the interpretation, execution, termination or expiration of the agreement shall be referred to competent authorities in accordance with applicable laws in the Kingdom.

Medical Services Agreement with Saudi Aramco in SGH Aseer

On 06/11/1435H (corresponding to 01/09/2014G) BAB entered into a general services agreement with Saudi Aramco, which was assigned to the Company on 12/10/1436H (corresponding to 28/07/2015G) whereby the Company replaced BAB with regard to all rights and liabilities arising therefrom. Pursuant to this agreement, the Company shall provide, through SGH Aseer, general and specialized medical care services to Saudi Aramco employees, retired employee and their families pursuant to the general services agreement dated. This agreement ends on 01/01/1441H (corresponding to 31/08/2019G) and may be renewed by mutual consent of both parties.

This agreement is governed by applicable laws of the Kingdom. Any dispute arising out of the interpretation, execution, termination or expiration of the agreement shall be referred to competent authorities in accordance with applicable laws in the Kingdom.

12-6-2 Management Agreement with NHC

On 06/08/1436H (corresponding to 24/05/2015G), the Company entered into a Management Agreement with NHC in order to manage and operate SGH Hail for fees prescribed as per the agreement. Under this agreement, the Company shall provide NHC with certain management services, including developing and reviewing policies, human resources procedures, nomination of the main medical staff, conducting periodic reviews for medical operations, financial management, assisting in the set-up of committees, reporting procedures for the management and monitoring of the hospital's operations in line with standards applicable at MEAHCO Hospitals as well as using the brand name of "Saudi German Hospital". The term of this agreement is twenty-five (25) years, automatically renewable for similar terms and is governed by the applicable laws of the Kingdom.

12-6-3 Hospital Management Supervision Agreements with Foreign Hospitals

A. Management Supervision Agreement with EHDC and ESHCO

BAB entered into Management Supervision Agreements with each of EHDC and ESHCO to provide certain management supervision services to the hospitals owned by these companies in Dubai and Cairo. Such agreements were completely and formally assigned to the Company by entering into new Management Supervision Agreements with EHDC on 14/07/1436H (corresponding to 03/05/2015G) and ESHCO on 06/08/1436H (corresponding to 24/05/2015G).

Pursuant to the abovementioned agreements, the role of the Company is limited to the provision of certain management supervision services and advice to the administrative staff of the said hospitals, in consideration of management fees. Such services do not include the provision of medical services by the Company. The Company's obligations under the abovementioned agreements, include, among other things, the following:

- Reviewing and developing policies and operational procedures for these hospitals in line with standards of MEAHCO Hospitals.
- Nominating the main medical staff for these hospitals, reviewing and recommending changes for policies and human resources procedures.
- Periodic review for medical, administrative and financial operations of such hospitals and submitting suggestions in this regard.
- Suggesting best practices related to procurement, inventory and assets management with regard to operations of these hospitals.
- Assisting in the formation of committees for medical, administrative and financial departments as well as developing policies required for managing such hospitals and their operations.
- Developing and reviewing employees structure in these hospitals.
- Assisting in developing marketing policies in line with the standards of MEAHCO Hospitals.
- Granting a license to use the commercial name of the Company "Saudi German Hospital" in addition to a software relating to the management and operation of the Saudi German Hospitals which is designed exclusively by the Company.

The Management Supervision Agreements constitute agreements with a Related-Party given that some Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, have indirect interest in EHDC and ESHCO through their ownership in BAB. Therefore, these agreements have been duly approved by the Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/ 05/2015G).

B. Management Supervision Agreement with SYH

BAB entered into a Management Supervision Agreement with SYH to provide certain management supervision services to SGH Sanaa. A part of this agreement has been assigned to the Company on 06/08/1436H (corresponding to 24/05/2015G) pursuant to BAB's right to assign such agreement in whole or in part to third parties without prior notice to or consent of SYH. As a result of such assignment, the Company will be under an obligation to provide management supervision duties, but not management and operational duties. Such management supervision duties include the following:

- Reviewing and developing policies and operational procedures for SGH Sanaa in line with standards of MEAHCO Hospitals.
- Nominating the main medical staff for SGH Sanaa, reviewing and recommending changes for policies and human resources procedures.
- Periodic review for medical, administrative and financial operations of SGH Sanaa and submitting suggestions in this regard.
- Suggesting best practices related to procurement, inventory and assets management with regard to operations of SGH Sanaa.
- Assisting in the formation of committees for medical, administrative and financial departments as well as developing policies required for managing SGH Sanaa and its operations.
- Developing and reviewing employees structure in SGH Sanaa.
- Assisting in developing marketing policies in line with the standards of MEAHCO Hospitals.

It is important to note that as at the date of this Prospectus, the Company has not been able to enter into a new agreement with SYH due to the political and security situation in the Republic of Yemen.

The abovementioned Management Supervision Agreement constitutes an agreement with a Related-Party given that some Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, have indirect ownership interest in SYH through their ownership in BAB. Therefore, this agreement has been duly approved by the Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/ 05/2015G).

The table below sets out the main terms of the Management Supervision Agreements:

Table 306: Main terms of the Management Supervision Agreements

Company Name	Hospital Location	Date of Agreement	Term	Management Supervision Fees
EHDC	Dubai, UAE	14/07/1436H (corresponding to 03/05/2015G)	25 Years	10% of hospitals profits prior to calculating interests and taxes
ESHCO	Cairo, Arab Republic of Egypt	06/08/1436H (corresponding to 24/05/2015G)	25 Years	10% of hospital net income
SYH	Sana'a, Republic of Yemen	06/08/1436H (corresponding to 24/05/2015G)	10 years	10% of hospitals profits prior to calculating interests and taxes

Source: The Company

12-6-4 Medical Equipment Maintenance Agreements

A. Comprehensive Maintenance Agreement with Siemens

The Company entered into a three (3) year comprehensive maintenance agreement with Siemens Ltd. Medical Solutions dated 17/09/1433H (corresponding to 05/08/2012G). Set below are the main terms of this abovementioned agreement:

Table 307: Summary of the comprehensive maintenance agreement with Siemens

Item	Description
Agreement title	Comprehensive Maintenance Agreement
Parties	The Company Siemens Ltd. Medical Solutions
Term	Three years from 17/09/1433H (corresponding to 05/08/2012G) to 19/10/1436H (corresponding to 04/08/2015G) renewable by written agreement*
Subject Matter	Siemens provides services including maintenance, preventive measures and updating hardware and software for medical equipment specified in the Agreement in SGH Riyadh, SGH Aseer and SGH Madinah.
Value of the Agreement	The total value of the agreement is (SAR 12,987,000) twelve million nine hundred eighty-seven thousand Saudi Riyals to be repaid by equal quarterly installments. Siemens has the right to impose additional charges for any additional expenses resulting from an increase in taxes or customs fees that may be imposed in the Kingdom or resulting from exchange rate fluctuations and volatility of exchange rate.
Obligations	The Company shall: • make equipment available to Siemens staff. • pay attention to equipment location and environment. • provide and maintain appropriate telephone lines at the site to enable Siemens staff to use remote control services • undertake full responsibility for providing appropriate training and qualification for its employees operating the equipment.
Termination	Either parties shall be entitled to terminate the agreement prior to the end of its term upon any of the following events: • a material breach from either parties unless corrective action is taken within (30) thirty days from being so notified. • either parties bankruptcy, insolvency or inability to repay its debts or conduct its business. • either parties responsibility for willful negligence or default. • force majeure events making either parties unable to implement its obligations for 3 months.
Assignment	Neither party shall have the right to assign this Agreement or any of its rights under the same to a third party without the other party's prior written consent.
Applicable Law and Jurisdiction	The Agreement shall be governed by the laws applicable in the Kingdom. Any dispute related to the Agreement shall be referred to arbitration in accordance with the Arbitration Law in the Kingdom.

Source: The Company

** This Agreement is still effective and under renewal by the Company.*

B. Maintenance Agreements with Equipment Suppliers

The Company has entered into a number of maintenance agreements with equipment suppliers to provide maintenance and technical support for medical equipment and other devices. The table below includes a summary of the main terms of these agreements:

Table 308: Maintenance Agreements entered into with Equipment Suppliers

#	Service provider	Scope of Agreement	Date of Agreement	Term	Renewal	Value of Agreement (SAR)
SGH Madinah Maintenance Agreements						
1	GE El Seif	Maintenance of the medical equipment specified in the agreement	29/04/1435H (corresponding to 01/03/2014G)	Three years ending on 12/05/1438H (corresponding to 28/02/2017G)	Automatically renewable for one year	1,455,000
SGH Aseer Maintenance Agreements						
2	GE El Seif	Maintenance of the medical equipment specified in the agreement	29/04/1435H (corresponding to 01/03/2014G)	Three years, ending on 12/05/1438H (corresponding to 28/02/2017G)	Automatically renewable for one year	2,157,150

Source: The Company

12-6-5 Lease Agreements

The Company has entered into several lease agreements to lease buildings and apartments for Company's staff accommodation. The following table shows the main lease agreements entered into by the Company during the past three years:

Table 309: Lease agreements for staff accommodation buildings and apartments

#	Lessor	Date of Agreement	Leased Property	Term	Status	Annual Rent (SAR)
Lease Agreements related to SGH Riyadh						
1	Al Tamimi Real Estate	01/11/1433H (corresponding to 17/09/2010G)	Residential apartments in Al-Sahafa District, Riyadh	Three years, automatically renewable	Ongoing	192,000
2	Mohammed Ali Al-Muzaini	12/10/1430H (corresponding to 01/10/2009G)	Residential building in Al Malqa street, Riyadh	Two years, automatically renewable	Ongoing	200,000
3	Assaf Hussein Al-Assaf	14/05/1435H (corresponding to 15/03/2014G)	Five apartments in Al-Sahafa District, Riyadh	Three years end on 14/03/2017G	Ongoing	165,000
Lease Agreements related to SGH Madinah						
4	Ahmed Omar Al-Attas	29/01/1432H (corresponding to 04/01/2011G)	Eighteen residential units in Madinah	Nine years, automatically renewable	Ongoing	270,000
5	Hassan Hamed Al-Bakri	01/01/1436H (corresponding to 25/10/2014G)	Residential building in Madinah	Five years, automatically renewable	Ongoing	250,000
6	Mohammed Ahmed Al-Omari	29/02/1435H (corresponding to 01/01/2014G)	Residential building in Da'athya district, Madinah	Five years, ending on 31/12/2018G. The Company may terminate the contract by no less than sixty (60) days notice, and the termination year shall be completed.	Ongoing	165,000
Lease Agreements related to SGH Aseer						
7	Ahmed Hassan Al-Qahtani	17/02/1431H (corresponding to 01/02/2010G)	Entire residential complex for hospital staff accommodation in Khamis Mushait	Five years, automatically renewable	Ongoing	Increases from 170,000 in the first year to 204,000 in the fifth year

#	Lessor	Date of Agreement	Leased Property	Term	Status	Annual Rent (SAR)
8	Ahmed Hassan Al-Qahtani	17/02/1431H (corresponding to 01/02/2010G)	Entire residential complex for hospital staff accommodation in Khamis Mushait	Five years, automatically renewable	Ongoing	Increases from 170,000 in the first year to 204,000 in the fifth year
9	Hussein Al-Ghamdi	22/08/1434H (corresponding to 01/07/2013G)	Residential building for hospital staff accommodation in Khamis Mushait	Five years, automatically renewable	Ongoing	234,000
10	Gibran Hadi Al-Qahtani	20/02/1430H (corresponding to 15/02/2009G)	Residential building for hospital staff accommodation in Khamis Mushait	Five years, automatically renewable	Ongoing	Increases from 130,000 in the first year to 160,000 in the fifth
11	Abdulaziz Abdullah Al-Qahtani	05/10/1435H (corresponding to 01/08/2014G)	Residential building for hospital staff accommodation in Khamis Mushait	Five years, automatically renewable	Ongoing	158,400
12	Abdullah Mohammed Al-Qadi	17/01/1434H (corresponding to 01/12/2012G)	Residential building for hospital staff accommodation in Khamis Mushait	Five years, automatically renewable	Ongoing	Increases from 140,000 in the first year to 160,000 in the fifth
Lease Agreements related to SGH Jeddah						
13	Khaled Al-Shahrani Establishment	01/03/1435H (corresponding to 02/01/2014G)	Residential building in Al-Salamah in Jeddah	Seven years, automatically renewable	Ongoing	580,000
14	Saud and Sarah Al-Qahtani	16/09/1435H (corresponding to 13/07/2014G)	Residential building in Al-Salamah in Jeddah	Five years, automatically renewable	Ongoing	800,000
15	Nasser Mohammed Al-Sharif	01/09/1431H (corresponding to 11/08/2010G)	Residential building in Al-Salamah in Jeddah	Ten years, automatically renewable	Ongoing	250,000
16	Najla Abdulkadir Abdulaleem	18/12/2009G	Residential building in Al-Salamah in Jeddah	One year, automatically renewable	Ongoing	210,000
Lease Agreements related to AJ Sons						
17	Abdulaziz Abdulrahman Al-Hamdan Establishment	01/07/1436H (corresponding to 20/04/2015G)	Warehouse in Al-Khomra in Jeddah	Three years, automatically renewable	Ongoing	150,000

Source: The Company

The Company has also entered into several agreements to lease certain commercial units in MEAHCO Hospitals, which are used for purposes of selling different products or services, including selling food and beverages, eyewear, toys, gifts, flowers and sweets. Terms of such lease agreements range from one to three years, and most of which are renewable by the agreement of both parties.

12-6-6 Construction and Renovation Agreements

1. SGH Hail Project Construction Agreement

On 20/08/1426H (corresponding to 24/09/2005G), NHC entered into an agreement with IHCC to carry out SGH Hail project construction works with a total value of (SAR 158,049,000) one hundred fifty-eight million forty-nine thousand Saudi Riyals. NHC Board has agreed to increase such amount by (SAR 18,000,000) eighteen million Saudi Riyals. Below is a summary of the main provisions of this agreement:

Table 310: Summary of SGH Hail Project Construction Agreement

Title	SGH Hail Project Construction Agreement
Date	20/08/1426H (corresponding to 24/09/2005G)
Parties	NHC and IHCC
Subject Matter	To carry out construction works and maintenance activities and provide the workers, construction materials and equipment and the temporary works required for the construction of SGH Hail with a capacity of 150 beds.
Completion Term	The contractor is obliged to execute and complete all the works set out in the agreement within thirty-six (36) months including the processing period as of the date of project site handover (January 2006G). The term of completion was extended to March 2016G.
Value	(SAR 158,049,000) one hundred fifty-eight million forty-nine thousand Saudi Riyals. NHC Board has agreed to increase such amount by (SAR 18,000,000) eighteen million Saudi Riyals.
Payments	An advance payment of no more than 10% of agreement value shall be repaid to the contractor after the agreement is executed into and a bank guarantee with the same value is provided. The amounts due to the contractor, including costs of any extra and additional works, shall be settled according to the completed and accepted work based on the invoices approved by the consulting engineer on a regular basis and at a rate of at least one invoice each month.
Delay Penalty	If the contractor fails to complete and fully deliver the work on time and the owner saw no reason for withdrawing the work, a delay penalty shall be imposed on the contractor for the remaining period until the work is completed. Such penalty shall be calculated on the basis of the average daily cost of the project by dividing the contract value by its term pursuant to the following: • In case of failure to benefit from the project, a penalty amounting to one fifth of the average daily cost shall be imposed for each day of delay up to a maximum of 5% of the contract value. • In case of benefiting from the project, a penalty amounting to one fifth of the average daily cost of the remaining works shall be imposed for each day of delay up to a maximum of 5% of the remaining work value.
Assignment	The contractor shall not sub-contract any part of the contracted works without obtaining a prior written consent.
Inspection and Testing	The Company may, under certain arrangements, inspect and test the construction works which are always subject to quality control and review pursuant to the contract terms.
Responsibility for Defects	The contractor is committed to maintain and repair any defects or deficiencies in the performed work for one year after the initial delivery of works. The contractor shall also guarantee any damages, resulting from implementation defects, to the performed work for 10 years from delivery date.
Applicable Law and Dispute Resolution	The agreement is governed by the laws of the Kingdom and any dispute arising thereunder, if not amicably settled, it shall be referred to a committee of three arbitrators.

Source: The Company

The abovementioned agreement constitute a Related-Party agreement given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely, Huda Abduljaleel Batterjee and Sabah Abduljaleel Batterjee, own shares in IHCC. This agreement has been duly approved by the Company's General Assembly on 28/07/1436H. (corresponding to 17/05/2015G).

2. Agreement to construct a reception facility for outpatients in SGH Aseer

On 03/10/1435H (corresponding to 30/07/2014G), the Company entered into an agreement with IHCC to carry out the construction works of a reception facility for outpatients in SGH Aseer, including civil and mechanical works and the installation of necessary medical fixtures with a total value of (SAR 53,060,552) fifty-three million sixty thousand five hundred fifty-two Saudi Riyals. The term of this agreement is 24 months from the date of agreement.

The abovementioned agreement constitutes a Related-Party agreement given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi

Batterjee, and a number of Shareholders, namely, Huda Abduljaleel Batterjee and Sabah Abduljaleel Batterjee, own shares in IHCC. This agreement has been duly approved by the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

3. Construction and Renovation Agreements with IHCC

The Company entered into several agreements with IHCC to carry out construction and renovation works related to MEAHCO Hospitals. Each agreement shall end on the final delivery date of the relevant project.

Table 311: Construction and Renovation Agreements with IHCC

Subject Matter	Hospital	Effective date	Scope of work	Value of contract (SAR)	Date of Completion	Status
Moving furniture to the second and third floor	SGH Aseer	06/10/1435H (corresponding to 02/08/2014G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	2,016,060	December 2015G	Ongoing
Restoration of the fifth floor	SGH Jeddah	24/04/1435H (corresponding to 24/02/2014G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	5,480,380	April 2016G	Ongoing
Restoration of the sixth floor	SGH Jeddah	27/09/1435H (corresponding to 24/07/2014G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	7,089,500	November 2016G	Ongoing
Dental Clinics in the Medical Tower	SGH Jeddah	10/09/1435H (corresponding to 07/07/2014G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	1,396,153	July 2015G	Completed
The expansion of the operation room and sterilization department	SGH Jeddah	11/07/1434H (corresponding to 21/05/2013G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	5,039,909	July 2015G	Completed
The restoration of the outpatient clinics and restrooms	SGH Jeddah	21/05/1434H (corresponding to 02/04/2013G)	Dismantling the ceiling, floor tiles and sanitary ware for 67 rest rooms. Installing the new floor and wall tiles, ceiling, lights, ventilation systems, and sanitary wares. In addition to external painting works and scaffolding arrangements.	1,240,436	December 2015G	Ongoing
Restoration of the IT Center	SGH Jeddah	18/02/1433H (corresponding to 12/01/2012G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	5,566,434	November 2014G	Completed
Gas Tank foundations works, the laboratory of the 1st floor, the expansion of the ICU, the external fence and the firefighting system	SGH Jeddah	02/07/1434H (corresponding to 18/05/2013G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	5,777,465	June 2016G	Ongoing

Subject Matter	Hospital	Effective date	Scope of work	Value of contract (SAR)	Date of Completion	Status
Construction of a room for the new power generator	SGH Jeddah	19/05/1434H (corresponding to 29/04/2013G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	2,365,438	December 2015G	Ongoing
NICU expansion	SGH Jeddah	10/11/1435H (corresponding to 05/09/2014G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	400,876	June 2015G	Completed
Restoration of the Oncology Unit	SGH Jeddah	10/11/1435H (corresponding to 05/09/2014G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	738,424	July 2015G	Completed
Design and restoration of the Child Care Center	SGH Jeddah	08/06/1433H (corresponding to 29/04/2012G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	6,388,480	December 2015G	Ongoing
Restoration works	SGH Riyadh	27/02/1433H (corresponding to 21/01/2012G)	Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works	5,401,217	June 2016G	Ongoing

Source: The Company

The abovementioned agreements constitute Related-Party agreements given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely Huda Abduljaleel Batterjee and Sabah Abduljaleel Batterjee, own shares in IHCC. These agreements have been duly approved by the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

12-6-7 Other Agreements

1. Exclusive Reseller Agreement with BAB

On 06/08/1436H (corresponding to 24/05/2015G), the Company entered into an exclusive reseller agreement with BAB. Pursuant to such agreement, BAB appointed the Company as the exclusive reseller of the medical products manufactured by a number of foreign medical companies, whereby the Company annually purchases medical product from BAB based on purchase orders agreed upon between the two parties, and the Company resells such products to third parties. Such products include:

Table 312: The products included in the exclusive resale agreement

Manufacturer	Product
Waldemar LINK GmbH & Co. KG	Artificial joints
Ortho Select GmbH	Boards, bolts and screws
Tembed Medical Device Manufacturing	Boards, bolts and screws Illizarov
SIMEX Medizintechnik GmbH	Surgical instruments and consumables
Teknimed S.A.S	Bone Cement
Sanatmetal Ltd.	Osteopathy systems
nopa instruments - Medizintechnik GmbH	Surgical instruments
Norav Medical GmbH	ECG machines, Holter monitors, ABPMs
Blanco	Medical and non-medical equipment and furniture
CHEIRÓN a.s.	Electric suction machines
Digital Science Tech Inc	Medical measurement devices, pulse measurement device

Manufacturer	Product
Haiku Hertz	Air beds, body cooling and warming devices and suction machines
Joh. Stiegelmeyer	Movable medical furniture
Honeywell Intelligent Ackermann Life Care – Ackermann	Nurse call systems (non-medical products)
Thalheimer	Medical cooling systems (the morgue)

The term of the exclusive resale agreement is ten (10) years, automatically renewable. The Company may terminate the agreement or assign its rights and obligations thereunder to a third party without BAB's consent. The agreement shall be governed by the laws applicable in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely, Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee, own shares in BAB. Therefore, this agreement has been duly approved by the Company's General Assembly on 28/07/1436H (corresponding to 17/ 05/2015G).

2. Hazardous and Non-Hazardous Medical Waste Agreements

The Company entered into several agreements with specialized companies to manage and process medical, metal, pharmaceutical, chemical and liquid waste in MEAHCO Hospitals. The term of these agreements is one (1) year and can only be renewed by the mutual agreement of the parties. Below is a summary of the main terms of these agreements:

Table 313: Summary of the agreements of management and treatment of hazardous medical waste

Hospital	Management And Treatment OF Hazardous and Medical Waste Company	Agreement Termination Date	Status	Subject Matter	Value of Agreement (SAR)
SGH Madinah	SEPCO Environment	02/04/1438H (corresponding to 31/12/2016G)	Ongoing	Disposal of hazardous medical waste	228,000 annually
SGH Madinah	SEPCO Environment	20/03/1437H (corresponding to 31/12/2015G)	Ongoing	Disposal of hazardous medical and chemical waste	25 per kg
SGH Madinah	Sahm Tiba Contracting Est.	04/08/1438H (corresponding to 30/04/2017G)	Ongoing	Disposal of sewage	18,000 monthly
SGH Aseer	Maraseem Trading Company	22/06/1437H (corresponding to 31/03/2016G)	Ongoing	Disposal of sewage	100 per 32 tons
SGH Aseer	SEPCO Environment	22/06/1437H (corresponding to 31/03/2016G)	Ongoing	Disposal of medical waste	25,000 monthly
SGH Riyadh	SEPCO Environment	03/09/1437H (corresponding to 08/06/2016G)	Ongoing	Disposal of hazardous medical waste	15 per 1 kg of pharmaceutical waste 25 per 1 kg of chemical waste
SGH Riyadh	Zahrat Al-Maseef Company	04/10/1437H (corresponding to 09/07/2016G)	Ongoing	Disposal of sewage	56,000 monthly
SGH Jeddah	SEPCO Environment	09/10/1437H (corresponding to 14/07/2016G)	Ongoing	Disposal of hazardous medical waste	28,700 per 800 kg

Source: The Company

12-6-8 Credit Facilities and Loans

The following table shows the details of credit facilities and loans available to the Company and its Subsidiary.

Table 314: Summary of the details of credit facilities and loans of the Company

Lender	Credit limit (SAR)	Drawdowns (SAR)	Repaid Amounts (SAR)	Remaining Amounts (SAR)
Long-term loans and facilities				
MoF	50,000,000	50,000,000	-34,375,000	15,625,000
MoF	50,000,000	50,000,000	-46,952,705	3,047,295
MoF	50,000,000	49,938,182	-28,125,000	21,813,182
MoF	69,650,000	24,210,000	15,395,000	39,605,000
Samba Financial Group	20,000,000	20,000,000	-3,750,000	16,250,000
Short-term loans and facilities				
Alinma Bank	60,000,000	51,000,000	1,000,000	51,000,000
Samba Financial Group	50,000,000	50,000,000	-8,333,333	41,666,667
Samba Financial Group	35,000,000	19,500,000	7,500,000	27,000,000
Total	384,650,000	314,648,182	-97,641,038	217,007,144

Source: The Company

Below is a detailed description of the credit facilities and loans to which the Company and its Subsidiary are currently a party.

Loan Agreement with MoF in relation to SGH Asser

On 25/02/1418H (corresponding to 30/06/1997G), MoF and BAB entered into a loan agreement, which has been assigned to the Company pursuant to the supplementary agreement entered into between the Company and MoF on 29/08/1436H (corresponding to 16/06/2015G). The purpose of the agreement is to grant the Company a loan of (SAR 50,000,000) fifty million Saudi Riyals to build a private hospital in Khamis Mushait, Aseer.

Below is a brief summary of the main terms of this agreement:

Table 315: Terms of loan agreement with MoF regarding to SGH Asser

Description	Explanation
Total Facilities	(SAR 50,000,000) fifty million Saudi Riyals, of which: • (SAR 27,902,890) twenty-seven million nine hundred and two thousand eight hundred and ninety Saudi Riyals will be allocated to hospital buildings. • (SAR 3,503,000) three million five hundred and three thousand Saudi Riyals will be allocated for parking areas. • (SAR 13,436,330) thirteen million four hundred thirty-six thousand three hundred thirty Saudi Riyals will be allocated for medical equipment. • (SAR 124,000) one hundred twenty-four thousand Saudi Riyals will be allocated for car items. • (SAR 4,272,730) four million two hundred seventy-two thousand seven hundred thirty Saudi Riyals will be allocated for the project's staff accommodations. • (SAR 761,050) seven hundred sixty-one thousand fifty Saudi Riyals will be allocated for the project external works.
Warranties	Pledge of the land located in Khamis Mushait on which SGH Aseer is built and owned by the Company pursuant to the deed number 1/199/49 as well as its buildings, medical equipment, furniture and fixture to MoF (for more information, please see Section 12-7 "Real Estate" of this Prospectus).
Repayment	The Loan shall be repaid in sixteen equal annual installments, the first of which began on 25/02/1422H (corresponding to 19/05/2001G).
Events of Default	The loan installments shall become due in any of the following circumstances: 1) The violation of any agreement terms by the borrower or the invalidity of any facts on which MoF relied. 2) The default, bankruptcy or insolvency of the borrower. 3) The delay in repayment of any installments. 4) Any action that would result in transferring or leasing the project to third party without a prior consent from MoF. 5) The project does not practice the licensed activity for a period of more than six months. 6) Cancellation of the project license.
Covenants	1) Commence the implementation of the project within eight months after signing the loan agreement. 2) Reliance on the domestic market in providing steal, cements, sanitary ware, aluminum and furniture for the project. 3) Provide semi-annual reports to MoF on the project's progress and achievements. 4) Obtain MoF written approval before conducting any expansion works of the project.

Source: The Company

Loan Agreement with MoF in relation to SGH Riyadh

On 22/12/1421H (corresponding to 17/03/2001G) MoF and BABAS entered into a loan agreement, which has been assigned to the Company pursuant to a supplementary agreement entered into between MoF and the Company on 29/08/1436H (corresponding to 16/06/2015G). The purpose of this loan agreement is to grant the Company a loan of (SAR 50,000,000) fifty million Saudi Riyals to build a private hospital in Riyadh.

Below is a brief summary of the main terms of this agreement:

Table 316: Terms of loan agreement with MoF regarding SGH Riyadh

Description	Explanation
Total Facilities	(SAR 50,000,000) fifty million Saudi Riyals, of which: • (SAR 38,438,731.81) thirty-eight million four hundred thirty-eight thousand seven hundred thirty-one thousand Saudi Riyals and eighty-one Halala will be allocated for hospital buildings. • (SAR 3,900,944.02) three million nine hundred thousand nine hundred forty-four Saudi Riyals and two Halala will be allocated for car parking areas. • (SAR 963,163.57) nine hundred sixty-three thousand one hundred sixty-three Saudi Riyals and fifty-seven Halala will be allocated for additional works. • (SAR 6,697,160.60) six million six hundred ninety-seven thousand one hundred sixty Saudi Riyals and six Halala will be allocated for medical equipment.
Warranties	Pledge of the land located in Al-Sahafa District in Riyadh on which SGH Riyadh is built and owned by the Company according to the deed number 710107035090 (formerly 3096) as well as its buildings, medical equipment, furniture and fixture to MOF (for more information, please see Section 12-7 “Real Estate” of this Prospectus).
Repayment	The Loan shall be repaid in sixteen equal annual installments, the first of which began on 22/12/1425H (corresponding to 02/02/2005G).
Events of Default	The loan installments shall become due in any of the following circumstances: 1) The violation of any agreement terms by the borrower or the invalidity of any facts on which MoF relied. 2) The default, bankruptcy or insolvency of the borrower 3) Failure to complete the buildings and fixtures. 4) Any action that would result in transferring or leasing the project to third party without a prior consent from MoF. 5) The project does not practice the licensed activity for a period of more than six months. 6) Cancellation of the project license.
Covenants	1) Commence the implementation of the project within eight months after the signing the loan agreement. 2) Commence the implementation of the full project within three years after the signing the loan agreement. 3) Reliance on the domestic market in providing steal, cements, sanitary ware, aluminum and furniture for the project. 4) Provide semi-annual reports to MoF on the project’s progress and achievements. 5) Obtain MoF written approval before conducting any expansion works of the project.

Source: The Company

Loan Agreement with MoF in relation to SGH Madinah

On 21/12/1423H (corresponding to 22/02/2003G), MoF and BAB entered into a loan agreement, which has been assigned to the Company pursuant to a supplementary agreement entered into between MoF and the Company on 29/08/1436H (corresponding to 16/06/2015G). The purpose of this loan agreement is to grant the Company a loan of (SAR 50,000,000) fifty million Saudi Riyals to build a private hospital in Madinah.

Below is a brief summary of the main conditions of this agreement:

Table 317: Terms of loan agreement with MoF regarding to SGH Madinah

Description	Explanation
Total Facilities	• (SAR 50,000,000) fifty million Saudi Riyals, of which: • (SAR 33,115,832) thirty-three million one hundred fifteen thousand eight hundred thirty-two thousand Saudi Riyals will be allocated for hospital buildings. • (SAR 963,508) nine hundred sixty-three thousand five hundred eight Saudi Riyals will be allocated for additional works. • (SAR 15,944,660) fifteen million nine hundred forty-four thousand six hundred sixty Saudi Riyals will be allocated for medical equipment.
Warranties	Pledge of the land located in Abar Ali District in Madinah on which the hospital is built and owned by the Company according to the deed number 710107035090 (formerly 3096) as well as its buildings, medical equipment, furniture and fixture to MOF (for more information, please see Section 12-7 “Real Estate” of this Prospectus).

Description	Explanation
Repayment	The Loan shall be repaid in sixteen equal annual installments, the first of which began on 21/12/1427H (corresponding to 11/01/2007G).
Events of Default	The loan installments shall become due in any of the following circumstances: 1) The violation of any agreement terms by the borrower or the invalidity of any facts on which MoF relied. 2) The default, bankruptcy or insolvency of the borrower 3) Failure to complete the buildings and fixtures. 4) Any action that would result in transferring or leasing the project to third party without a prior consent from MoF. 5) The project does not practice the licensed activity for a period of more than six months. 6) Cancellation of the project license.
Covenants	1) Commence the implementation of the project within eight months after the signing the loan agreement. 2) Commence the implementation of the full project within three years after the signing the loan agreement. 3) Reliance on the domestic market in providing steal, cements, sanitary ware, aluminum and furniture for the project. 4) Provide semi-annual reports to MoF on the project's progress and achievements. 5) Obtain MoF written approval before conducting any expansion works of the project.

Source: The Company

Loan Agreement with MoF to Finance the Construction of SGH Hail

On 19/05/1434H (corresponding to 31/03/2013G), MoF entered into a loan agreement of (SAR 69,650,000) sixty-nine million six hundred fifty thousand Saudi Riyals with NHC to construct a private hospital in Hail. Below is a brief summary of the main terms of this agreement:

Table 318: Terms of loan agreement with MoF to finance the construction of SGH Hail

Description	Explanation
Total Facilities	• (SAR 69,680,000) sixty million six hundred eighty thousand Saudi Riyals, of which: • (SAR 28,125,000) twenty-eight thousand one hundred twenty-five thousand Saudi Riyals will be allocated for the hospital buildings. • (SAR 12,225,000) twelve million two hundred twenty-five thousand Saudi Riyals will be allocated for housing building. • (SAR 29,300,000) twenty-nine million three hundred Saudi Riyals will be allocated for medical equipment and furniture.
Warranties	Pledge of the land located in Abyar Ali District in Madinah on which the SGH Hail is built and owned by the Company according to the deed number 24/938, as well as its buildings, medical equipment, furniture and fixture to MoF (for more information, please see Section 12-7 "Real Estate" of this Prospectus).
Repayment	The Loan shall be repaid in sixteen equal annual installments, the first of which shall begin five years from the date of agreement.
Events of Default	The loan installments shall become due in any of the following circumstances: 1) The violation of any agreement terms by the borrower, the delay in repayment of any installments or the invalidity of any facts on which MoF relied. 2) The default, bankruptcy or insolvency of the borrower 3) Failure to complete the buildings and fixtures. 4) Any action that would result in transferring or leasing the project to a third party without a prior consent from MoF. 5) The project does not practice the licensed activity for a period of more than six months. 6) Cancellation of the project license.
Covenants	1) Commence the implementation of the project within eight months after the signing the loan agreement. 2) Commence the implementation of the full project within three years after the signing the loan agreement. 3) Reliance on the domestic market in providing steal, cements, sanitary ware, aluminum and furniture for the project. 4) Provide semi-annual reports to MoF on the project's progress and achievements. 5) Obtain MoF written approval before conducting any expansion works of the project.

Source: The Company

Credit Facilities Agreement with Alinma Bank

On 28/12/1436H (corresponding to 11/10/2015G), the company entered into a credit facilities agreement with Alinma Bank pursuant to which Alinma Bank made available an aggregate amount of (SAR 60,000,000) sixty million Saudi Riyals to the Company. Set below is a summary of the main terms of Alinma credit facility agreement:

Table 319: Terms of Credit facilities agreement with Alinma Bank

Description	Explanation
Maximum	(SAR 60,000,000) sixty million Saudi Riyals.
Purpose	Finance the working capital in addition to finance 80% of bills value/claims submitted to insurance companies.
Availability Period	02/04/1438H (corresponding to 31/12/2016G)
Warranties	• promissory note of (SAR 60,000,000) sixty million Saudi Riyals. • Performance guarantee at the amount of (SAR 60,000,000) sixty million Saudi Riyals from Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee. • An irrevocable letter of undertaking by the Company for purposes of depositing the medical bills amounts funded by Alinma Bank to the Company's accounts at Alinma Bank throughout the period of facilities, and permitting the Bank to invest such amounts in an approved low-risk product.
Events of Default	The loan installments shall become due upon any of the following events: • Failure to repay any due amounts. • Delaying the payment of any due amounts. • The breach of any of any of the terms of the agreement. • Any information provided by the Company prove to be inaccurate or incorrect. • Failure to provide any additional securities upon the bank's request. • Any change in the ownership or management structure without the prior written consent of the bank. • If the Company is categorized as a non-good borrower in its credit records in the Credit Information Company. • Dissolution or liquidation of the Company or its inability to pay any of its debts to third parties. • Committing any act that is contrary to trustworthiness, integrity or honor, or being subject to criminal or legal accountability, • Any creditor of the client takes over all or part of the client's business, assets or properties. • The company being prohibited from carrying out its business or cancellation of its CR or licenses. • Any claims or legal proceedings being made against the company before judicial bodies or entering into settlements with creditors.
Covenants	The Company's obligations under this agreement, include among other things the following: • Solely using the facilities for purposes specified in this agreement and in accordance with Shari'ah provisions and applicable laws. • Payment of due amounts in a timely manner. • Notifying Alinma Bank with information relating to any prospective change in the Company's legal structure or shareholding structure prior to making such change. • Refraining from entering into any agreements that may affect the Company's obligations under this agreement. • Depositing the Company's medical bills amount funded by Alinma Bank to the Company's accounts at Alinma Bank. • Refraining from creating any act, mortgage, contract or lien on the Company's assets provided as a guarantee to Alinma Bank without obtaining a prior written approval of the Bank. • Maintaining the Company's leverage (total liabilities / total equity) at no more than 1: 1. • Maintaining the trading rate at no less than 1.25: 1. • Refraining from distributing dividends exceeding 50% of the realized profits in the previous financial year.

Source: The Company

The Company has notified Alinma Bank of its intention to carry out the Offering pursuant to letter dated 23/01/1437H (corresponding to 05/11/2015G), and has obtained the prior written consent of Alinma Bank in connection to the Offering on 28/01/1437H (corresponding to 10/11/2015G).

Facilities Agreement with Samba Financial Group

On 03/12/1436H (corresponding to 17/09/2015G), the company entered into a facilities agreement with Samba Financial Group pursuant to which Samba Financial Group made available an aggregate amount of (SAR 311,111,111) three hundred eleven million one hundred eleven thousand one hundred eleven Saudi Riyals to the Company which expires on 18/02/1437H (corresponding to 30/11/2016G). Set below is a summary of the main terms of the Samba Financial Group credit facility agreement:

Table 320: Terms of facilities agreement with Samba Financial Group

Description	Explanation
Total Facilities	(SAR 311,111,111) three hundred eleven million one hundred eleven thousand one hundred eleven Saudi Riyals
General Facilities	
Trade Finance Facilities	(SAR 15,000,000) fifteen million Saudi Riyals to purchase medical equipment, physical fitness equipment, medical supplies and construction materials.
Short Term Facilities	(SAR 125,000,000) one hundred twenty-five million Saudi Riyals to finance working capital.
Overdrafts Facilities	(SAR 5,000,000) five million Saudi Riyals to finance the working capital
Credits Facilities	(SAR 30,000,000) thirty million Saudi Riyals for documentary credits
Medium Term Murabaha Facility	(SAR 15,000,000) fifteen million Saudi Riyals to partially finance the acquisition of new buildings that are to be used for purposes of providing accommodation for employees.
Islamic Facilities	
Murabaha Loan	(SAR 35,000,000) thirty-five million Saudi Riyals, a loan facility in relation to the accounts of SGH Jeddah
Medium-term Murabaha	(SAR 86,111,111) eighty-six million one hundred eleven thousand one hundred eleven Saudi Riyals
Warranties	• Promissory note of (SAR 311,111,111) three hundred eleven million one hundred eleven thousand one hundred eleven Saudi Riyals • Performance guarantee at the amount of (SAR 311,111,111) three hundred eleven million one hundred eleven thousand one hundred eleven Saudi Riyals provided by both Sobhi Abduljaleel Ibrahim Batterjee and Khalid Abduljaleel Ibrahim Batterjee
Events of Default	The loan installments shall become due upon any of the following events: • The Company's failure to pay any due amounts under this agreement. • The Company or any of the guarantors' failure to perform any of its obligations under this agreement. • If the company's loans from other creditors become due before their original due date. • The Company's dissolution, liquidation or insolvency, or its failure to perform any of its obligations to its creditors. • Ceasing to perform any of the Company's activities to comply with any applicable laws or regulations. • Upon the occurrence of an event that Samba Financial Group deems to have an adverse material effect on the Company's operations or financial, legal or administrative condition of the Company. • Any information provided by the Company prove to be inaccurate or incorrect.
Covenants	• Maintaining the Company's leverage (total liabilities / total equity) at no more than 1:2. • Maintaining the Company's trading rate at no less than 1: 1 • Maintaining the legal structure of the Company throughout the term of the agreement.

Source: The Company

The Company has notified Samba Financial Group of its intention to carry out the Offering pursuant to letter dated 23/01/1437H (corresponding to 05/11/2015G), and has obtained the prior written consent of Samba Financial Group in connection to the Offering on 26/01/1437H (corresponding to 08/11/2015G).

12-6-9 Insurance

The Company is insured against a number of operational risks to its assets including medical malpractice liability, vehicular liability, civil liability, and treasury and financial losses. The Company also maintains a medical insurance policy for the benefit of its employees. None of the Company's material insurance policies are invalid or expired. Below is a summary of the Company's insurance policies:

Table 321: Summary of the Company's Insurance Policies

Scope of Insurance Coverage	Insurance Policy Number	Insurance Company	Insured Amount/ Coverage	Insurance Premium (SAR)	Coverage Expiry Date
First: Insurance Policies relating to the Company					
Comprehensive Public Liability	P/102/23/3001/2015/301/37	SAICO	SAR 3,750,000 annually	90,025	13/08/1437H (corresponding to 20/05/2016G)
Second: Insurance Policies relating to SGH Aseer					
Malpractice Insurance	483882	Tawuniya	3,500,000	385,090	23/03/1439H (corresponding to 11/12/2017G)
Employee Medical Insurance	12901782	Tawuniya	500,000	3,459,393	28/11/1437H (corresponding to 31/08/2016G)
Vehicles Comprehensive Insurance	P/102/23/5021/2015/501/47	SAICO	10,000,000	29,903	03/09/1437H (corresponding to 08/06/2016G))
Money Insurance	P/102/23/2021/2015/201/17	SAICO	31,900,000	5,500	03/09/1437H (corresponding to 08/06/2016G)
Fidelity Guarantee	P/102/23/2022/2015/201/13	SAICO	1,000,000	7,525	03/09/1437H (corresponding to 08/06/2016G)
Property All Risk Insurance	P/102/23/1003/2015/101/7	SAICO	364,420,001	218,652	03/09/1437H (corresponding to 08/06/2016G)
Third: Insurance Policies relating to SGH Madinah					
Malpractice Insurance	483883	Tawuniya	1,500,000	257,400	23/03/1439H (corresponding to 11/12/2017G)
Employee Medical Insurance	12901789	Tawuniya	500,000	2,494,653	28/11/1437H (corresponding to 31/08/2016G)
Vehicles Comprehensive Insurance	P/102/23/5021/2015/501/46	SAICO	10,000,000	29,480	03/09/1437H (corresponding to 08/06/2016G)
Money Insurance	P/102/23/2021/2015/201/19	SAICO	10,300,000	2,200	03/09/1437H (corresponding to 08/06/2016G)
Fidelity Guarantee	P/102/23/2022/2015/201/12	SAICO	1,000,000	7,525	03/09/1437H (corresponding to 08/06/2016G)
Property All Risk Insurance	P/102/23/1003/2015/101/31	SAICO	259,820,000	135,756	03/09/1437H (corresponding to 08/06/2016G)
Fourth: Insurance Policies relating to SGH Riyadh					
Malpractice Insurance	483881	Tawuniya	3,500,000	374,735	23/03/1439H (corresponding to 11/12/2017G)

Scope of Insurance Coverage	Insurance Policy Number	Insurance Company	Insured Amount/ Coverage	Insurance Premium (SAR)	Coverage Expiry Date
Employee Medical Insurance	12901790	Tawuniya	500,000	2,772,669	28/11/1437H (corresponding to 31/08/2016G)
Vehicles Comprehensive Insurance	P/102/23/5021/2015/501/44	SAICO	10,000,000	41,276	03/09/1437H (corresponding to 08/06/2016G)
Money Insurance	P/102/23/2021/2015/201/18	SAICO	21,000,000	4,500	03/09/1437H (corresponding to 08/06/2016G)
Fidelity Guarantee	P/102/23/2022/2015/201/11	SAICO	1,000,000	12,025	03/09/1437H (corresponding to 08/06/2016G)
Property All Risk Insurance	P/102/23/1003/2015/101/30	SAICO	315,317,500	162,730	03/09/1437H (corresponding to 08/06/2016G)
Fifth: Insurance Policies relating to SGH Jeddah					
Malpractice Insurance	483880	Tawuniya	3,500,000	922,430	23/03/1439H (corresponding to 11/12/2017G)
Employee Medical Insurance	12476161	Tawuniya	500,000	6,344,174	28/11/1437H (corresponding to 31/08/2016G)
Vehicles Comprehensive Insurance	P/102/23/5021/2015/501/45	SAICO	10,000,000	83,271	03/09/1437H (corresponding to 08/06/2016G)
Money Insurance	P/102/23/2021/2015/201/17	SAICO	31,900,000	6,700	03/09/1437H (corresponding to 08/06/2016G)
Fidelity Guarantee	P/102/23/2022/2014/201/14	SAICO	2,000,000	15,775	03/09/1437H (corresponding to 08/06/2016G)
Property All Risk Insurance	P/102/23/1003/2015/101/18	SAICO	418,120,001	218,468	03/09/1437H (corresponding to 08/06/2016G)

Source: The Company

12-6-10 Related-Party Transactions

The Directors confirm that all the Related-Party transactions described under this section do not include any preferential conditions, are compliant with laws and regulations, and were entered into at arm's length on commercially reasonable terms. With the exception of what is mentioned under this section of the Prospectus, the Directors confirm that the Company has no transactions, agreements, commercial relations or real estate deals with any Related-Parties, including the Financial Advisor and the Legal Adviser of the Offering. The following table summarizes transactions with related parties:

Table 322: Summary of Transactions with Related Parties

Agreement	Related Party	Subject Matter	Date of Agreement	Term	Value (SAR)	Revenue/ Cost in 2014G (SAR)
Management Supervision Agreement	EDHC	Supervision of the hospital owned by EDHC	14/07/1436H (corresponding to 03/05/2015G)	25 Years	10% of the hospital's profits prior to calculating interests and taxes	8,759,552
Management Supervision Agreement	ESHCO	Supervision of the hospital owned by ESHCO	06/08/1436H (corresponding to 24/05/2015G)	25 years	10% of the net income of the hospital	-

Agreement	Related Party	Subject Matter	Date of Agreement	Term	Value (SAR)	Revenue/ Cost in 2014G (SAR)
Management Supervision Agreement	SYH	Supervision of a hospital owned by SYH	06/08/1436H (corresponding to 24/05/2015G)	25 Years	10% of hospital's profits prior to calculating interests and taxes	-
Construction Agreement	IHCC	The construction of a reception facility for outpatients, SGH Aseer	03/10/1435H (corresponding to 30/07/2014G)	Ongoing	53,060,552	(48,301,253)
Construction and Restoration Agreement	IHCC	Movable furniture for the 2nd and 3rd floors of SGH Aseer	06/10/1435H (corresponding to 02/08/2014G)	Ongoing	2,016,060	
Construction and Restoration Agreement	IHCC	The restoration of the 5th floor of SGH Jeddah	24/04/1435H (corresponding to 24/02/2014G)	Ongoing	5,480,380	
Construction and Restoration Agreement	IHCC	The restoration of the 6th floor of SGH Jeddah	27/09/1435H (corresponding to 24/07/2014G)	Ongoing	7,089,500	
Construction and Restoration Agreement	IHCC	Dental Clinics in the Medical Tower, SGH Jeddah	10/09/1435H (corresponding to 07/07/2014G)	Ongoing	1,396,153	
Construction and Restoration Agreement	IHCC	The expansion of the operation room and sterilization department, SGH Jeddah	11/07/1434H (corresponding to 21/05/2013G)	Ongoing	5,039,909	
Construction and Restoration Agreement	IHCC	The restoration of the outpatient clinics and restrooms, SGH Jeddah	21/05/1434H (corresponding to 02/04/2013G)	Ongoing	1,240,436	
Construction and Restoration Agreement	IHCC	The restoration of the IT Center of SGH Jeddah	18/02/1433H (corresponding to 12/01/2012G)	Ongoing	5,566,434	
Construction and Restoration Agreement	IHCC	Gas Tank foundations works, 1st floor laboratory, the expansion of the ICU, the external fence and the firefighting system, SGH Jeddah	02/07/1434H (corresponding to 18/05/2013G)	Ongoing	5,777,465	
Construction and Restoration Agreement	IHCC	The construction of a room for the new power generator, SGH Jeddah	19/05/1434H (corresponding to 29/04/2013G)	Ongoing	2,365,438	
Construction and Restoration Agreement	IHCC	The expansion of the neonatal ICU, SGH Jeddah	10/11/1435H (corresponding to 05/09/2014G)	Ongoing	400,876	
Construction and Restoration Agreement	IHCC	The restoration of the Oncology Unit, SGH Jeddah	10/11/1435H (corresponding to 05/09/2014G)	Ongoing	738,424	
Construction and Restoration Agreement	IHCC	The design and restoration of the Child Care Center, SGH Jeddah	08/06/1433H (corresponding to 29/04/2012G)	Ongoing	6,388,480	
Construction and Restoration Agreement	IHCC	Restoration works in SGH Jeddah	27/02/1433H (corresponding to 21/01/2012G)	Ongoing	5,401,217	

Agreement	Related Party	Subject Matter	Date of Agreement	Term	Value (SAR)	Revenue/ Cost in 2014G (SAR)
Construction of SGH Hail Agreement	IHCC	Construction of SGH Hail	20/08/1426H (corresponding to 24/09/2005G)	Ongoing	176,049,000	
Exclusive Resale Agreement	BAB	The appointment of the Company as the exclusive reseller of the medical products manufactured by a number of foreign medical companies	/08/1436H (corresponding to 24/05/2015G)	10 years	Depending on purchase orders	-
Restructuring Agreement	BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, IDB, Arab Fund and Zuhair Ahmed Al-Sebai	The reorganization of the Company; transferring all assets owned by the Shareholders in the Kingdom to the Company	23/02/1435H (corresponding to 26/12/2013G)	-	-	-
BAB Share Purchase Agreement	BAB	The transfer of BAB's share in SGH Hail to the Company	23/02/1435H (corresponding to 26/12/2013G)	-	Granting shares in the Company to BAB	-
Share Purchase Agreement	BAB	The transfer of BAB's share in Abduljaleel Ibrahim Batterjee Sons Development Company to the Company	23/02/1435H (corresponding to 26/12/2013G)	-	Granting shares in the Company to BAB	-
Share Purchase Agreement	IDB	The transfer of IDB's share in SGH Hail to the Company	23/02/1435H (corresponding to 26/12/2013G)	-	Granting shares in the Company to IDB	-
Share Purchase Agreement	Zuhair Ahmed Al-Sebai	The transfer of Zuhair Ahmed Al-Sebai's share in SGH Riyadh to the Company	23/02/1435H (corresponding to 26/12/2013G)	-	Granting shares in the Company to Zuhair Ahmed Al-Sebai	-
Share Purchase Agreement	Sobhi Abduljaleel Batterjee	The purchase of Dammam Land	23/02/1435H (corresponding to 26/12/2013G)	-	Granting shares in the Company to Sobhi Abduljaleel Batterjee	-
Shareholders Agreement	BAB and IFC	Regulating the relationship of the parties regarding financial issues; annual budget; financial statements; dividends; offering of shares; formation of the Company's Board, management and committees; accounting system; records; policies; guarantees; warranties; preserving confidentiality; public announcements; termination of agreement; applicable laws; and dispute resolution	19/02/1435H (corresponding to 16/07/2014G)	-	-	-

Agreement	Related Party	Subject Matter	Date of Agreement	Term	Value (SAR)	Revenue/ Cost in 2014G (SAR)
Consultancy Agreement	BAB	Providing the Company with consultation services	06/08/1436H (corresponding to 24/05/2015G)	10 years	4,936,918	-
Academic Cooperation Agreement	BETA	Providing professional and technical training to 100 Saudi female employees working at SGH Jeddah	11/10/1435H (corresponding to 07/08/2014G)	Two years and a half	48,000 per trainee	(467,500)
Academic Cooperation Agreement	BMC	Providing training to students of Al Batterjee Medical College in SGH Jeddah	06/11/1435H (corresponding to 01/09/2014G)	One year	10,000,000	14,666,666
Maintenance Agreement	Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company	Maintenance of medical instrumentation in SGH Jeddah	Rajab 1431H (corresponding to July 2010G)	One year	800,000	
Maintenance Agreement	Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company	Maintenance of medical instrumentation in SGH Riyadh	Dhu al-Hijjah 1432H (corresponding to November 2011G)	One year	800,000	
Maintenance Agreement	Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company	Maintenance of medical instrumentation in SGH Aseer	Dhu al-Hijjah 1432H (corresponding to November 2011G)	One year	800,000	(2,574,159)
Supply Agreement	Batterjee Pharma	Providing hospitals affiliated to the Company with pharmaceuticals	10/03/1436H (corresponding to 01/01/2015G)	One year	Depending on supply operations	(3,617,964)
Service Agreement	Jan-Pro (the Gulf Youth for Investment and Real Estate Development Company branch for cleaning and maintenance services)	Cleaning services for SGH Jeddah and providing a qualified and trained team	05/12/1432H (corresponding to 01/11/2014G)	One year	107,400	(198,103)
Trademark Assignment Agreement	BAB	Assignment of a trademark registered in the Arab republic of Egypt	28/10/1436H (corresponding to 13/08/2015G)	-	-	-

Source: The Company

12-6-11 Reorganisation Agreement

On 23/02/1435H (corresponding to 26/12/2013G), the Company entered into an agreement with BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, IDB, Arab Fund and Zuhair Ahmed Al-Sebai for the Reorganisation of the Company whereby certain Shareholders transferred certain assets (in-kind shares) to the Company (for more details, please refer to Section 4-3 "Development and Increases of Company's Share Capital" of this Prospectus**)**.

The obligations of the parties under this agreement are as follows:

1- BAB shall transfer its shares representing 24.58% of SGH Hail and 98% of AJ Sons to the Company.
2- IDB shall transfer its share representing 15.38% of SGH Hail to the Company.
3- Zuhair Ahmed Al-Sebai shall transfer his share representing 20% of SGH Riyadh to both the Company and Sobhi

Abduljaleel Batterjee in preparation for the conversion of SGH Riyadh into a branch of the Company.

4- Sobhi Abduljaleel Batterjee shall transfer the ownership of the Dammam Land, covered under deed number 230108011063 dated 08/02/1435H (corresponding to 11/12/2013G), to the Company.

5- The Company and its Shareholders shall duly issue new shares to BAB, IDB, Zuhair Ahmed Al-Sebai and Sobhi Abduljaleel Batterjee in consideration for the abovementioned Contributed Assets.

Ownership of the Contributed Assets was transferred to the Company at their book value as at 24/11/1434H (corresponding to 30/09/2013G), and the Dammam Land was valued at (SAR 42,200,000) forty-two million two hundred thousand Saudi Riyals based on two appraisals carried out by separate appraisers. The transfer of all the aforementioned shares has been completed, and the legal formalities in relation to the transfer of ownership of the Dammam Land to the Company is under progress.

This agreement is governed by applicable laws of the Kingdom and any dispute, conflict or claim arising therefrom shall be referred to DIFC | LCIA Arbitration Centre.

The abovementioned agreement constitutes a Related-Party agreement given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee, own shares in BAB. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

12-6-12 BAB Share Purchase Agreement and Transfer of SGH Jeddah

On 23/02/1435H (corresponding to 26/12/2013G), the Company, in the context of the Reorganisation, entered into two agreements with BAB pursuant to which BAB transferred its shares representing 24.58% in SGH Hail and 98% of AJ Sons, and SGH Jeddah to the Company. Such transfer of shares was in return for the issuance of a number of shares by the Company to BAB under the Reorganisation Agreement and according to the conditions thereunder. All aforementioned transfers of shares have been completed including the transfer of SGH Jeddah.

The aforementioned agreements are governed by the applicable laws of the Kingdom and any dispute, conflict or claim arising thereunder shall be referred to the competent courts in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee, own shares in BAB. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

12-6-13 IDB Share Purchase Agreement

On 23/02/1435H (corresponding to 26/12/2013G), the Company, in the context of the Reorganisation, entered into an agreement with IDB pursuant to which IDB transferred the its shares representing 15.38% of SGH Hail to the Company in return for newly issues shares by the Company to IDB under the Reorganisation Agreement and according to the conditions thereunder. All aforementioned transfers of shares have been completed.

The aforementioned agreement is governed by the applicable laws of the Kingdom and any dispute, conflict or claim arising thereunder shall be referred to the competent courts in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that IDB is a shareholder in the Company and represented in the Board. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

12-6-14 Zuhair Ahmed Al-Sebai Share Purchase Agreement

On 23/02/1435H (corresponding to 26/12/2013G), the Company, in the context of the Reorganisation, entered into an agreement with Zuhair Ahmed Al-Sebai pursuant to which Zuhair Ahmed Al-Sebai transferred his shares representing 20% in SGH Riyadh to the Company in consideration newly issued shares by the Company to Zuhair Ahmed Al-Sebai under the Reorganisation Agreement and according to the conditions thereunder. All aforementioned transfers of shares have been completed.

The aforementioned agreement is governed by the applicable laws of the Kingdom and any dispute, conflict or claim arising thereunder shall be referred to the competent courts in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that Zuhair Ahmed Al-Sebai is a Shareholder in the Company. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

12-6-15 Dammam Land Purchase Agreement from Sobhi Abduljaleel Batterjee

On 23/02/1435H (corresponding to 26/12/2013G), the Company, in the context of the Reorganisation, entered into an agreement with Sobhi Abduljaleel Batterjee pursuant to which Sobhi Abduljaleel Batterjee transferred the ownership of the Dammam Land, covered by deed number 230108011063 dated 08/02/1435H (corresponding to 11/12/2013G) issued under the name of the Shareholder Sobhi Abduljaleel Batterjee, to the Company, in return for the issuance of a number of shares by the Company to Sobhi Abduljaleel Batterjee under the Reorganisation Agreement and according to the conditions thereunder.

It should be noted that the abovementioned Dammam Land is a part of a 90,000 m^2 land owned by the Shareholder Sobhi Abduljaleel Batterjee, and the ownership of such land is documented by a single legal instrument mentioned above. The Company agreed with Sobhi Abduljaleel Batterjee to transfer the ownership of the Dammam land in two phases:

Phase I: The Shareholder, Sobhi Abduljaleel Batterjee, shall transfer the ownership of the whole 90,000 m^2 land to the name of the Company.

Phase II: Then the Company assigns a part of the land equaling 60,000 m^2 to the name of the Shareholder, Sobhi Abduljaleel Batterjee.

The transfer of the full ownership in structured in the phases described due to the fact that the whole parcel of land (including the Dammam Land) is covered by a single deed, as shown above, and singling out the Dammam Land in a separate deed would have been a time consuming process. Therefore, the Company agreed with the Shareholder, Sobhi Abduljaleel Batterjee, that the Shareholder shall transfer the ownership of the whole land (Phase I) and then the land, actually owned by such Shareholder, shall be singled out in a separate deed (Phase II).

The aforementioned agreement is governed by the applicable laws of the Kingdom and any dispute, conflict or claim arising thereunder shall be referred to the competent courts in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that Sobhi Abduljaleel Batterjee is a Shareholder in the Company. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Table 323: Summary of the Dammam Land Purchase Agreement from Sobhi Abduljaleel Batterjee

#	Owner	Deed Number	Date	Description	Area	Price (SAR)
1	Sobhi Abduljaleel Batterjee	230108011063	08/02/1435H (corresponding to 11/12/2013G)	Unused vacant land in Dammam	30,000 m^2	42,200,000

Source: The Company

Shareholders Agreement

On 19/02/1435H (corresponding to 16/07/2014G), the Company entered into a Shareholders Agreement with BAB and IFC whereby the parties agree to regulate their relationship which includes the following material terms and conditions:

- Board composition, Board meetings quorum and notices, appointment of the chairman of the Board, corporate governance and IFC's right to appoint and dismiss Directors.
- General assemblies held pursuant to the Company's bylaws and CMA rules.
- Reserved matters that require IFC's prior approval in the Board or the Company's general assembly.
- IFC's right to obtain periodic and annual reports on the Company and NHC.
- The Company's compliance with IFC's policies in relation to environment, social standards, health and safety standards, sanctionable practices and UN Security Council Resolutions.
- Undertakings made by the Company to comply with the applicable laws, including its subsidiaries, and to form an Audit Committee in accordance with the highest governance standards and CMA rules.
- Issuance of shares by the Company at a price not exceeding the price paid by IFC when it owned its shares in the Company.
- Representations made by BAB to IFC to indemnify the latter for any damages suffered as result of BAB's breach of any of its obligations. These representations shall terminate within 18 months of the date of listing.
- For so long as IFC is a shareholder, BAB shall maintain an ownership interest in the Company equal to 60% prior to the IPO and 35% after the IPO.
- IFC's pre-emptive right to purchase its pro rata share of new shares issued by the Company.
- IFC's tag along right whereby IFC has the right to participate in any transfer made by BAB to any third party in relation to the Company's shares.
- Representations and warranties made by the Company and BAB to IFC.
- The IPO and IFC's right to accelerate the IPO provided that the IPO includes 30% of IFC's shares in the Company. In the event the Company and BAB fail to fulfil IFC's request, IFC shall have the right to sell all its shares in the Company to third parties.
- Term of the agreement which states that the agreement shall continue to be in force until such time that IFC no longer owns any shares in the Company.
- Governing law and dispute resolution, whereby the agreement is governed by the laws of England and Wales. Any claim or dispute arising under, out of or in connection with this agreement shall be finally settled by arbitration in accordance with the Rules of the London Court of International Arbitration.

This Shareholders Agreement became effective as of the date on which IFC acquired (9,234,680) nine million two hundred thirty-four thousand six hundred eighty shares in the Company and shall remain in force until such time that IFC no longer owns any shares in the Company.

The Shareholders Agreement shall remain in force after the IPO, except for the following terms and conditions which shall automatically terminate as of the date of the IPO:

- IFC's right to veto any decisions relating to the management of the Company and NHC.
- IFC's right to appoint Directors.
- IFC's right to obtain periodic and annual reports on the Company and NHC.
- Issuance of shares by the Company at a price not exceeding the price paid by IFC when it acquired its shares in the Company.
- IFC's right to accelerate the IPO.
- IFC's tag along right whereby IFC has the right to participate in any transfer made by BAB to any third party in relation to the Company's shares.

This agreement does not contradict with the laws and regulations applicable to public joint stock companies in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that IFC and BAB are Shareholders in the Company. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Consultancy Agreement with BAB

On 06/08/1436H (corresponding to 24/05/2015G), the Company entered into an agreement with BAB pursuant to which BAB shall provide consultancy services to the Company for ten years, provided that the agreement shall come in force retroactively as of 29/02/1435H (corresponding to 01/01/2014G) (which is the date the relationship between the two companies started). According to the agreement, the Company agreed to pay BAB an amount of (SAR 4,936,918) four million nine hundred thirty-six thousand nine hundred eighteen Saudi Riyals, which shall be increased by 5% annually until 2019G, in addition to any reasonable fees related to such consultancy services.

BAB shall, upon this agreement, provide the following services:

- Project management and development services (assisting the definition and development of the new and potential expansion projects related to the existing facilities of the Company), including:
  - Assisting the development of the concept of the new projects, including coordinating the facilities plan.
  - Advising on licensing requirements for new projects.
  - Assisting the development of feasibility studies.
  - Coordinating with consultants and contractors.
  - Assisting in the project supervision, including contract compliance and invoice verification.
  - Providing support in relation to funding resources and coordination with banks and lending institutions for any project.
  - Providing accounting and management support throughout the project and until delivery.
- Advising and assisting the Company in providing management supervision services as follows:
  - Assisting the development of the general policy related to administrative functions.
  - Assisting in monitoring management reports and highlighting issues that require management intervention.
  - Assisting the development and execution of work plans.
  - Advising on all management areas as required.
  - Assisting the coordination of management technical review meetings related to funding, marketing and human resources.
  - Providing assistance in relation to sharing and transferring of best practices for the Company and the hospitals to which the Company is providing management supervision services.
  - Assisting the Company in meeting banking facilities requirements, as required.
  - Communicating, on behalf of the management of the Company, with other hospitals to which the Company is providing management supervision services.
  - Assisting the Company in complying with all legal requirements, as required.

The Company may assign this agreement to a third party or terminate the same upon notice to BAB. This agreement shall be governed by the laws applicable in the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee, own shares in BAB. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Academic Cooperation Agreement for Staff Training with BETA

On 11/10/1435H (corresponding to 07/08/2014G), the Company entered into an academic cooperation agreement with BETA pursuant to which BETA shall provide professional and technical training to 100 Saudi female employees working at SGH Jeddah and female candidates designated by the Human Resources Development Fund. SGH Jeddah shall interview and choose suitable candidates, carry out medical examinations to ensure their suitability to join the program, and make related payments. The term of the agreement is two years and a half and the training costs (SAR 48,000) forty-eight thousand Saudi Riyals per trainee. This agreement is governed by the laws of the Kingdom.

The abovementioned agreement constitutes a Related-Party agreement given that BETA is owned by Shareholders BAB (which is a company owned by a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and Shareholders Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee), Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Huda Abduljaleel Batterjee, and Sabah Abduljaleel Batterjee. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Academic Cooperation Agreement for Students Training with BMC

On 17/11/1436H (corresponding to 01/09/2015G), the Company entered into an academic cooperation agreement with BMC pursuant to which the Company shall provide, through SGH Jeddah, a number of its doctors to provide education and training services to students of BMC in SGH Jeddah in consideration of annual fees amounting to (SAR 6,000,000) six million Saudi Riyals in addition to payment of compensations to the said doctors by Al Batterjee Medical College. The term of this agreement is one year and it may be renewed by mutual agreement.

The Board and the General Assembly of the Company has to approve this agreement in its next meeting, as BMC is owned by BAB (which is a company owned by a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and Shareholders Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee), Sobhi Abduljaleel Batterjee, and Khalid Abduljaleel Batterjee.

Maintenance Agreements with Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company

The Company entered into agreements with Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company pursuant to which the said company shall provide maintenance services to surgical instruments, education and training regarding preventive maintenance measures, and cleaning and lubricating surgical instruments to SGH Riyadh, SGH Aseer and SGH Jeddah. The table below summarizes the terms and conditions of these agreements:

Table 324: Agreements of Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company

Hospital	Effective Date	Duration and Renewal	Value of Agreement (SAR)	Services
SGH Jeddah	Rajab 1431H (corresponding to July 2010G)	12 months, to be renewed automatically unless either party gives the other a three month notice of its unwillingness to renew the Agreement.	(800,000) eight hundred thousand annually	Instant repair of surgical instruments, preventive services and maintenance of surgical instruments.
SGH Riyadh	Dhu al-Hijjah 1432H (corresponding to November 2011G)	12 months, to be renewed automatically unless either party gives the other a three month notice of its unwillingness to renew the Agreement.	(800,000) eight hundred thousand annually	Instant repair of surgical instruments, preventive services and maintenance of surgical instruments.
SGH Aseer	Dhu al-Hijjah 1432H (corresponding to November 2011G)	12 months, to be renewed automatically unless either party gives the other a three month notice of its unwillingness to renew the Agreement.	(800,000) eight hundred thousand annually	Instant repair of surgical instruments, preventive services and maintenance of surgical instruments.

Source: The Company

The abovementioned agreements constitute Related-Party agreements given that Shareholder Abduljaleel Khalid Batterjee is a shareholder in Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Supply Agreement of Medicines with Batterjee Pharma

On 10/03/1436H (corresponding to 01/01/2015G), the Company entered into an agreement with Batterjee Pharma, pursuant to which Batterjee Pharma shall supply MEAHCO Hospitals with the required pharmaceuticals to ensure continual availability of such items in such hospitals. The term of the agreement is one year and it includes SGH Jeddah, SGH Riyadh, SGH Madinah and SGH Aseer.

The abovementioned agreement constitutes a Related-Party agreement given that Director Rudwan Sobhi Batterjee is a shareholder in Batterjee Pharma. This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Service Provision Agreement with Jan-Pro (the Gulf Youth for Investment and Real Estate Development Company branch for Cleaning and Maintenance Services)

On 05/12/1432H (corresponding to 01/11/2014G), the Company entered into a cleaning service provision agreement for SGH Jeddah with Jan-Pro (the Gulf Youth for Investment and Real Estate Development Company branch for Cleaning and Maintenance Services). Pursuant to this agreement, Jan-Pro shall provide cleaning services for SGH Jeddah and a qualified and trained team. The value of the agreement is (SAR 107,400) one hundred seven thousand four hundred Saudi Riyals with a one-year term to be renewed automatically unless either party gives the other a one month written notice of its unwillingness to renew the Agreement before its expiration date. Either party may terminate the agreement upon a three month written notice.

The abovementioned agreement constitutes a Related-Party agreement given that Director Makarem Khalid Batterjee is a shareholder in Jan-Pro (the Gulf Youth for Investment and Real Estate Development Company branch for Cleaning and Maintenance Services). This agreement has been duly approved by the Company's Board on 21/07/1436H (corresponding to 11/05/2015G) and the Company's General Assembly on 28/07/1436H (corresponding to 17/05/2015G).

Trademark Assignment Agreement

On 28/10/1436H (corresponding to 13/08/2015G), BAB entered into an agreement with the Company for the assignment of its trademark registered in Egypt under registration number 206207 dated 08/04/2009G, under the name "Saudi German Hospital". This agreement will be submitted for the approval of the Board and General Assembly given that a number of Directors, namely, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, Rudwan Khalid Batterjee, Makarim Sobhi Batterjee and Sultan Sobhi Batterjee, and a number of Shareholders, namely Huda Abduljaleel Batterjee, Sabah Abduljaleel Batterjee and Abduljaleel Khalid Batterjee, own shares in BAB.

The Company also entered into agreements with other related parties, as mentioned above in Section 12-6-3 "Management Supervision Agreement for Foreign Hospitals", Section 12-6-6 "Construction and Renovation Agreements" and Section 12-6-7 "Other Agreements", including Management Supervision Agreements, SGH Aseer construction of outpatients reception agreement, Construction and Renovation Agreements entered into with IHCC, SGH Hail Construction Agreement and the exclusive reseller agreement with BAB. For more information in relation to these agreements, please see Section 12-6 "Material Agreements" of this Prospectus.

12.7 Real Estate

The Company owns the following properties in the Kingdom:

Table 325: Property Owned by the Company

Sr.	Deed Number and Date	Name of Property Owner	Property Number	Area (m2)	Location	Description of Use
1	320206016857 dated 03/02/1436H (corresponding to 25/11/2014G)*	The Company	Plots number 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344 and 345, Scheme 51/B	14,101	Zahra District, Jeddah	Main Building of SGH Jeddah
2	320223012697 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 408, plan 51/B/99	667,50	Zahra District, Jeddah	Specialist Center in SGH Jeddah
3	320223012708 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 322, plan 51/B/99	1,320	Zahra District, Jeddah	Medical Tower in SGH Jeddah
4	320223012720 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plots number 410 and 412, Scheme 51/B/99	1,311,66	Zahra District, Jeddah	Nephrology Center in SGH Jeddah
5	820215025622 dated 02/03/1436H (corresponding to 24/12/2014G)	The Company	Plot number 314, plan 51/B	674,80	Zahra District, Jeddah	Psychiatric Center in SGH Jeddah
6	320223012696 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 400, plan 51/B/99	697,04	Zahra District, Jeddah	Procurement Building in AJ Sons

Sr.	Deed Number and Date	Name of Property Owner	Property Number	Area (m2)	Location	Description of Use
7	920223012719 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 323, plan 51/B/99	600	Zahra District, Jeddah	Housing Building in SGH Jeddah
8	820223012721 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 393, plan 1/63/3/P	567	Al-Salamah district, Jeddah	Housing Building in SGH Jeddah
9	220223012718 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plots number 594 and 596, plan 51/B/99	1,440	Zahra District, Jeddah	Housing Building in SGH Jeddah
10	520223012717 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 223, plan 17/B	600	Al-Nahdha District, Jeddah	Residential Building in SGH Jeddah
11	420223012722 dated 03/09/1435H (corresponding to 30/06/2014G)	The Company	Plot number 556, plan 238/3/P	660	Al-Salamah district, Jeddah	Housing Building in SGH Jeddah
12	320206016856 dated 03/02/1436H (corresponding to 25/11/2014G)**	The Company	Plots number 171/13, 172/13, 173/13, 174/13, 175/13, 176/13, 177/13, 178/13, 179/13 and 180/13, plan 51/B	8,567,89	Zahra District, Jeddah	Housing Building in SGH Jeddah
13	420206016855 dated 03/02/1436H (corresponding to 25/11/2014G)***	The Company	Plots number 324 and 325, plan 51/B	2,728,23	Zahra District, Jeddah	Parking Garage in SGH Jeddah
14	710107035090 dated 27/11/1435H (corresponding to 22/09/2014G)****	The Company	Plot number 2109/A, plan 1863/A B	29,880	Al-Sahafa District, Riyadh	SGH Riyadh
15	810122031346 dated 30/02/1436H (corresponding to 22/12/2014G)	The Company	Plot number 1/2799, Block 1675, plan 1637/O	875	Al-Sahafa District, Riyadh	Housing Building in SGH Riyadh
16	310115039796 dated 01/03/1436H (corresponding to 23/12/2014G)	The Company	Plot number 242, block 19, plan 3069	947,43	Al-Malqa District, Riyadh	Housing Building in SGH Riyadh
17	310115041266 dated 22/07/1436H (corresponding to 01/05/2015G)	The Company	Plots number 1, 2, 3, 4, 5, 6, out of plots number 3069 to 3076, number 3079 to 3086	3,700	Al-Sahafa District, Riyadh	Housing Building in SGH Riyadh
18	310117030149 dated 28/04/1436H (corresponding to 17/02/2015G)	The Company	Plots number 2252 and 2253, plan 2413	4,000	Riyadh	Housing Building in SGH Riyadh
19	938/25 dated 02/02/1434H (corresponding to 15/12/2012G)	NHC	Plot number 1703, plan 2613	22,495,50	Hail	SGH Hail project's land
20	938/23 dated 02/02/1434H (corresponding to 15/12/2012G)	NHC	Plot number 1704, plan 2613	22,495,50	Hail	SGH Hail project's land

Sr.	Deed Number and Date	Name of Property Owner	Property Number	Area (m2)	Location	Description of Use
21	24/938 dated 02/02/1434H (corresponding to 15/12/2012G)	NHC	Plot number 1702, plan 2613	44,222,26	Hail	SGH Hail project's land
22	230108011063 dated 08/02/1435H (corresponding to 11/12/2013G)******	Sobhi Abduljaleel Batterjee	A plot at the west of Al Faisaliah	90,000	Dammam	SGH Dammam project's land
23	1/199/49 dated 15/08/1415H (corresponding to 17/01/1995G)*******	The Company	16 plots in Khamis Mushait	55,664	Khamis Mushait	SGH Aseer's land
24	340105012299 dated 14/04/1436H (corresponding to 03/02/2015G)********	The Company	A plot according to plan number 4180882 in Universities Road, Abyar Ali District, Madinah	41,274,42	Madinah	SGH Madinah
25	940105012298 dated 14/04/1436H (corresponding to 03/02/2015G)	The Company	A plot according to plan number 4200609 in Universities Road, Abyar Ali District, Madinah	24,332,43	Madinah	Housing Building in SGH Madinah

Source: The Company

**This land is pledged to MoF for the repayment of (SAR 50,000,000) fifty million Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

*** This land is pledged to MoF for the repayment of (SAR 50,000,000) fifty million Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

**** This land is pledged to MoF for the repayment of (SAR 50,000,000) fifty million Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

***** This land is pledged to MoF for the repayment of (SAR 50,000,000) fifty million Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

****** This land is pledged to MoF for the repayment of (SAR 69,650,000) sixty-nine million six hundred fifty thousand Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

******* The ownership of the whole 90,000 m^2 land, owned by Sobhi Abduljaleel Batterjee, is currently being transferred (including the 30,000 m^2 land purchased by the Company). The reason behind the transfer of the ownership of the whole land rather than the purchased plot only is that the land is covered by a single deed and singling out the purchased land in a separate deed is a time consuming process. Therefore, the Company and Sobhi Abduljaleel Batterjee agreed to transfer the whole land to the Company and the purchases part shall later be singled out by the Company.*

******** This land is pledged to MoF for the repayment of (SAR 50,000,000) fifty million Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

********* This land is pledged to MoF for the repayment of (SAR 50,000,000) fifty million Saudi Riyals loaned by MoF (for more information, please see Section 12-6-8 "Credit Facilities and Loans" of this Prospectus).*

The Directors confirm that there are no other real estate properties owned by the Company other than the mentioned above, and that the Company does not use any real estate properties owned by Related Parties.

12.8 Pledge and Rights on the Company's Assets

With the exception of the pledged assets referred to in Section 12-7 "Real Estate" of this Prospectus, the Board declares that the Company is not under any pledges, pre-emption rights of redemption, or any other rights on its properties as at the date of this Prospectus.

12.9 Intangible Assets

The Company registered the logo shown on the first page of this Prospectus as a trademark under the name of the Company with MOCI under registration number 1435013948 dated 15/12/1435H (corresponding to 09/10/2014G) under category (44). The trademark registration protects the logo of the Company from 18/07/1435H (corresponding to 17/05/2014G) to 17/07/1445H (corresponding to 29/01/2024G), and can be renewed for similar periods.

Middle East Healthcare Company's Logo	شركة الشرق الأوسط للرعاية الصحية (ميكو) Middle East Healthcare Company (MEAHCO) المستشفى السعودي الألماني

BAB also assigned its trademark registered under registration number 206207 on 08/04/2009G in Egypt under the name

"Saudi German Hospital" according to a trademark assignment agreement entered into and between BAB and the Company on 28/10/1436H (corresponding to 13/08/2015G). The Company is currently registering its logo and trademark in Bahrain, Oman, Jordan, Syria, Yemen, Tunisia, Sudan, Algeria, UAE, Libya, Lebanon, Morocco and Kuwait in addition to registering each of MEAHCO Hospitals logos and trademarks with MOCI in the Kingdom. The registration is still under process in all the abovementioned countries.

It should be noted that the Company and NHC strongly depend on the Company's trademark in achieving business success and supporting their competitive advantage in the market. Therefore, failure to protect, or take a necessary action to protect, the said trademarks by the Company may have an adverse effect on its ability to use such trademarks, which might affect its business operations and results of operations.

12.10 Lawsuits, Claims and Statutory Procedures

The Company filed claims regarding its dues resulting from providing medical services to a number of patients that did not pay for such services. The Company is a party to claims filed by some patients demanding compensation for alleged medical errors.

The following two tables show the current cases and claims as at the date of this Prospectus.

Table 326: Summary of Cases and Claims Filed Against the Company

Hospital	Type of Claim	Number of Claims	Value of Claim	Expected Amounts
SGH Jeddah	Medical Malpractice	13	1,295,000 SAR	1,295,000 SAR
SGH Riyadh	Medical Malpractice and Violation of MOH Laws	11	SAR 1,710,000	SAR 1,710,000
	Labor	1	SAR 10,000	SAR 10,000
	Violation of MoL Laws	3	SAR 56,000	SAR 56,000
SGH Aseer	Medical Malpractice	15	SAR 650,000	SAR 650,000
SGH Madinah	Violation of the Ministry of Health's laws	8	SAR 260,000	SAR 260,000
	Labor	7	SAR 157,000	SAR 157,000
	Medical Malpractice	14	SAR 863,000	SAR 863,000
Total		72	SAR 5,001,000	SAR 5,001,000

Source: The Company

Table 327: Summary of Cases and Claims Filed by the Company

Hospital	Type of Claim	Number of Claims	Value of Claim
SGH Jeddah	Debt collection	130	SAR 8,799,920
SGH Riyadh	Debt collection	24	SAR 1,782,509
SGH Aseer	Debt collection	20	SAR 544,742
SGH Madinah	Debt collection	14	SAR 1,912,215
Total		188	SAR 13,039,386

The Company filed an appeal against a decision by DZIT ordering the Company to pay additional Zakat dues amounting to SAR 18,102,129 for the financial years 2005G - 2008G, and SAR 4,6,17,370 for the financial years 2013G and 2014G. The following table summarizes the status of such claims:

Table 328: Summary of Legal Challenges Filed by the Company to DZIT

Year	Value of Claim (SAR)	Status of Claim
2005G-2008G	18,102,129	The Company filed an appeal and the dues were reduced to SAR 11,372,821. The Company then filed another appeal, which is still pending up to the date of the Prospectus.
2013G-2014G	4,617,370	The Company filed a an appeal that is still pending up to the date of the Prospectus.

The following table summarizes the Zakat certificates obtained by the Company since its incorporation:

Table 329: Summary of Zakat certificates obtained by the Company since its incorporation

Year	Zakat Certificate Number	Type of Zakat Certificate (Final/Restricted/Facilitate letter)
2009G	1894 dated 12/08/1431H.	Restricted
2010G	103/1199 dated 06/06/1432H.	Facility letter
2013G	101052 dated 20/03/1436H.	Restricted
2014G	113033 dated 05/09/1436H.	Restricted

12.11 Description of Shares

The share capital of the Company is (SAR 920,400,000) nine hundred twenty million four hundred thousand Saudi Riyals, consisting of (SAR 92,040,000) ninety-two million forty thousand ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals each.

The EGA may, upon receiving the approval of the competent authorities and the completion of the economic feasibility, resolve to increase the Company's capital once or more by issuing new shares with the same nominal value as the original shares, provided that the original capital shall have been paid up in full with due consideration to the requirements of the Companies Law. Such resolution shall specify the manner in which the share capital shall be increased.

The Company may, upon resolution by the EGA, for valid reasons and after obtaining the approval of MOCI, reduce the Company's share capital if it proves to be in excess of the Company's needs or if the Company sustains losses. Such resolution may not be passed except after the auditor's report on the reasons justifying the reduction and on the liabilities to be fulfilled by the Company and the effect of the reduction on such liabilities has been read out, with due consideration to the provisions of the Companies Law. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor objects and resent to the Company evidentiary documents of such debt within the designated time, then the Company shall pay such debt if due or provide an adequate guarantee for payment thereof, if it is due on a later date.

12.12 Shareholders' Equity

Under Article (108) of the Companies Law, each share shall give its holder equal rights in the Company's assets and dividends, as well as the right to a share in the Company's assets upon liquidation, the right to attend General Assemblies and vote on the resolutions proposed at such meetings, the right to inspect the Company's books and documents, the right to supervise the acts of the Board and the right to file liability actions against the Directors. Shareholders will have no right to have their Shares redeemed.

12.13 General Assemblies

A General Assembly duly constituted shall represent all the Shareholders and shall be held in the city where the Company's head office is located. Except for matters reserved for the EGA, the OGA has the right to convene in all matters concerning the Company.

The OGA shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Other EGA meetings may be called when necessary.

The EGA shall have the power to amend the Bylaws of the Company, other than those provisions whose amendment is prohibited by Companies Law. Furthermore, the EGA may pass resolutions on matters falling within the power of the OGA under the same conditions as apply to the latter.

A notice of the date and agenda of the Ordinary General Assembly shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least twenty-five (25) days prior to the time set for such meeting. A copy of the invitation and agenda shall be sent, within the period set for publication, to the competent authorities. The Board shall convene a meeting of the EGA if requested to do so by the Auditors or by a number of Shareholders representing at least five percent 5% of the Company's share capital. A meeting of the EGA not be valid unless attended by Shareholders representing at least 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held within the next thirty (30) days following the previous meeting. the notice shall be sent in the manner prescribed in the first meeting. The second meeting shall be valid irrespective of the number of shares represented at the meeting. The meeting of EGA shall be valid only if attended by a number of Shareholders representing at least 50% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held within the next thirty (30) days. The second meeting shall be valid only if attended by a number of

Shareholders representing at least 25% of the Company's share capital. The General Assembly meetings shall be chaired by the Chairman of the Board or, in his absence, by his deputy from among the members of the Board. The Chairman shall appoint a secretary for the meeting and a canvasser. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the canvasser.

12.14 Voting Rights

Each Shareholder owning at least twenty (20) shares has the right to attend the General Assembly meetings. A Shareholder may authorize another Shareholder, provided that such nominee is not a member of the Board or an employee of the Company, to attend the General Assembly on his behalf. Votes at the meetings of the General Assembly shall be counted on the basis of one vote for each Share represented at the meeting. Resolutions of the General Assembly shall be passed if supported by a majority of the Shares represented at the meeting

Resolutions of the EGA shall be passed if supported by absolute majority of the shares represented at the meeting. If, however, the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the period specified under the Company's Bylaws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by three-quarters of the Shares represented at the meeting. Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and to the Auditors. The Directors or the auditor shall respond to these questions, but not to the extent of endangering the Company's interests. If a Shareholder feels that the answer to a question is unsatisfactory, he may appeal to the General Assembly whose decision shall be final in this respect.

12.15 Approvals Necessary to Amend the Voting Rights

Rights and procedures related to voting the Company's General Assemblies may only be altered through an amendment of the Company's Bylaws. In accordance with Article (29) of the Company's Bylaws, the Bylaws may only be amended through a resolution of the EGA. An EGA will be quorate only if attended by shareholders representing at least 50 per cent. of the share capital. If such quorum cannot be attained at the first meeting, an extraordinary general assembly shall be considered quorate by the number of shares represented, provided that in any case the shareholders present or represented shall hold at least 25% of the Company's share capital. Resolutions of the EGA on the Company's Bylaws amendment shall be passed if supported by a majority of at least two-thirds of the Shares represented at the meeting.

12.16 Shares

The shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from the ownership of the share. The transfer of Shares is governed by the regulations governing companies listed on Tadawul. Transfers made other than in accordance with such regulations are void.

12.17 Term of the Company

The term of the Company is ninety-nine (99) years commencing on the date of issuance of the Minister of Commerce and Industry's resolution announcing the conversion of the Company to a closed joint stock company dated 16/03/1425H (corresponding to 05/05/2004G). The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

12.18 Dissolution and Liquidation of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to such time, the EGA shall, based on a proposal by the Board, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board shall cease upon dissolution of the Company. However, the Board shall continue to manage the Company until the liquidator is appointed. The Company's administrative departments maintain their powers to the extent that they do not interfere with the powers of the liquidator(s).

12.19 Ownership Transfer

The transfer of Shares is subject to the rules and regulations applicable to companies listed on the Tadawul. Otherwise, the transfer of Shares shall be void. The Selling Shareholders will be subject to the look-up period specified in the "Summary of the Offering" section of this Prospectus, during which they may not dispose of their Shares.

12.20 Share Repurchase

Pursuant to Article (105) of Companies Law, it is not permissible for the Company to purchase its shares, except in the following cases:

1- If the purpose of purchase is the redemption of the shares under the conditions set out in Article (104).
2- If the purpose of the purchase is the capital reduction.
3- If the shares are within a range of funds that the Company purchases by its assets and liabilities.

With the exception of the shares provided to ensure the liability of the members of the Board of Directors of the Company, the Company shall not mortgage its shares. Or the shares held by the Company shall not have votes in the deliberations of the assemblies of shareholders.

12.21 Engagement by Members of the Board in Companies Conducting Businesses Similar to or Competitive with the Company's Business

A number of Directors hold other positions or have capital shareholding in companies conducting activities similar to or may be competitive with the Company's business as indicated in the table below.

Table 330: Directors Occupying Other Positions or Having Capital Shareholding in Companies Conducting Activities Similar to or May Be Competitive With the Company's Business

Related Companies	The director's title in the related company		Nature of the business conducted by the related company	Does it Compete with the activities of the Company?
	Director/ Manger	Owner (directly)		
Sobhi Abduljaleel Batterjee				
BAB	Yes	Yes	Management and operation of hospitals and medical centers	No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.
International Social Medical Company	Yes	Yes	The field of trade in office, educational and residential furniture	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
World Veterinary Care Company	Yes	Yes	Establishment of veterinary hospitals and care centers	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Batterjee Saudi Holding Company	Yes	Yes	Medical education and healthcare	No, since its activities are limited to investment companies and holding shares.
Bait International Company	Yes	Yes	Management of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
BMC	Yes	Yes	Medical education	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Bait al Batterjee Company for Fitness	Yes	Yes	Fitness and gym for body building	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
BMC	Yes	Yes	Medical education and training	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.

Related Companies	The director's title in the related company		Nature of the business conducted by the related company	Does it Compete with the activities of the Company?
	Director/ Manger	Owner (directly)		
KAMIC	Yes	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
SAMC	Yes	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
IHCC	Yes	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
Dalalkom International Real Estate Development Company	Yes	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Gulf Youth for Investment and Real Estate Development Company	No	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Batterjee Pharma	Yes	No	Import and distribution of medicines and medical products	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Khalid Abduljaleel Ibrahim Batterjee				
BMC	Yes	Yes	Medical education	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Abduljaleel Batterjee Medical Instrumentation Maintenance Company	Yes	Yes	Trade and maintenance of medical instrumentation	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Bait International Company	No	Yes	Management of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
Dalalkom International Real Estate Development Company	No	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
BETA	No	Yes	Medical education and training	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Gulf Youth for Investment and Real Estate Development Company	No	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.

Related Companies	The director's title in the related company		Nature of the business conducted by the related company	Does it Compete with the activities of the Company?
	Director/ Manger	Owner (directly)		
Bait al Batterjee Company for Fitness	No	Yes	Fitness and gym for body building	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
KAMIC	No	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
SAMC	No	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
IHCC	No	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
Rudwan Khalid Abduljaleel Batterjee				
BAB	Yes	Yes	Management and operation of hospitals and medical centers	No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.
Advanced Medicine Factory Company	Yes	No	Production of medicine	No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.
World Veterinary Care Company	Yes	Yes	Establishment of veterinary hospitals and care centers	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Batterjee Pharma	Yes	Yes	Import and distribution of medicines and medical products	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Makarim Sobhi Abduljaleel Batterjee				
BAB	Yes	Yes	Management and operation of hospitals and medical centers	No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.
Bait al Batterjee Company for Fitness	Yes	Yes	Fitness and gym for body building	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Gulf Youth for Investment and Real Estate Development Company	Yes	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Al-Madinah Alhaditha Company for Development	Yes	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
Sultan Sobhi Abduljaleel Batterjee				
Dalalkom International Real Estate Development Company	Yes	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.

Related Companies	The director's title in the related company		Nature of the business conducted by the related company	Does it Compete with the activities of the Company?
	Director/ Manger	Owner (directly)		
IHCC	Yes	Yes	Establishment of hospitals and medical centers	No, although the Company is licensed to practice businesses that are similar to that of the Company but it practices businesses that are not similar to that of the Company as at the date of this Prospectus
Dyar Motatwra for Real Estate Development	Yes	Yes	Real estate investment and development	No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.
BAB	No	Yes	Management and operation of hospitals and medical centers	No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.

Source: The Company

None of Waleed Abdulaziz Faqih, Mohammed Abdulrahman Moumena, Saleh Ahmed Hefni, and Ali Abdulrahman Al-Gwaiz is a director of or shareholder in any companies that conduct businesses that may be considered competitive with the Company's business.

13. Underwriting

The Company, the Selling Shareholders, and Samba Capital entered into an Underwriting Agreement under which Samba Capital, in its capacity as Underwriter, has agreed, subject to certain conditions, to fully underwrite the Offering of (27,612,000) twenty-seven million six hundred twelve thousand shares. The principal terms of the Underwriting Agreement are set out below:

Underwriter Name and Address

Samba Capital & Investment Management Company (Samba Capital) Kingdom Tower, Level 14 PO Box: 220007 Riyadh 11311 The Kingdom of Saudi Arabia. Tel.: +966 (11) 477 4770 Fax: +966 (11) 211 7438 Website: www.sambacapital.com E-Mail: ipo@sambacapital.com	sambacapital سامباكابيتال

Key terms of the Underwriting Agreement

The terms and conditions of the Underwriting Agreement provide that:

1- The Company and the Selling Shareholders undertake to the Underwriter that, on the Closing Date (as stated in the Underwriting Agreement), they will:

- sell and allocate the Offer Shares to any Subscriber whose application for Offer Shares has been accepted by a Selling Agent; and/or
- sell and allocate to the Underwriter any Offer Shares that are not purchased by the Subscribers pursuant to the terms of the Offering.

2- The Underwriter undertakes to the Company and the Selling Shareholders that it will purchase the Offer Shares that are not subscribed for by the Subscribers at the Offer Price on the Allocation Date, if any.

3- The Underwriter receives a fee for its underwriting, representing a percentage of the total proceeds.

14. Expenses

The Selling Shareholders shall pay all expenses of the Offering amounting to SAR 55 million, including fees due to the Financial Advisor, the Legal Advisors, the Accountants, the Underwriter, the Receiving Agents, and the Financial Due Diligence Advisor, in addition to marketing expenses, printing and distribution expenses and other related costs and expenses.

15. Waivers

The Company has not applied to the CMA for a waiver of any of the Listing Rules or the requirements thereunder.

16. Subscription Terms and Conditions

The application for admission and listing has been submitted pursuant to the Listing Rules.

All Subscribers must carefully read these subscription terms and conditions prior to completing the subscription application form. Signing the Subscription Application Form and it submission to the Receiving Agent constitutes acceptance and agreement to the subscription terms and conditions.

16.1 Subscription for Offer Shares

The Offering consists of 27,612,000 (twenty-seven million six hundred twelve thousand) fully paid ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals per share, representing 30% of the Company's share capital following the Offering. The Offering Price will be SAR (64) sixty four Saudi Riyals per share with a total value of SAR (1,767,168,000) million.

The Offering is restricted to the following groups of investors:

Tranche (A) - Institutional Investors:

This tranche includes a number of institutional investors, including Investment Funds (please see Section 1 "Terms and Definitions"). The number of Offer Shares that will be allocated to Institutional Investors is 27,612,000 (twenty-seven million six hundred twelve thousand) shares representing 100% of the total Offer Shares. It must be noted that if individual investors (known as Tranche (B)) subscribe to the Offer Shares, the institutional investors' bookrunner may exercise its right to reduce the number of shares allocated to Institutional Investors to (19,328,400) nineteen million three hundred twenty-eight thousand four hundred ordinary shares Offer Shares representing 70٪ of the Offer Shares, subject to approval by the CMA. 90% of the Shares in this Tranche shall be allocated to investment funds, and such percentage is subject to amendment in the event that other institutional investors do not subscribe for all remaining percentage 10% or in the event that the investment funds do not fully subscribe to the percentage allocated to them 90%.

Book Building for Institutional Investors:

Institutional Investors must submit an irrevocable subscription application in order to subscribe for Offer Shares, together with a financial commitment before determining the offering price, which will take place before the start of offering period. Each institutional investor must specify the number of Offer Shares they wish to subscribe for, provided that such number may not be fewer than (100,000) one hundred thousand Shares and may be allocated, and the price at which the investor will subscribe for the Offer Shares. The subscription of Institutional Investors shall begin during the subscription period, which also includes Individual Investors. The subscription must comply with the subscription terms and instructions detailed in the Subscription Application Forms provided to Institutional Investors.

Tranche (B) - Individual Subscribers:

This tranche includes Saudi natural persons, including divorced or widowed Saudi women with minor children by a non-Saudi husband who may subscribe for Offer Shares in their name(s) for her benefit, provided she submits proof of her marital status and motherhood. The Subscription shall be considered void if a person subscribes in the name of his divorced-wife, and if such a transaction is proven to have taken place, such applicant will prosecuted to fullest extent of the law. The maximum number of Offer Shares allocated to Individual Investors is (8,283,600) eight million two hundred eighty-three thousand six hundred Offer Shares representing 30٪ of the Offer Shares. In the event that the Individual Investors do not subscribe to full amount of Offer Shares allocated to them, the Lead Manager may, subject to CMA's approval, exercise its right to reduce the number of shares allocated to Individual Investors to match the number of shares that they had subscribed for.

Each applicant submitting a Subscription Application Form should sign and submit their applications to purchase the Offer Shares. A signed Subscription Application Form submitted to any of Receiving Agents represents a legally binding agreement between the Selling Shareholders and the Subscriber.

Potential Saudi investors may obtain a copy of this Prospectus in addition to the Subscription Application Form from branches of the following Receiving Agents:

National Commercial Bank
King Abdul Aziz Road
P. O. Box 3555
Jeddah 21481
Kingdom of Saudi Arabia
Tel.: +966 (12) 649 3333
Fax: +966 (12) 643 7426
Website: www.alahli.com
E-Mail: contactus@alahli.com

Riyad Bank
King Abdul Aziz Road
P. O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel.: +966 (11) 401 3030
Fax: +966 (11) 404 2618
Website: www.riyadbank.com
E-Mail: customercare@riyadbank.com

Al-Rajhi Bank
Olaya Street
P. O. Box 28
Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966 (11) 211 6000
Fax: +966 (11) 460 0705
Website: www.alrajhibank.com.sa
E-Mail: contactcenter1@alrajhibank.com.sa

Arab National Bank
King Faisal Street
P. O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Tel.: +966 (11) 402 9000
Fax: +966 (11) 402 7747
Website: www.anb.com.sa
E-Mail: abinayba@anb.com.sa

The Saudi British Bank (SABB)
Prince Abdulaziz Bin Musa'ad Bin Jalawi Street
P. O. Box 9084
Riyadh 11413
Kingdom of Saudi Arabia
Tel.: +966 (11) 405 0677
Fax: +966 (11) 276 4356
Website: www.sabb.com
E-Mail: sabb@sabb.com

Banque Saudi Fransi
Al-Maathar Road
P. O. Box 56006
Riyadh 11554
Kingdom of Saudi Arabia
Tel.: +966 (11) 404 2222
Fax: +966 (11) 404 2211
Website: www.alfransi.com.sa
E-Mail: communciations@alfransi.com.sa

Samba Financial Group
Main branch, King Abdul Aziz Road
P. O. Box 833
Riyadh 11421
Kingdom of Saudi Arabia
Tel.: +966 (11) 477 0477
Fax: +966 (11) 479 9402
Website: www.samba.com
E-Mail: customercare@samba.com

The Receiving Agents will commence receiving Subscription Application Forms at their branches throughout Saudi Arabia from Wednesday 24/04/1437H (corresponding to 03/02/2016G) and will do so until Tuesday 30/04/1437H (corresponding to 09/02/2016G). Once the Subscription Application Forms are signed and submitted, the relevant Receiving Agent will stamp it and provide the Subscriber with a copy of the completed Subscription Application Form. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the applicable Receiving Agent, the Subscription Application Form will be considered void. Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, in addition to sufficient funds in an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR (64) sixty four Saudi Riyals per Share.

Subscriptions for less than 10 Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of 10 Offer Shares. The maximum number of Shares to be applied for is (250,000) two hundred fifty thousand Offer Shares.

Subscription Application Forms should be submitted during the offering period and accompanied, where applicable, with the following documents. The Receiving Agents shall verify all copies against the originals and will return the originals to the Subscriber:

- The original and copy of the national civil identification card of the Individual Investor;
- Original and copy of the family identification card (for family members);
- Original and copy of the power of attorney (for family members);
- Original and copy of the power of custody (for orphans);
- Original and copy of the divorce certificate (for the children of Saudi female divorcees);
- Original and copy of the death certificate (for the children of Saudi female widows);
- Original and copy of the birth certificate (for the children of Saudi female divorcees or widows).

Powers of attorney are only allowed for family members (parents and children only). In the event an application is made on behalf of a Subscriber (parents and children only), the name of the person signing on behalf of the Subscriber should be stated in the Subscription Application Form. The power of attorney must be issued by the notary public for those who are in Saudi Arabia and must be legalized through a Saudi embassy or consulate in the relevant country for the Saudi individual investors residing outside Saudi Arabia.

One Subscription Application Form should be completed for the prime Subscriber and family members if they apply for the same number of Offer Shares as the prime Subscriber. In this case:

- all Offer Shares allocated to the Prime Subscriber and dependent Subscribers will be registered in the prime Subscriber's name;
- the Prime Subscriber will receive any refund in respect of amounts not allocated and paid for by himself or dependent Subscribers;
- the prime Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- the Subscriber wants to register the allocated Shares in a name other than the name of the prime Subscriber;
- dependent Subscriber apply for a different quantity of Offer Shares than the prime Subscriber;
- the wife subscribes in her name adding allocated shares to her account (she must complete a separate Subscription Application Form as a prime Subscriber). In the latter case, applications made by the husbands on behalf of their spouses will be canceled and the independent application of the wives will be processed by the Receiving Bank.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children provided she submits proof of motherhood.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non Saudi dependents can only be included as dependents with their mother and cannot subscribe as prime Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign Government must be notarized (attested) by a Saudi consulate or embassy in the relevant country.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in the SubscriptionApplication Form submitted by the Subscriber for an amount equal to the number of Shares applied for multiplied by the Offer Price of SAR (64) sixty four Saudi Riyals per Share. Each Subscriber shall have purchased the number of Offer Shares allocated to him/her upon:

1- delivery of the Subscription Application Form to any receiving agents by the Subscriber;

2- payment in full by the Subscriber to the Receiving Agents of the total value of Offer Shares subscribed for;

3- delivery to the Subscriber by the receiving bank of the allocation letter specifying the number of Offer Shares allocated to him/her.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by depositing the related value into the Subscriber's account held with the receiving agent where the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Subscriber shall accept any number of Offer Shares allocated to him/her, other than if allocated shares exceed the number of Offer Shares he has applied for.

16.2 Allocations and Refunds

The Lead Manager and the Receiving Agents shall open and operate escrow accounts named ("Middle East Healthcare Company - IPO Account"). Each of the Receiving Agents shall deposit all amounts received by the Subscribers into the escrow accounts mentioned above.

An announcement regarding the final allocation process and return of any surplus, if any, shall be made, at the latest, on Tuesday 07/08/1437H (corresponding to 16/02/2016G).

16-2-1 Allocation of Offer Shares to Individual Investors

Each Individual Investor will be allocated a minimum of (10) ten shares per Subscriber. The remaining Offer Shares, if any, will be allocated on a pro-rata basis to the total number of Offer Shares subscribed for by each Subscriber. If the number of Subscribers exceeds (828,360) eight hundred twenty-eight thousand three hundred sixty, the Company will not guarantee the minimum allocation of Offer Shares and the Offer Shares will be allocated equally between all Subscribers. If the number of Individual Investors exceeds (8,283,600) eight million two hundred eighty-three thousand six hundred, the allocation will be determined at the discretion of the Company and Financial Advisor. Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Receiving Agents.

16-2-2 Allocation of Offer Shares to Institutional Investors

After the allocation of Offer Shares to Individual Investors, the Company will allocate the Offer Shares to Institutional Investors permanently as deemed relevant by the Company. 90% of the Offer Shares allocated to the institutional investors will be allocated to mutual funds. Such percentage is subject to amendment in the event that other institutional investors do not subscribe for all remaining ratio 10% or in the event that the mutual funds do not fully subscribe to the percentage allocated to them 90%.

Individual Investors and Institutional Investors

The final number of Offer Shares allocated to each Subscriber, together with the excess subscription monies, if any, are expected to be announced no later than Tuesday 07/08/1437H (corresponding to 16/02/2016G). The Company will notify the Subscribers of the date on which the excess subscription monies will be refunded by the publication of a notice in local newspapers in Saudi Arabia and will instruct the Receiving Agents to refund the excess subscription monies, if any, to the Subscribers on such date.

The Receiving Agents will send confirmation/notification letters to the Subscribers informing them of the final number of Offer Shares allocated together with excess subscription monies, if any, to be refunded. The Receiving Agents will also refund to the Subscribers any monies in respect of which no Offer Shares have been allocated to the relevant Subscribers without any commission or deduction, as provided in the confirmation/notification letters. Subscribers should communicate with the branches of the Receiving Agents where they submitted their Subscription Application Form for any information.

16.3 Times and Circumstances when Listing may be Suspended or Canceled

The Company's shares are traded subject to the provisions of Listing Rules on the validity of the suspension or cancellation of listing by CMA and the voluntary cancellation or suspension and temporary suspension by the Company.

16.4 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs, provided that, except as specifically contemplated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

16.5 Resolutions and Approvals under which shares are offered

The Resolutions and Approvals under which shares are offered are under:

1- The Board of Directors Decision dated 07/08/1436H (corresponding to 25/05/2015G).
2- The approval of CMA to the Offer announced on CMA website dated 19/03/1437H (corresponding to 30/12/2015G).

The persons who, pursuant to the Prospectus, own Shares in the Company may not dispose of their Shares for eighteen (18) months from the date on which trading in the Offer Shares commences on the Exchange and may only dispose of their respective Shares after this period after obtaining the approval of the CMA.

The Prospectus has been released in Arabic.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited. The Company, the Selling Shareholders, the Financial Advisor and the Lead Manager require recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and to observe all such restrictions.

17. Acknowledgments Relating to the Offer and The Allocation Process and Details of the Capital Market

17.1 Acknowledgments and Declarations Relating to the Offer

By completing and delivering the Subscription Application Form, the Subscriber:

- agrees to subscribe for the Company's Shares in the number of such Shares specified in the Subscription Application Form;
- declares that he/she has read the Prospectus and understood all its contents;
- accepts the Bylaws and all subscription instructions and terms mentioned in the Prospectus;
- declares that neither he nor any of the persons included in the Subscription Application Form has previously subscribed for Shares and agrees that the Company has the right to reject all duplicate applications;
- accepts the number of shares allocated to him pursuant to the Subscription Application Form and all other subscription instructions and terms mentioned therein and this Prospectus;
- undertakes not to cancel or amend the Subscription Application Form after submitting it to the Receiving Agents; and
- retains his/her right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or by omitting material information that should have been part of the Prospectus and would have reasonably affected his/her decision to purchase the Shares.

17.2 Subscription for Offer Shares

The Offer consists of (27,612,000) twenty-seven million six hundred twelve thousand fully paid ordinary shares with a nominal value of (SAR 10) ten Saudi Riyals per share, representing 30% of the Company's share capital following the Offering. At an offer price of SAR (64) sixty four Saudi Riyals per share. Offering is restricted to the following two tranches of investors: Tranche (A) - Institutional Investors (please see section 1 "Definitions and Terms"), and Tranche (B) - Individual Investors (for more information, please see section 16 "Subscription Terms and Conditions" of this Prospectus).

17.3 The Saudi Stock Exchange (Tadawul)

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990, full electronic trading in Saudi Arabian equities was introduced.

17.4 Entering Orders

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from the execution of transaction to settlement. Trading occurs each business day between 11:00 am to 3:30 pm, during which orders are executed. However, during other than those times, orders can be entered, amended or canceled from 10:00 am until 11:00 am. New entries and inquiries can be made from 10:00 am of the opening phase (starting at 11:00 am).

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website on the Internet and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters.

Exchange transactions are settled on the same day, meaning that ownership transfer takes place immediately after the trade is executed. Issuers are required to report all material decisions and information to the investors via Tadawul. Surveillance and monitoring of Exchange is the responsibility of Tadawul to ensure fair trading and an orderly market.

17.5 Trading the Company's Shares on Tadawul

It is expected that dealing in the Shares will commence on Tadawul after finalization of the allocation process and the announcement of the start date of trading by Tadawul. Dates and times included in this Prospectus are indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, Offer Shares can only be traded after all allocated Shares have been credited to Subscribers' accounts on Tadawul, the Company has been registered in the Official List and its Shares listed on the Exchange. Pre-trading is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in such an event.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office in the Zahra district of Jeddah, from 9:00 am to 5:00 pm from Wednesday 10/04/1437H (corresponding to 20/01/2016G) and until Tuesday 30/04/1437H (corresponding to 09/02/2016G), which is two weeks prior to and during the Offer Period:

- The CMA's approval of the Initial Public Offering;
- The Board of Directors Decision dated 07/08/1436H (corresponding to 25/05/2015G);
- The Commercial Registration Certificate of the Company, Hail National Company and all branches issued by the Ministry of Commerce and Industry;
- Ministerial Decree number 2554 dated 16/03/1425H (corresponding to 05/05/2004G) establishing the Company;
- The Company's Articles of Association
- The Company's Bylaws
- Valuation Report prepared by the Financial Advisor;
- Underwriting Agreement;
- Restructuring Agreement;
- The Company's Audited Financial Statements for the financial years ended 31 December 2012G, 2013G and 2014G and the six-month period ended 30 June 2015G;
- The Company's Pro-Forma Financial Statements for the financial years ended 31 December 2012G, 2013G and 2014G;
- The Hail National Company's Financial Statements for the financial years ended 31 December 2012G, 2013G and 2014G and the six-month period ended 30 June 2015G;
- Written consent of Roland Berger Strategy Consultants Middle East W.L.L to the reference to them in this Prospectus as a market consultants and inclusion of their name, logos and statements in this Prospectus;
- Written consent of Samba Capital & Investment Management Company) Samba Capital(to the reference to them in this Prospectus as a financial advisor and underwriter and inclusion of their name, logos and statements in this Prospectus.;
- Written consent of Law Office of Salman M. Al-Sudairi in collaboration with Latham & Watkins L.L.P to the reference to them in this Prospectus as a legal consultant of the Offering and inclusion of their name, logos and statements in this Prospectus;
- Written consent of PricewaterhouseCoopers to the reference to them in this Prospectus as a professional financial advisor and inclusion of their name, logos and statements in this Prospectus;
- Written consent of the chartered accountant to publish of audit reports they have prepared and inclusion of their name, logos and statements in this Prospectus;
- Market report prepared by Roland Berger Strategy Consultants Middle East W.L.L; and
- Related-party transactions agreements.

19. Auditors' Report

MIDDLE EAST HEALTHCARE COMPANY MEAHCO

JEDDAH - KINGDOM OF SAUDI ARABIA INTERIM

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

FOR THE PERIOD FROM

JANUARY 1, 2015 TO JUNE 30, 2015

Aldar Audit Bureau
Abdullah AlBasri & Co.

Certified Accountants
Professional Partnership Co.
Licence 323 / 11 / 36 / 1
Member Firm of
Grant Thornton International

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLE EAST HEALTHCARE COMPANY MEAHCO

We have audited the accompanying interim consolidated financial statements of Middle East Healthcare Company (the "Company") A Closed Joint Stock Company, which comprise the interim consolidated balance sheet as at June 30, 2015 and the interim consolidated statements of income, changes in shareholders' equity and cash flows for the period from January 1, 2015 to June 30, 2015, together with the notes from (1) to (17) forming part thereof.

Management's responsibility for the interim consolidated financial statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the requirements of accounting standards as applicable in the Kingdom of Saudi Arabia, Article 123 of the Companies law and the Articles of Association of the Company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances and submitted to us together with all the information and explanations which we required.

Auditors' responsibility

Our responsibility is to express an opinion on these interim consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in the Kingdom of Saudi Arabia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the interim consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Jeddah Branch
Saad H. Abu Khadra & Co. Building (SAK)
Third Floor - King Fahad Street
P.O.Box 20142 Jeddah 21455
Kingdom of Saudi Arabia
Tel : (+966) 12 662 0629 / 662 0455
Fax: (+966) 12 662 2919
E-mail: infoj@aldaraudit.com
http://www.aldaraudit.com
Head Office - Riyadh

Opinion

In our opinion, the interim consolidated financial statements taken as a whole:

- Present fairly, in all material respects the interim consolidated financial position of Middle East Healthcare Company – (A Closed Joint Stock Company) as of June 30, 2015 and the interim consolidated results of its operations and its cash flows for the period from January 1, 2015 to June 30, 2015 in accordance with the accounting standards as applicable in the Kingdom of Saudi Arabia appropriate to the circumstances of the company.

Emphasis of Matter:
As disclosed in the Note (2) of these consolidated financial statements, these financial statements have been prepared for submission to Capital Market Authority and the comparative figures are reported for comparison purposes only. We further emphasis that our opinion pertains to current period as such comparative figures have not been audited.

Aldar Audit Bureau
Abdullah Al Basri & Co.

ALDAR AUDIT BUREAU
Professional Partnership Co.
Jeddah Branch
Licence No. 323/11/2611
Certified Accountants
Abdullah Al Basri & Co.

Waheed Salah Gazzaz
Certified Public Accountant
License No. 247

Jeddah
September 2, 2015

MIDDLE EAST HEALTHCARE CO. (MEAHCO)
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2015

	NOTE	June 30, 2015	June 30, 2014
		Audited	Unaudited
		SR.	SR.
ASSETS			
Current assets			
Cash and deposits		57,966,467	38,650,921
Accounts receivable		754,577,335	597,360,484
Medical supplies		83,377,133	115,056,162
Prepayments and other receivables		29,714,508	25,555,910
Due from related parties	4	4,588,499	123,482,922
Total current assets		930,223,942	900,106,399
Non-current assets			
Constructions in progress		158,826,105	125,673,394
Property, plant and equipment - Net	5	811,387,840	754,212,543
Total non-current assets		970,213,945	879,885,937
Total assets		1,900,437,887	1,779,992,336
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable		190,570,656	195,357,243
Accrued expenses and other payables		91,085,717	114,119,869
Current portion of long term accounts payable		6,430,040	6,716,291
Current portion of long term loan	6	126,630,629	74,500,000
Total current liabilities		414,717,042	390,693,403
Non-current liabilities			
Long term – Accounts payable		27,983,618	51,197,263
End of service benefits		144,422,504	127,188,665
Long term loans	6	90,376,516	87,277,978
Total non-current liabilities		262,782,638	265,663,906
Total liabilities		677,499,680	656,357,309
SHAREHOLDERS' EQUITY			
Capital	7	920,400,000	767,000,000
Statutory reserve	8	49,608,394	16,411,473
Retained earnings		196,272,754	292,907,956
Total equity		1,166,281,148	1,076,319,429
Minority interest	9	56,657,059	47,315,598
Total liabilities and shareholders' equity		1,900,437,887	1,779,992,336

The attached notes are an integral part of these interim consolidated financial statements

MIDDLE EAST HEALTHCARE CO. (MEAHCO)

(A CLOSED JOINT STOCK COMPANY)

INTERIM CONSOLDIATED STATEMENTS OF INCOME

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015

	NOTE	Six month period ended June 30, 2015	Six month period ended June 30, 2014
		Audited	Unaudited
		SR.	SR.
Total operating revenues		763,645,666	706,252,651
Cost of operating revenues		(350,778,890)	(320,986,077)
Gross profit		412,866,776	385,266,574
Selling and distribution expenses		(86,720,269)	(98,039,893)
General and administrative expenses	10	(130,150,698)	(120,790,597)
Operating profit		195,995,809	166,436,084
Other income		7,533,850	11,092,269
Depreciation		(3,861,489)	(3,162,951)
Net profit before financial charges		199,668,170	174,365,402
Financial charges		(2,619,888)	(1,390,929)
Net profit before zakat and income tax		197,048,282	172,974,473
Zakat and income tax	11	-	(197,292)
Net profit before minority interest		197,048,282	172,777,181
Minority interest	9	131,967	183,231
Net profit for the period		197,180,249	172,960,412

The attached notes are an integral part of these interim consolidated financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2015

	Capital	Statutory reserve	Retained earnings	Total
	SR.	SR.	SR.	SR.
Balance as at 31/12/2013	767,000,000	16,411,473	122,684,296	906,095,769
Net profit for the period	--	--	172,960,412	172,960,412
Prior year adjustments	--	--	798,638	798,638
Zakat and income tax period	--	--	(3,535,390)	(3,535,390)
Balance as at 30/06/2014	767,000,000	16,411,473	292,907,956	1,076,319,429
Balance as at 31/12/2014	767,000,000	49,608,394	323,144,448	1,139,752,842
Dividend distribution			(165,672,000)	(165,672,000)
Retained earnings capitalized			(153,400,000)	(153,400,000)
Capital increased			153,400,000	153,400,000
Net profit for the period	--	--	197,180,249	197,180,249
Prior year adjustments	--	--	(891,726)	(891,726)
Zakat and income tax for the period	--	--	(4,088,217)	(4,088,217)
Balance as at 30/06/2015	920,400,000	49,608,394	196,272,754	1,166,281,148

The attached notes are an integral part of these interim consolidated financial statements

MIDDLE EAST HEALTHCARE CO. (MEAHCO)
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015

	Six month period ended June 30, 2015 Audited SR.	Six month period ended June 30, 2014 Unaudited SR.
FROM OPERATING ACTIVITIES		
Net profit for the period	197,180,249	172,960,412
Adjustment to reconcile net income to net cash (used in) provided by :		
Depreciation	25,354,502	21,125,929
End of service benefits	8,222,192	10,469,134
Net adjusted profit	230,756,943	204,555,475
Changes in operating assets and liabilities:		
Accounts receivable	(154,163,478)	(54,138,180)
Medical supplies	(7,499,300)	(16,298,334)
Prepayments and other receivables	(6,815,131)	5,566,270
Accounts payable	27,789,021	18,678,585
Related parties	6,258,964	(106,401,557)
Accrued expenses and other payables	(2,783,056)	7,575,309
Net cash provided by operating activities	93,543,963	59,537,568
FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(28,424,473)	(32,208,152)
Constructions in progress	(35,034,819)	(15,395,019)
Net cash (used in) investing activities	(63,459,292)	(47,603,171)
FROM FINANCING ACTIVITIES		
Long term accounts payable	(755,892)	(14,423,549)
Long term loan	53,561,667	875,000
Prior year adjustments	(891,726)	798,638
Zakat and income tax	(4,088,217)	(3,535,391)
Minority interest	9,501,575	(988,979)
Dividend paid	(165,672,000)	--
Net cash (used in) financing activities	(108,344,593)	(17,274,281)
NET CHANGE IN CASH		
AND CASH EQUIVALENTS	(78,259,922)	(5,339,884)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE PERIOD	136,226,389	43,990,805
CASH AND CASH EQUIVALENTS		
AT END OF THE PERIOD	57,966,467	38,650,921
Non-Cash transaction		
Retained earnings transferred to capital	(153,400,000)	--
Increase of capital	153,400,000	--

The attached notes are an integral part of these interim consolidated financial statements

1. INTRODUCTION

Middle East Healthcare Company (MEAHCO) (the "Company") is a Closed Joint Stock Company operating under Commercial Registration No. 4030149460 dated Rabie Al-Thani 06, 1425 corresponding to May 25, 2004.

The main objective of the Company is managing, operating, maintaining hospitals Medical Centers, Educational Centers, Rehabilitation Centers, Physiotherapy Laboratories and X-Rays Centers, Pharmacies, construction and to buy land for the purpose of constructing medical projects.

The consolidated financial statements consists of Middle East Healthcare Company (MEAHCO) and its below entities /branches:

- Saudi German Hospital – Jeddah operating under Commercial Registration No. 4030124187 issued on dated Safar 5, 1419(H) corresponding to May 30, 1998(G).
- Saudi German Hospital – Riyadh is operating under Commercial Registration No. 1010162269 dated Rajab 24, 1421(H) corresponding to October 22, 2000(G).
- Saudi German Hospital - Aseer operating under Commercial Registration No. 5855019364 dated Dhul Hijah 28, 1420(H) corresponding to April 3, 2000(G).
- Saudi German Hospital – Madinah operating in C.R.No. 4650032396 dated Safar 18, 1423(H) corresponding to May 1, 2002(G).
- Abdul Jaleel Ibrahim Batterjee Sons Development is operating in the Kingdom of Saudi Arabia under Commercial Registration No. 4030181710 dated Shaban 4, 1429H corresponding to August 5, 2008.
- National Hail Company for Healthcare (NHC) is a closed Joint Stock Company registered in the Kingdom of Saudi Arabia operating under Commercial Registration No. 3350019735 issued in Hail on 2/7/1428H corresponding to 16/7/2007(G). The registered office of the Company is located in Hail, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

Statement of compliance

The accompanying interim consolidated financial statements have been prepared in accordance with the Accounting Objectives and Concepts and the Standards of General Presentation and Disclosure and are in compliance with the accounting Standards issued by the Saudi Organization of Certified Public Accountants.

These interim consolidated financial statements have been prepared for the purpose of submission to the Capital Market Authority. The comparative figures have been reported in these interim financial statements for comparison purposes only as there is no statutory requirement to prepare and report the audited comparative figures for the company.

The interim financial statements for the six-month period ended June 30, 2015, have been prepared in accordance with SOCPA's Standard on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses, to the extent applicable, of the period are recognized during the period. The interim financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present fair statements of financial position, results of operations and cash flows.

Basis of consolidation

The interim consolidated financial statements incorporate the interim financial statements of the company and enterprises controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Currently MEAHCO owns 32.33% in NHC. As per the arrangements between the shareholders of NHC, NHC had been entered into a Hospital Management Agreement. As a result, NHC has been consolidated into MEAHCO.

All significant inter-company transactions and balances between group companies and branches have been eliminated on consolidation.

Basis of measurement

The interim consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept.

Functional and Presentation currency

The interim consolidated financial statements of the company are presented in Saudi Riyals, which is the functional currency of the company.

Accounting records

The company maintains its accounting records by computer.

Uses of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balance with banks with original maturities of less than three months.

Account receivables

Accounts receivable are stated at original invoice and less allowance for uncollectible. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date of determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Revenue recognition

Income is recognized upon the delivery of services and customer acceptance, if any, or the performance of services, net of income discounts.

Expenses

General and administrative expenses include direct and indirect costs not specially part of direct operating expenses as required under generally accepted accounting principles. Allocations between direct operating expenses and general and administrative expenses, when required, are made on a consistent basis.

Medical supplies

Medical supplies are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis. Provision is made for obsolete and slow-moving inventory items.

Property, plant and equipments

Property, plant and equipments are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are 3% to 12.5% per year.

Deferred charges

These represent pre-operating expenses which comprise costs incurred prior to commencing commercial activity are amortized using the straight line method, over a period of ten years.

Foreign currencies

Transactions in foreign currencies during the year were converted to Saudi Riyals at rates prevailing at the date of the transaction. Assets and liabilities in foreign currencies were converted to Saudi Riyals at the rate of exchange prevailing at the balance sheet date. Differences in exchange are taken into profit and loss account.

End of service benefits

Provision for end of service benefits required by Saudi Arabian labor law, is provided in the financial statements based on the employees' length of service.

Zakat and Income Tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat and Income Tax is provided on an accrual basis. Zakat is computed on Zakat base, and Income Tax is computed on amended net income . Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leases

Rentals in respect of operating leases are charged to the statement of income over the terms of the operating lease. Leases are classified as capital leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company, being the lessee. Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the assets as of the date of inception of the lease.

Finance costs, which represent the difference between the total lease obligations and the lower of the present value of the future minimum lease payments are charged, to the statement of income over the terms of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4. RELATED PARTIES TRANSACTIONS

During the period, the Company transacted with the following related parties:

Name	Relationship
Bait Al Batterjee Medical Co.	Holding Co.
Bait Al Batterjee Medical College for Science & Technology (BMC)	Affiliate
International Hospitals Construction Co.	Affiliate
Bait Al Batterjee for Education and Training	Affiliate
Bait Al Batterjee Company For Body Building (Gold's Gym)	Affiliate
Saudi Yemeni Healthcare Co. Ltd.	Affiliate
Bait Al Batterjee Pharmaceutical Industries Co.	Affiliate
Abdul Jalil Khalid Batterjee Medical Instrumentation Maintenance Co.	Affiliate
Gulf Youth Company For Investment & Real Estate Development –	
(JAN – PRO)	Affiliate
Emirates Healthcare Development Co.	Affiliate

a) Amount due from related parties represent services rendered in the normal course of business approved by the management as of June 30, comprised of the following:

	2015	2014
	SR.	SR.
Bait Al Batterjee Medical Co. Ltd.	--	115,810,462
Bait Al Batterjee Company for Education and Training	768,801	6,286,244
Emirates Healthcare Development Co.	10,326,339	5,350,731
Total	11,095,140	127,447,437

b) Amount due to related parties represent services in the normal course of business approved by the management as of June 30, comprised of the following:

	2015	2014
	SR.	SR.
Bait Al Batterjee Medical College for Science		
& Technology (BMC)	406,541	2,142,313
International Hospital Construction Co. Ltd.	6,100,100	1,822,202
Total	6,506,641	3,964,515
Net	4,588,499	123,482,922

5. PROPERTY, PLANT AND EQUIPMENTS

a) This item consists of the following:

	Balance as at December 31, 2014	Additions	Disposal/ Adjustments	Balance as at June 30, 2015
COST				
Land	181,244,120	--	--	181,244,120
Buildings	785,170,933	1,644,032	--	786,814,965
Medical equipment	536,383,273	20,369,538	16,725,728	540,027,083
Non-medical equipment	28,335,797	1,273,908	811,695	28,798,010
Motor vehicles	9,906,597	853,351	795,130	9,964,818
Office furniture &				
equipments	103,626,903	3,396,134	2,700,522	104,322,515
Kitchen, Laundry & workshop				
equipments	10,106,689	436,478	298,192	10,244,975
A.C. Plant and				
equipment	24,077,986	132,789	785,541	23,425,234
Electrical equipment	32,850,201	530,394	1,199,172	32,181,423
Non consumable items	2,173,816	573,741	358,412	2,389,144
Total	1,713,876,315	29,210,365	23,674,393	1,719,412,287
ACCUMULATED DEPRECIATION				
Buildings	354,861,937	10,411,686	-	365,273,623
Medical equipment	381,191,980	11,278,812	16,423,431	376,047,361
Non-medical equipment	20,196,669	597,321	715,555	20,078,435
Motor vehicles	6,277,920	308,242	788,433	5,797,729
Office furniture &				
equipments	83,749,588	1,938,616	2,478,171	83,210,033
Kitchen, Laundry & workshop				
equipments	7,527,784	162,522	268,416	7,421,890
A.C. Plant and equipment	21,465,852	144,892	783,293	20,827,451
Electrical equipment	29,267,146	204,664	1,175,775	28,296,035
Non consumable items	1,019,571	307,747	255,428	1,071,890
Total	905,558,447	25,354,502	22,888,502	908,024,447
Net Book Value	808,317,868	-	-	811,387,840

b) The aforementioned property including land, buildings and equipments of Saudi German Hospital - Riyadh, Madinah and Jeddah branches and National Company for Healthcare are mortgaged with Ministry of Finance. SGH – Aseer Branch's land and building is free from any mortgage.

6. LOANS

6.1 The followings are the loans obtained from the Ministry of Finance, KSA:

a) Finance charges free loan for SGH - Aseer Hospital transferred from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 40,548,895. The total loan amount obtained by Bait Al Batterjee Medical Company was SR. 50,000,000 to be repaid in sixteen equal annual installments at SR. 3,125,000 started from Safar 25, 1422H corresponding to May 18, 2001G. On June 16, 2015, this loan has been transferred to the Company. The net amount is SR. 3,047,296 (SR. 6,172,296 for 2014).

b) Finance charges free loan for SGH - Madinah Hospital, this loan transferred from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 49,938,182 to be repaid in sixteen equal annual installments at SR. 3,125,000 starting from Dhul Hijjah 21, 1427H corresponding to January 21, 2007G. On June 16, 2015, this loan has been transferred to the Company. The net amount is SR 21,813,182 (SR 24,938,182 for 2014).

c) Finance charges free loan for SGH Riyadh Hospital loan transferred from Bait Al Batterjee and Zoheir Ahmed Al Sibae (a related party) to the company amounted to SR. 18,750,000. The total amount obtained was SR. 50,000,000 to be repaid in sixteen equal installments of SR. 3,125,000 each started from Safar 15, 1426H corresponding to March 26, 2005G. On June 16, 2015, this loan has been transferred to the Company. The net amount is SR. 15,625,000 (SR. 18,750,000 for 2014).

d) Finance charges free loan to support construction of Hospital - National Hail Company for Healthcare (Subsidiary), the total disbursable amount in this respect is SR 69,650,000 which is to be received based on construction progress to the satisfaction of the Ministry of Finance. The payment will start from the year 2018 in 20 equal annual installments. The net amount is SR. 39,605,000 (SR. 14,917,500 for 2014).

6.2 Loans for SGH Jeddah Hospital amounted to SR 89,069,926. These loans are secured by joint and personal guarantees of the two main Directors of the Company. Profits paid on these loans are calculated at agreed rates. The net amount with additional drawings is SR. 95,250,000 (SR. 91,500,000 for 2014).

6.3 The company through Bait al Batterjee Medical Co has availed a Medium Term loan of SR 50,000,000/. The amount is payable in eighteen monthly equal installment SR 2,777,778. The first installment was paid on April 26, 2015, the last instalment is on September 15, 2016. Outstanding amount to date is SR 41,666,667.

The outstanding balances of the loans at the balance sheet date are SR. 217,007,145 (SR. 161,777,978 for 2014) classified in the balance sheet as follows:

	2015	2014
	SR.	SR.
Short term loans and current portion of		
long term loans	126,630,629	74,500,000
Long-term loans	90,376,516	87,277,978
Total	217,007,145	161,777,978

7. CAPITAL

The authorized, issued and paid-up capital of the Company was SR. 767,000,000 divided into 76,700,000 equal shares at SR. (10) each out of which 4,204,000 shares issued in cash and 72,496,000 shares in kind. The Article of Association of the Company was amended and duly authorized to reflect the change in capital.

On May 17, 2015, the Shareholders in their extraordinary General assembly approved the increase of Capital and obtained the approval of the Ministry of Commerce to be SR. 920,400,000 through capitalization of retained earnings.

8. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company establishes a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

9. MINORITY INTEREST

This item represents 67.67% shareholding by other shareholders in National Hail Company for Healthcare Co. and the Company holds 32.33% shares, and 2% shareholding (for the period 2014) by other shareholders in Abdul Jaleel Ibrahim Batterjee Sons Development Co. (A.J. Sons), the Company holds 98% in A.J. Sons, however during the period 2015 the Company acquired entire 2% of minority shares in A.J Sons.

10. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2015	2014
	SR.	SR.
Staff salaries and benefits	75,711,120	72,713,287
Office supplies	4,632,898	4,184,391
Staff residential expenses	7,510,256	6,473,940
Staff medical & health insurance	9,097,853	7,607,993
Traveling	11,609,673	11,269,709
Repair and maintenance	2,969,202	2,178,103
Postage, telephone and internet	2,153,843	2,810,195
Security	2,355,252	1,671,755
Insurance	499,127	561,127
Audit and consultancy fees	5,455,326	5,571,860
Bank charges	212,774	558,120
Other administrative expenses	7,943,374	5,190,117
Total	130,150,698	120,790,597

11. ZAKAT & INCOME TAX

a) Zakat and Income Tax provided for the 6 months period 2015 is SR. 4,088,217 (SR 3,535,390 for the period 2014)

b) Zakat and Income Tax for subsidiary for the period 2015 is SR. Nil (SR.197,292 for the period 2014).

c) Zakat assessment for the years 2005 to 2014 are under process and obtained temporary Zakat Certificate for the year 2014.

12. FINANCIAL COMMITMENTS AND CONTINGENCIES

The Company has the following commitments and contingencies at the balance sheet date:

	2015	2014
	SR.	SR.
Letters of credit	13,417,751	26,733,104
Letter of guarantee	4,617,370	--
Total	18,035,121	26,733,104

13. BUSINESS SEGMENT

As per the Company's internal policy the main business is segmented into following categories:

	2015	2014
	SR.	SR.
In-Patient revenue	436,403,186	407,569,226
Out-Patient revenue	178,594,415	162,409,626
Pharmaceuticals revenue	140,540,644	131,599,088
Ancillary and Trading revenue – Net	8,107,421	4,674,711
Total	763,645,666	706,252,651

14. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year.

Liquidity risk

Liquidity risk also to as funding risk is the risk that an enterprises will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The company's financial assets consist of cash and bank balances and receivables, its financial liabilities consist of payables, accrued expenses and short and long term loans.

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

16. IMPAIRMENT AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Accounts receivable

The allowance in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly. For individually significant amounts estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery basis.

Inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical cost.

Property, plant and equipments

The carrying value of the company's property, plant and equipments are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognized. Impairment losses are recognized in the statement of income.

17. GENERAL

Comparative figures were presented to conform to current period presentation.

MIDDLE EAST HEALTHCARE COMPANY

MEAHCO

JEDDAH - KINGDOM OF SAUDI ARABIA

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

Aldar Audit Bureau
Abdullah AlBasri & Co.

Certified Accountants
Professional Partnership Co.
Licence 323 / 11 / 36 / 1
Member Firm of
Grant Thornton International

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLE EAST HEALTHCARE COMPANY MEAHCO

We have audited the accompanying consolidated financial statements of Middle East Healthcare Company (the "Company") A Closed Joint Stock Company, which comprise the consolidated balance sheets as at December 31, 2014 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, together with the notes from (1) to (16) forming part thereof.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the requirements of accounting standards as applicable in the Kingdom of Saudi Arabia, Article 123 of the Companies law and the Articles of Association of the Company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances and submitted to us together with all the information and explanations which we required.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in the Kingdom of Saudi Arabia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements taken as a whole:

- Present fairly, in all material respects the consolidated financial position of Middle East Healthcare Company – (A Closed Joint Stock Company) as of December 31, 2014 and the consolidated results of its operations and its cash flows for the year then ended in accordance with the accounting standards as applicable in the Kingdom of Saudi Arabia appropriate to the circumstances of the company.
- Comply with the requirements of the Companies Regulations and the Company's Articles of Association with respect to the preparation and presentation of the consolidated financial statements.

Aldar Audit Bureau
Abdullah Al Basri & Co.

ALDAR AUDIT BUREAU
Professional Partnership Co.
Jeddah Branch
Licence No. 323/11/36/1
Certified Accountants
Abdullah Al Basri & CO.

Waheed Salah Gazzaz
Certified Public Accountant
License No. 247

Jeddah
May 4, 2015

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2014

	NOTE	2014	2013
		SR.	SR.
ASSETS			
Current assets			
Cash and cash equivalents		136,226,389	43,990,805
Accounts receivable		600,413,857	543,222,304
Medical supplies		75,877,833	98,757,828
Prepaid expenses and other receivables		22,899,377	31,122,180
Due from related parties	4	10,847,463	17,081,365
Total current assets		846,264,919	734,174,482
Non-current assets			
Property and equipment - Net	5	808,317,868	743,130,320
Construction in progress		123,791,287	110,278,375
Total non-current assets		932,109,155	853,408,695
Total assets		1,778,374,074	1,587,583,177
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable		160,443,690	171,615,380
Accrued expenses and other accounts payable		93,868,773	106,544,561
Current portion of long term accounts payables		8,767,985	11,779,569
Short term loans and			
current portion of long term loans	6	94,297,296	73,625,000
Total current liabilities		357,377,744	363,564,510
Non-current liabilities			
Provision for end of service benefits		136,200,312	116,719,531
Long term loans	6	69,148,182	87,277,978
Long term – Accounts payable		28,739,510	65,620,812
Total non-current liabilities		234,088,004	269,618,321
Total liabilities		591,465,748	633,182,831
SHAREHOLDERS' EQUITY			
Capital	7	767,000,000	767,000,000
Statutory reserve	8	49,608,394	16,411,473
Retained earnings		323,144,448	122,684,296
Total shareholders' equity		1,139,752,842	906,095,769
Minority interest	9	47,155,484	48,304,577
Total equity		1,186,908,326	954,400,346
Total liabilities and shareholders' equity		1,778,374,074	1,587,583,177

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	NOTE	2014	2013
		SR.	SR.
Total operating revenue		1,398,751,612	828,359,860
Cost of operating revenues		(648,987,912)	(397,874,689)
Gross profit		749,763,700	430,485,171
Selling and marketing expenses		(189,950,643)	(146,978,613)
General and administration expenses	10	(239,948,190)	(133,504,599)
Total operating expenses		(429,898,833)	(280,483,212)
Net operating profit		319,864,867	150,001,959
Other income		23,163,265	12,567,372
Management fees	--	(8,151,728)	
Depreciation and amortization		(6,688,208)	(13,153,444)
Net profit for the year before financial charges		336,339,924	141,264,159
Financial charges		(4,129,177)	(1,141,676)
Net profit for the year before zakat and			
Income tax		332,210,747	140,122,483
Zakat of subsidiaries	11	(584,886)	(3,533,715)
Net profit for the year before minority interest		331,625,861	136,588,768
Minority interest		343,344	609,091
Net profit for the year		331,969,205	137,197,859

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital	Statutory reserve	Retained earnings	Total
	SR.	SR.	SR.	SR.
Balance as at 31/12/2012	590,000,000	2,691,687	19,768,770	612,460,457
Increase of capital	177,000,000	--	--	177,000,000
Net profit for the year	--	--	137,197,859	137,197,859
Profit transferred to				
statutory reserve	13,719,786	(13,719,786)	--	
Prior year adjustments	--	--	3,432,817	3,432,817
Dividend distributed	--	--	(19,768,770)	(19,768,770)
Zakat and income tax	--	--	(4,226,594)	(4,226,594)
Balance as at 31/12/2013	767,000,000	16,411,473	122,684,296	906,095,769
Net profit for the year	--	--	331,969,205	331,969,205
Profit transferred to				
statutory reserve		33,196,921	(33,196,921)	--
Dividend distributed	--	--	(92,040,000)	(92,040,000)
Prior year adjustments	--	--	798,648	798,648
Zakat and income tax	--	--	(7,070,780)	(7,070,780)
Balance as at 31/12/2014	767,000,000	49,608,394	323,144,448	1,139,752,842

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	SR.	SR.
FROM OPERATING ACTIVITIES		
Net profit for the year	331,969,205	137,197,859
Adjustments for non-cash items:		
Depreciation and amortization	44,545,560	42,729,339
End of service benefits	19,480,781	13,806,108
Net adjusted profit	395,995,546	193,733,306
Changes in operating assets and liabilities:		
Accounts receivable	(57,191,553)	(57,347,295)
Medical supplies	22,879,995	(16,690,502)
Prepaid expenses and other accounts receivable	8,222,803	82,997
Due from related parties	6,233,902	(41,613,688)
Accounts payable	(14,183,274)	29,837,932
Accrued expenses and other accounts payable	(12,675,788)	20,502,264
Net cash provided by operating activities	349,281,631	128,505,014
FROM INVESTING ACTIVITIES		
Property and equipment - Net	(109,733,108)	(82,163,906)
Disposal of property and equipments	--	3,946,075
Construction in progress	(13,512,912)	(79,865,970)
Net cash (used in) investing activities	(123,246,020)	(158,083,801)
FROM FINANCING ACTIVITIES		
Increase of capital in cash & investments	--	55,338,698
Loans	2,542,500	6,347,574
Long term accounts payable	(36,881,302)	2,199,238
Prior year's adjustment	798,648	3,432,817
Dividend paid	(92,040,000)	(19,768,770)
Minority interest	(1,149,093)	15,964,582
Zakat and income tax	(7,070,780)	(4,226,594)
Net cash (used in) provided by financing activities	(133,800,027)	59,287,545
NET INCREASE IN CASH AND		
CASH EQUIVALNETS	92,235,584	29,708,758
CASH AND CASH EQUIVALNETS		
AT BEGINNING OF THE YEAR	43,990,805	14,282,047
CASH AND CASH EQUIVALNETS		
AT ENDING OF THE YEAR	136,226,389	43,990,805
Non-Cash transactions:		
Non-Cash transactions occurred in operating activities - Net	--	3,084,679
Non-Cash transactions occurred in investing activities - Net	--	(249,481,328)
Non-Cash transactions occurred in financing activities - Net	--	124,735,347
Increase of capital	--	121,661,302

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. 1. INTRODUCTION

Middle East Healthcare Company (MEAHCO) (the "Company") is a Closed Joint Stock Company operating under Commercial Registration No. 4030149460 dated Rabie Al-Thani 06, 1425 corresponding to May 25, 2004.

The main objective of the Company is managing, operating, maintaining hospitals Medical Centers, Educational Centers, Rehabilitation Centers, Physiotherapy Laboratories and X-Rays Centers, Pharmacies, construction and to buy land for the purpose of constructing medical projects.

The consolidated financial statements consists of Middle East Healthcare Company (MEAHCO) and its below entities /branches:

- Saudi German Hospital – Jeddah operating under Commercial Registration No. 4030124187 issued on dated Safar 5, 1419(H) corresponding to May 30, 1998(G).
- Saudi German Hospital – Riyadh is operating under Commercial Registration No. 1010162269 dated Rajab 24, 1421(H) corresponding to October 22, 2000(G).
- Saudi German Hospital - Aseer operating under Commercial Registration No. 5855019364 dated Dhul Hijah 28, 1420(H) corresponding to April 3, 2000(G).
- Saudi German Hospital – Madinah operating in C.R.No. 4650032396 dated Safar 18, 1423(H) corresponding to May 1, 2002(G).
- Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd. is operating in the Kingdom of Saudi Arabia under Commercial Registration No. 4030181710 dated Shaban 4, 1429H corresponding to August 5, 2008.
- National Hail Company for Healthcare (NHC) is a closed Joint Stock Company registered in the Kingdom of Saudi Arabia operating under Commercial Registration No. 3350019735 issued in Hail on 2/7/1428H corresponding to 16/7/2007(G). The registered office of the Company is located in Hail, Kingdom of Saudi Arabia.

Effective 30th September 2013 the Company has entered into a Reorganization Implementation Agreement with Bait Al Batterjee Medial Co. (BAB), Islamic Development Bank, Arab Fund for Economic and Social Development, Dr. Zuhair Ahmed Al Sebai and Engr. Sobhi A. Batterjee for the restructuring of the company, whereby the Company has acquired Saudi German Hospital Jeddah, the entire minority shareholding of Dr Zuhair Ahmed Al Sebai held in Bait Al Batterjee & Zuhair Al Sebai Medical Co (A subsidiary of MEAHCO-), 98% shares of Abdeljaleel Ibrahim Batterjee Sons Development Co. LLC., 39.96% shares in NHC (24.58% shares of Bait Al Batterjee Medical Co. and 15.38% shares of Islamic Development Bank) and a land at Dammam, KSA.

Accordingly these entities' financial results are incorporated for the post reorganization for the year 2013.

2. BASIS OF PREPARATION

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Accounting Objectives and Concepts and the Standards of General Presentation and Disclosure and are in compliance with the accounting Standards issued by the Saudi Organization of Certified Public Accountants.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Currently MEAHCO owns 32.33% in NHC. As per the arrangements between the shareholders of NHC, NHC will be entering into a Hospital Management Agreement. As a result, NHC has been consolidated into MEAHCO.

All significant inter-company transactions and balances between group companies have been eliminated on consolidation.

Basis of measurement

The consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept.

Functional and Presentation currency

The consolidated financial statements of the company are presented in Saudi Riyals, which is the functional currency of the company.

Accounting records

The company maintains its accounting records by computer.

Uses of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balance with banks with original maturities of less than three months.

Account receivables

Accounts receivable are stated at original invoice and less allowance for uncollectible. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date of determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Revenue recognition

Income is recognized upon the delivery of services and customer acceptance, if any, or the performance of services, net of income discounts.

Expenses

General and administrative expenses include direct and indirect costs not specially part of direct operating expenses as required under generally accepted accounting principles. Allocations between direct operating expenses and general and administrative expenses, when required, are made on a consistent basis.

Medical supplies

Medical supplies are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis. Provision is made for obsolete and slow-moving inventory items.

Property and equipments

Property and equipments are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are 3% to 12.5% per year.

Deferred charges

These represent pre-operating expenses which comprise costs incurred prior to commencing commercial activity are amortized using the straight line method, over a period of ten years.

Foreign currencies

Transactions in foreign currencies during the year were converted to Saudi Riyals at rates prevailing at the date of the transaction. Assets and liabilities in foreign currencies were converted to Saudi Riyals at the rate of exchange prevailing at the balance sheet date. Differences in exchange are taken into profit and loss account.

End of service benefits

Provision for end of service benefits required by Saudi Arabian labor law, is provided in the financial statements based on the employees' length of service.

Zakat and Income Tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat and Income Tax is provided on an accrual basis. Zakat is computed on Zakat base, and Income Tax is computed on amended net income . Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leases

Rentals in respect of operating leases are charged to the statement of income over the terms of the operating lease. Leases are classified as capital leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company, being the lessee. Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the assets as of the date of inception of the lease.

Finance costs, which represent the difference between the total lease obligations and the lower of the present value of the future minimum lease payments are charged, to the statement of income over the terms of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4. RELATED PARTIES TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Bait Al Batterjee Medical Co.	Holding Co.
Bait Al Batterjee Medical College for Science & Technology (BMC)	Affiliate
International Hospitals Construction Co.	Affiliate
Bait Al Batterjee for Education and Training	Affiliate
Bait Al Batterjee Company For Body Building (Gold's Gym)	Affiliate
Saudi Yemeni Healthcare Co. Ltd.	Affiliate
Al Bait International Co.	Affiliate
Bait Al Batterjee Pharmaceutical Industries Co.	Affiliate
Abdul Jalil Khalid Batterjee Medical Instrumentation Maintenance Co.	Affiliate
Gulf Youth Company For Investment & Real Estate Development –	
(JAN – PRO)	Affiliate
Emirates Healthcare Development Co.	Affiliate

a) Amount due from related parties represent services rendered in the normal course of business approved by the management as of December 31, comprised of the following:

	2014	2013
	SR.	SR.
Bait Al Batterjee Medical Co. Ltd.	3,096,960	19,845,337
Saudi Yemeni Healthcare Co.	--	490,756
International Hospital Construction Co. Ltd.	--	459,618
Bait Al Batterjee Company for Education and		
Training	776,829	6,141,652
Bait Al Batterjee Medical College for Science & Technology (BMC)	4,878,626	--
Bait Al Batterjee Co. for Fitness – Gold's Gym	--	4,170
Emirates Healthcare Development Co.	6,721,533	593,769
Al Bait International Co.	42,698	
Total	15,473,948	27,578,000

b) Amount due to related parties represent services in the normal course of business approved by the management as of December 31, comprised of the following:

	2014	2013
	SR.	SR.
Bait Al Batterjee Medical College for Science & Technology (BMC)	--	10,496,635
International Hospital Construction Co. Ltd.	4,626,485	--
Total	4,626,485	10,496,635
Net	10,847,463	17,081,365

5. PROPERTY AND EQUIPMENTS

a) This item consists of the following:

	Balance as at December 31, 2013	Additions	Deletion/ Adjustments	Balance as at December 31, 2014
	SR.	SR.	SR.	SR.
COST				
Land	181,244,120	--	--	181,244,120
Buildings	752,198,201	32,972,732	--	785,170,933
Medical equipment	487,004,718	59,197,017	9,818,462	536,383,273
Motor vehicles	8,682,897	1,223,700	--	9,906,597
Non-medical equipment	26,763,824	2,464,249	892,276	28,335,797
Office furniture & equipments	99,461,368	8,214,453	4,048,918	103,626,903
Kitchen, Laundry & workshop equipments	8,688,781	1,727,543	309,635	10,106,689
A.C. Plant and				
equipment	22,235,386	1,966,516	123,916	24,077,986
Electrical equipment	30,811,748	2,648,355	609,902	32,850,201
Non consumable items	1,759,522	1,080,976	666,682	2,173,816
Total	1,618,850,565	111,495,541	16,469,791	1,713,876,315
ACCUMULATED DEPRECIATION				
Buildings	335,161,972	19,699,965	--	354,861,937
Medical equipment	371,322,172	19,266,140	9,396,332	381,191,980
Motor vehicles	5,752,203	525,717	--	6,277,920
Non-medical equipment	20,006,027	965,073	774,431	20,196,669
Office furniture & equipments	83,859,886	3,349,355	3,459,653	83,749,588
Kitchen, Laundry & workshop equipments	7,555,527	248,521	276,264	7,527,784
A.C. Plant and equipment	21,456,157	124,886	115,191	21,465,852
Electrical equipment	29,672,043	172,032	576,929	29,267,146
Non consumable items	934,258	193,871	108,558	1,019,571
Total	875,720,245	44,545,560	14,707,358	905,558,447
Net Book Value	743,130,320			808,317,868

b) The aforementioned p roperty including land, buildings and equipments of Saudi German Hospital - Riyadh, Madinah and Jeddah branch are mortgaged with Ministry of Finance. SGH – Aseer Branch's land and building is free from any mortgage.

6. LOANS

6.1 The followings are the loans obtained from the Ministry of Finance, KSA:

a) Finance charges free loan for SGH - Aseer Hospital transferred from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 40,548,895. The total loan amount obtained by Bait Al Batterjee Medical Company was SR. 50,000,000 to be repaid in sixteen equal annual installments at SR. 3,125,000 started from 25/2/1422H corresponding to 18/5/2001. The net amount is SR. 3,047,296 (SR. 9,297,296 for 2013).

b) Finance charges free loan for SGH - Madinah Hospital, this loan transferred from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 49,938,182 to be repaid in sixteen equal annual installments at SR. 3,125,000 starting from 21/12/1427H corresponding to 21/1/2007. The net amount is SR 21,813,182 (SR 24,938,182 for 2013).

c) Finance charges free loan for SGH Riyadh Hospital loan transferred from Bait Al Batterjee and Zoheir Ahmed Al Sibae (a related party) to the company amounted to SR. 18,750,000. The total amount obtained was SR. 50,000,000 to be repaid in sixteen equal installments of SR. 3,125,000 each started from Safar 15, 1426H corresponding to March 26, 2005. The net amount is SR. 15,625,000 (SR. 18,750,000 for 2013).

d) Finance charges free loan to support construction of Hospital - National Hail Company for Healthcare (Subsidiary), the total disbursable amount in this respect is SR 69,650,000 which is to be received based on construction progress to the satisfaction of the Ministry of Finance. The payment will start from the year 2018 in 20 equal annual installments. The net amount is SR. 24,210,000 (SR. 14,917,500 for 2013).

6.2 Loans for SGH Jeddah Hospital transferred from Bait Al Batterjee (a related party) to the Company amounted to SR 89,069,926. These loans are secured by joint and personal guarantees of the two main Directors of the Company. Profits paid on these loans are calculated at agreed rates. The net amount is SR. 93,750,000 (SR. 86,500,000 for 2013).

6.3 A loan of SR. 7,000,000 was obtained Arab National Bank to Bait Al Batterjee and Zoheir Ahmed Al Sibae (Subsidiary) in the year 2013, currently SGH – Riyadh is a branch of MEAHCO through Bait Al Baterjee Medical Co. (a related party). The net amount is SR. 5,000,000 (SR. 6,500,000 for 2013).

The outstanding balances of the said loans at the balance sheet date are SR. 163,445,478 (SR. 160,902,978 for 2013) classified in the balance sheet as follows:

	2014	2013
	SR.	SR.
Short term loans and current portion of		
Long term loans	94,297,296	73,625,000
Long-term loans	69,148,182	87,277,978
Total	163,445,478	160,902,978

7. CAPITAL

The authorized, issued and paid-up capital of the Company is SR. 767,000,000 divided into 76,700,000 equal shares at SR. (10) each out of which 4,204,000 shares issued in cash and 72,496,000 shares in kind. The Article of Association of the Company was amended and duly authorized to reflect the change in capital.

8. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company establishes a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

9. MINORITY INTEREST

This item represents 0.01% share holding by Mr. Sobhi Abdul Jaleel Ibrahim Batterjee of Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co. (BABAS) a subsidiary of MEAHCO (MEAHCO holds 99.9% in BABAS in the year 2013) 2% shares holding by partners in Abdul Jaleel Ibrahim Batterjee Sons Development Co. (A.J. Sons), a subsidiary of MEAHCO (MEAHCO holds 98% in A.J. Sons) and 67.67% shares holding by shareholders in National Hail Company for Healthcare Co., a subsidiary of Middle East Healthcare Co. (MEAHCO holds 32.33% shares).

10. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2014	2013
	SR.	SR.
Staff salaries and benefits	141,312,843	77,547,785
Office supplies	8,075,897	3,085,144
Staff residential expenses	14,008,735	6,822,371
Staff medical expenses	15,293,220	9,330,846
Traveling	20,817,934	13,159,306
Repair and maintenance	6,377,646	3,337,217
Postage, telephone and internet	5,711,328	2,153,111
Security	3,691,647	1,913,955
Insurance	1,299,347	666,710
Audit and consultancy fees	10,731,826	2,666,018
Bank charges	947,340	208,467
Director's remuneration	--	937,500
Other administrative expenses	11,680,427	11,676,169
Total	239,948,190	133,504,599

11. ZAKAT & INCOME TAX

a) Zakat and Income Tax due for the company for the year 2014 is SR. 7,070,780 (SR. 4,226,594 for the year 2013).

b) Zakat and Income Tax for subsidiary for 2014 is SR. 584,886 (SR. 3,533,715 for the year 2013).

c) Zakat assessment for the years 2005 to 2013 are under process and obtained temporary Zakat Certificate for the year 2013.

12. FINANCIAL COMMITMENTS

The Company has the following commitments at the balance sheet date:

	2014	2013
	SR.	SR.
Letters of credit and guarantee	9,097,429	11,899,250

13. BUSINESS SEGMENTS

As per the Company's internal policy the main business is segmented into following categories:

	2014	2013
	SR.	SR.
In-Patient revenue	807,920,257	477,183,408
Out-Patient revenue	323,306,819	190,909,783
Pharmaceuticals revenue	257,321,669	159,077,118
Ancillary & Trading revenue - Net	10,202,867	1,189,551
Total	1,398,751,612	828,359,860

14. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year.

Liquidity risk

Liquidity risk also to as funding risk is the risk that an enterprises will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The company's financial assets consist of cash and bank balances and receivables, its financial liabilities consist of payables, accrued expenses and short and long term loans.

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

16. IMPAIRMENT AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Accounts receivable

The allowance in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly. For individually significant amounts estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery basis.

Inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical cost.

Property and equipments

The carrying value of the company's property and equipments are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognized. Impairment losses are recognized in the statement of income.

MIDDLE EAST HEALTHCARE COMPANY

MEAHCO

JEDDAH - KINGDOM OF SAUDI ARABIA

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

Aldar Audit Bureau
Abdullah AlBasri & Co.

Certified Accountants
Professional Partnership Co.
Licence 323 / 11 / 36 / 1
Member Firm of
Grant Thornton International

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLE EAST HEALTHCARE COMPANY MEAHCO

We have audited the accompanying consolidated financial statements of Middle East Healthcare Company (the "Company") A Closed Joint Stock Company, which comprise the consolidated balance sheets as at December 31, 2013 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, together with the notes from (1) to (15) forming part thereof.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the requirements of accounting standards as applicable in the Kingdom of Saudi Arabia, Article 123 of the Companies law and the Articles of Association of the Company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances and submitted to us together with all the information and explanations which we required.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in the Kingdom of Saudi Arabia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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E-mail: infoj@aldaraudit.com

Opinion

In our opinion, the consolidated financial statements taken as a whole:

- Present fairly, in all material respects the consolidated financial position of Middle East Healthcare Company – (A Closed Joint Stock Company) as of December 31, 2013 and the consolidated results of its operations and its cash flows for the year then ended in accordance with the accounting standards as applicable in the Kingdom of Saudi Arabia appropriate to the circumstances of the company.
- Comply with the requirements of the Companies Regulations and the Company's Articles of Association with respect to the preparation and presentation of the consolidated financial statements.

Emphasis of Matter:

At the request of the management, the financial statements have been presented to ensure consistency in presentation with 2014 financial statements.

Aldar Audit Bureau
Abdullah Al Basri & Co.

Waheed Salah Gazzaz
Certified Public Accountant
License No. 247

Jeddah
May 5, 2014
May 6, 2015

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2013

	NOTE	2013	2012
		SR.	SR.
ASSETS			
Current assets			
Cash and cash equivalents		43,990,805	14,282,048
Accounts receivable		543,222,304	318,800,115
Medical supplies		98,757,828	41,511,193
Prepaid expenses and other receivables		31,122,180	15,943,367
Due from related parties	4	17,081,365	10,699,055
Total current assets		734,174,482	401,235,778
Non-current assets			
Property and equipment - Net	5	743,130,320	470,121,365
Deferred charges - Net		--	8,482,425
Construction in progress		110,278,375	9,969,114
Total non-current assets		853,408,695	488,572,904
Total assets		1,587,583,177	889,808,682
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable		183,394,949	61,546,928
Accrued expenses and other accounts payable		106,544,561	57,114,510
Short term loans	6	73,625,000	12,500,000
Total current liabilities		363,564,510	131,161,438
Non-current liabilities			
Provision for end of service benefits		116,719,531	33,105,161
Long term loans	6	87,277,978	52,985,478
Long term – Accounts payable		65,620,812	27,918,835
Total non-current liabilities		269,618,321	114,009,474
Total liabilities		633,182,831	245,170,912
SHAREHOLDERS' EQUITY			
Capital	7	767,000,000	590,000,000
Statutory reserve	8	16,411,473	2,691,687
Retained earnings		122,684,296	19,768,770
Total shareholders' equity		906,095,769	612,460,457
Minority interest	9	48,304,577	32,177,313
Total equity		954,400,346	644,637,770
Total liabilities and shareholders' equity		1,587,583,177	889,808,682

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	NOTE	2013	2012
		SR.	SR.
Total operating revenue		828,359,860	542,221,996
Cost of operating revenues		(397,874,689)	(293,858,435)
Gross profit		430,485,171	248,363,561
Selling and marketing expenses		(146,978,613)	(84,829,213)
General and administration expenses	10	(133,504,599)	(83,306,327)
Total operating expenses		(280,483,212)	(168,135,540)
Net operating profit		150,001,959	80,228,021
Other income		12,567,372	5,757,756
Management fees		(8,151,728)	(7,120,960)
Depreciation and amortization		(13,153,444)	(7,668,280)
Net profit for the year before financial charges		141,264,159	71,196,537
Financial charges		(1,141,676)	--
Net profit for the year before zakat and Income tax		140,122,483	71,196,537
Zakat of subsidiaries	11	(3,533,715)	(2,503,874)
Net profit for the year before minority interest		136,588,768	68,692,663
Minority interest		609,091	(6,698,651)
Net profit for the year		137,197,859	61,994,012

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital	Statutory	Retained	Total
		reserve	earnings	
	SR.	SR.	SR.	SR.
Balance as at 31/12/2011	590,000,000	--	(35,077,142)	554,922,858
Net profit for the year	--	--	61,994,012	61,994,012
Profit transferred to				
statutory reserve	--	2,691,687	(2,691,687)	
Zakat and income tax	--	--	(4,456,413)	(4,456,413)
Balance as at 31/12/2012	590,000,000	2,691,687	19,768,770	612,460,457
Increase of capital	177,000,000	--	--	177,000,000
Net profit for the year	--	--	137,197,859	137,197,859
Profit transferred to				
statutory reserve	--	13,719,786	(13,719,786)	--
Prior year adjustments	--	--	3,432,817	3,432,817
Dividend distributed	--	--	(19,768,770)	(19,768,770)
Zakat and income tax	--	--	(4,226,594)	(4,226,594)
Balance as at 31/12/2013	767,000,000	16,411,473	122,684,296	906,095,769

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	SR.	SR.
FROM OPERATING ACTIVITIES		
Net profit for the year	137,197,859	61,994,012
Adjustment to reconcile net profit to net cash provided by (used in):		
Depreciation	34,246,914	34,936,157
Amortization	8,482,425	3,845,571
End of service benefits	13,806,108	7,996,392
Net adjusted profit	193,733,306	108,772,132
Changes in operating assets and liabilities:		
Accounts receivable	(57,347,295)	(62,714,242)
Medical supplies	(16,690,502)	(5,029,596)
Prepaid expenses and other accounts receivable	82,997	1,032,920
Due from related parties	(41,613,688)	(45,581,187)
Accounts payable	29,837,932	(14,454,557)
Accrued expenses and other accounts payable	20,502,263	15,543,806
Net cash provided by (used in) operating activities	128,505,013	(2,430,724)
FROM INVESTING ACTIVITIES		
Property and equipment - Net	(82,163,906)	(10,763,945)
Disposal of property and equipment	3,946,075	341,762
Construction in progress	(79,865,970)	(1,940,387)
Net cash (used in) investing activities	(158,083,801)	(12,362,570)
FROM FINANCING ACTIVITIES		
Increase of capital in cash & investments	55,338,698	--
Loans	6,347,574	(6,250,000)
Long term accounts payable	2,199,238	24,200,171
Prior year's adjustment	3,432,817	--
Dividend paid	(19,768,770)	--
Minority interest	15,964,582	4,848,652
Zakat and income tax	(4,226,594)	(4,456,413)
Net cash provided by financing activities	59,287,545	18,342,410
NET INCREASE IN CASH	29,708,757	3,549,116
CASH AT BEGINNING OF THE YEAR	14,282,048	10,732,932
CASH AT ENDING OF THE YEAR	43,990,805	14,282,048
Non-Cash transactions:		
Non-Cash transactions occurred in operating		
activities - Net	3,084,679	--
Non-Cash transactions occurred in investing		
activities - Net	(249,481,328)	--
Non-Cash transactions occurred in financing		
activities - Net	124,735,347	--
Increase of capital	121,661,302	--

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2013

1. INTRODUCTION

Middle East Healthcare Company (MEAHCO) (the "Company") is a Closed Joint Stock Company operating under Commercial Registration No. 4030149460 dated Rabie Al-Thani 06, 1425 corresponding to May 25, 2004.

The main objective of the Company is managing, operating, maintaining hospitals Medical Centers, Educational Centers, Rehabilitation Centers, Physiotherapy Laboratories and X-Rays Centers, Pharmacies, construction and to buy land for the purpose of constructing medical projects.

The consolidated financial statements consist of the following accounts of the head office of Middle East Healthcare Company (MEAHCO):

- Saudi German Hospital – Madinah operating in C.R.No. 4650037959 dated Shawal 21, 1427 corresponding to November 12, 2006.
- Saudi German Hospital - Aseer operating under Commercial Registration No. 585503792 dated Safar 22, 1430H corresponding to February 18,2009.
- Saudi German Hospital – Jeddah operating under Commercial Registration No. 4030124187 issued on dated Safar 5, 1419(H) corresponding to May 31, 1998(G) amended subsequent to the balance sheet date.
- National Hail Company for Healthcare is a closed Joint Stock Company registered in the Kingdom of Saudi Arabia operating under Commercial Registration No. 3350019735 issued in Hail on 2/7/1428H corresponding to 16/7/2007(G). The registered office of the Company is located in Hail, Kingdom of Saudi Arabia.
- Bait Al Batterjee & Zoheir Ahmed Al Sibae Medical Company is registered in Jeddah, Kingdom of Saudi Arabia operating under Commercial Registration No. 34030126243 dated 15/10/1419H corresponding to 01/02/1999(G).
- Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd. is operating in the Kingdom of Saudi Arabia under Commercial Registration No. 4030181710 dated Shaban 4, 1429H corresponding to August 5, 2008.

Effective 30th September 2013 the company has entered into a Reorganization Implementation Agreement with Bait Al Batterjee Medial Co. (BAB), Islamic Development Bank, Arab Fund for Economic and Social Development, Dr. Zuhair Ahmed Al Sebai and Engr. Sobhi A. Batterjee for the restructuring of the company, whereby the company has acquired Saudi German Hospital Jeddah, the entire minority shareholding of Dr Zuhair Ahmed Al Sebai held in Bait Al Batterjee & Zuhair Al Sebai Medical Co (A subsidiary of MEAHCO-), 98% shares of Abdeljaleel Ibrahim Batterjee Sons Development Co. LLC., 39.96% shares in National Hail Company for Healthcare J.S.C. (24.58% shares of Bait Al Batterjee Medical Co. and 15.38% shares of Islamic Development Bank) and a land at Dammam, KSA.

Accordingly these entities' financial results are incorporated for the post reorganization period till 31.12.2013.

2. BASIS OF PREPARATION

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Accounting Objectives and Concepts and the Standards of General Presentation and Disclosure and are in compliance with the accounting Standards issued by the Saudi Organization of Certified Public Accountants.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

All significant inter-company transactions and balances between group companies have been eliminated on consolidation.

Basis of measurement

The consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept.

Functional and Presentation currency

The consolidated financial statements of the company are presented in Saudi Riyals, which is the functional currency of the company.

Accounting records

The company maintains its accounting records by computer.

Uses of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and deposits

Cash and deposits comprise of cash on hand, balance with banks with original maturities of less than three months.

Account receivables

Accounts receivable are stated at original invoice and less allowance for uncollectible. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date of determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Revenue recognition

Income is recognized upon the delivery of services and customer acceptance, if any, or the performance of services, net of income discounts.

Expenses

General and administrative expenses include direct and indirect costs not specially part of direct operating expenses as required under generally accepted accounting principles. Allocations between direct operating expenses and general and administrative expenses, when required, are made on a consistent basis.

Medical supplies

Medical supplies are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis. Provision is made for obsolete and slow-moving inventory items.

Property and equipments

Property and equipments are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are 3% to 12.5% per year.

Deferred charges

These represent pre-operating expenses which comprise costs incurred prior to commencing commercial activity are amortized using the straight line method, over a period of ten years.

Foreign currencies

Transactions in foreign currencies during the year were converted to Saudi Riyals at rates prevailing at the date of the transaction. Assets and liabilities in foreign currencies were converted to Saudi Riyals at the rate of exchange prevailing at the balance sheet date. Differences in exchange are taken into profit and loss account.

End of service benefits

Provision for end of service benefits required by Saudi Arabian labor law, is provided in the financial statements based on the employees' length of service.

Zakat and Income Tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat and Income Tax is provided on an accrual basis. The Zakat and Income Tax charge is computed on the Zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leases

Rentals in respect of operating leases are charged to the statement of income over the terms of the operating lease. Leases are classified as capital leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company, being the lessee. Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the assets as of the date of inception of the lease.

Finance costs, which represent the difference between the total lease obligations and the lower of the present value of the future minimum lease payments are charged, to the statement of income over the terms of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4. RELATED PARTIES TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Bait Al Batterjee Medical Co.	Holding Co.
Bait Al Batterjee Medical College for Science & Technology (BMC)	Affiliate
International Hospitals Construction Co.	Affiliate
Bait Al Batterjee for Education and Training Co.	Affiliate
Bait Al Batterjee Company For Fitness (Gold's Gym)	Affiliate
Saudi Yemeni Healthcare Co.	Affiliate
Al Bait International Co.	Affiliate
Bait Al Batterjee Pharmaceutical Industries Co.	Affiliate
Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.	Affiliate (Year 2012)
Emirates Healthcare Development Co.	Affiliate

a) Amount due from related parties represent services rendered in the normal course of business approved by the management as of December 31, comprised of the following:

	2013	2012
	SR.	SR.
Bait Al Batterjee Medical Co. Ltd.	19,845,337	5,723,504
Saudi Yemeni Healthcare Co.	490,756	--
International Hospital Construction Co. Ltd.	459,618	1,484,988
Bait Al Batterjee Company for Education and Training (Formally Bait Al Batterjee Medical Education Co. Ltd. (Saudi German Institute For Nursing And Allied Health Sciences – (SGNA))	6,141,652	3,433,325
Bait Al Batterjee Medical College for Science & Technology (BMC)	--	17,703
Abdul Jaleel Ibrahim Batterjee Sons		
Development Co. Ltd.	--	17,147
Bait Al batterjee Co. for Fitness – Gold's Gym	4,170	22,388
Emirates Healthcare Development Co.	593,769	--
Al Bait International Co.	42,698	--
Total	27,578,000	10,699,055

b) Amount due to related parties represent services in the normal course of business approved by the management as of December 31, comprised of the following:

	2013	2012
	SR.	SR.
Bait Al Batterjee College for Medical Science& Technology Co.	10,496,635	--
Net	17,081,365	10,699,055

5. PROPERTY AND EQUIPMENTS

a) This item consists of the following:

	Balance as at December 31,		Adjustments/		Balance as at December 31,
	2012	Additions	Disposals	Transfer	2013
	SR.	SR.	SR.	SR.	SR.
COST					
Land	33,010,740	53,247,605	--	94,985,775	181,244,120
Buildings	570,339,717	13,564,170	10,595	168,304,909	752,198,201
Medical equipment	315,532,516	44,696,207	31,056,241	157,832,238	487,004,720
Motor vehicles	4,296,923	1,015,255	--	3,370,719	8,682,897
Non-medical equipment	13,293,554	2,013,436	945,683	12,402,517	26,763,824
Furniture & fixture	29,126,726	1,838,085	3,907,462	11,307,141	38,364,490
Office equipment	44,037,187	1,873,172	1,578,184	16,764,707	61,096,882
Workshop equipments	209,192	49,826	63,078	642,396	838,336
Kitchen equipment	3,564,410	96,519	222,527	1,353,856	4,792,258
Laundry and house keeping equipments	2,345,103	204,720	297,637	806,001	3,058,187
A.C. Plant and equipment	14,910,953	341,332	62,639	7,045,741	22,235,387
Electrical equipment	21,703,352	271,936	94,488	8,930,946	30,811,746
Non consumable items	1,978,708	677,544	2,415,616	1,518,882	1,759,518
Total	1,054,349,081	119,889,807	40,654,150	485,265,828	1,618,850,566
ACCUMULATED DEPRECIATION					
Buildings	187,678,243	17,745,783	1,960	129,739,908	335,161,974
Medical equipment	274,023,170	13,126,836	30,098,807	114,270,971	371,322,170
Motor vehicles	2,871,817	330,599	--	2,549,783	5,752,199
Non-medical equipment	10,930,073	542,965	860,818	9,393,806	20,006,026
Furniture & fixture	25,820,107	798,754	2,879,962	9,391,404	33,130,303
Office equipment	40,476,842	1,223,258	1,386,983	10,416,467	50,729,584
Workshop equipments	146,555	19,231	48,685	540,007	657,108
Kitchen equipment	3,105,523	68,946	168,559	1,319,662	4,325,572
Laundry and house keeping equipments	2,111,821	50,664	243,032	653,398	2,572,851
A.C. Plant and equipment	14,782,605	41,295	44,749	6,677,007	21,456,158
Electrical equipment	21,374,159	99,769	42,127	8,240,239	29,672,040
Non consumable items	906,801	198,814	932,392	761,038	934,261
Total	584,227,716	34,246,914	36,708,074	293,953,690	875,720,246
Net Book Value	470,121,365				743,130,320

b) The aforementioned property including land, buildings and equipments of Bait Al Batterjee & Zoheir Sibae Medical Co. (a subsidiary), Madinah and Jeddah branch which are mortgaged with Ministry of Finance. SGH – Aseer Branch's land building is free from any mortgage.

c) During the year 2009 certain medical, electrical and office equipments of SGH Aseer were sold and leased from International Financial Corporation for a convertible loan amounted to USD 25 million granted to Bait al Batterjee Medical Company (BAB) (Related Party Company) with an option to convert into equity in BAB by June 30, 2014.

6. LOANS

6.1 The followings are the loans obtained from the Ministry of Finance, KSA:

a) a) Finance charges free loan for SGH - Aseer Hospital transferred from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 40,548,895. The total loan amount obtained by Bait Al Batterjee Medical Company was SR. 50,000,000 to be repaid in sixteen equal annual installments at SR. 3,125,000 started from 25/2/1422H corresponding to 18/5/2001. The net amount is SR 9,297,296(SR 12,422,296 for 2012).

b) b) Finance charges free loan for SGH - Madinah Hospital, this loan transferred from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 49,938,182 to be repaid in sixteen equal annual installments at SR. 3,125,000 starting from 21/12/1427H corresponding to 21/1/2007. The net amount is SR 24,938,182 (SR 28,063,182 for 2012).

c) c) Finance charges free loan of SR. 50,000,000 for Bait Al Batterjee and Zoheir Ahmed Al Sibae (a related party) to be repaid in sixteen equal annual installments of SR. 3,125,000 each started from Safar 15, 1426 corresponding to March 26, 2005. The net amount is SR 18,750,000 (SR 25,000,000 for 2012).

d) d) Finance charges free loan to support construction of Hospital- National Hail Company for Healthcare (Subsidiary), the total disbursable amount in this respect is SR 69,650,000 which is to be received based on construction progress to the satisfaction of the Ministry of Finance. The payment will start from the year 2018 in 20 equal annual installments. The net amount is SR 14,917,500.

6.2 Loans for SGH Jeddah Hospital transferred from Bait Al Batterjee(a related party) to the Company amounted to SR 89,069,926. These loans are secured by joint and personal guarantees of the two main Directors of the Company. Profits paid on these loans are calculated at agreed rates. The net amount is SR 86,500,000.

6.3 A loan of SR. 7,000,000 was obtained from Arab National Bank to Bait Al Batterjee and Zoheir Ahmed Al Sibae (Subsidiary) through Bait Al Baterjee Medical Co. a related party. The net amount is SR 6,500,000.

The outstanding balances of the said loans at the balance sheet date are SR. 160,902,978 (SR. 65,485,478 for 2012) classified in the balance sheet as follows:

	2013	2012
	SR.	SR.
Short-term loans	73,625,000	12,500,000
Long-term loans	87,277,978	52,985,478
Total	160,902,978	65,485,478

7. CAPITAL

The authorized, issued and paid up capital of the Company is SR. 590,000,000 divided into 11,800,000 equal shares at SR. 50 each out of which 840,800 shares issued in cash and 10,959,200 shares in kind.

On Safar 2, 1435(H) corresponding to December 5, 2013(G), the shareholders decided to increase the paid-up capital to be as follows:-

The authorized, issued and paid-up capital of the Company is SR. 767,000,000 divided into 76,700,000 equal shares at SR. (10) each out of which 4,204,000 shares issued in cash and 72,496,000 shares in kind. The Article of Association of the Company was amended and duly authorized to reflect the change in capital.

8. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company establishes a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

9. MINORITY INTEREST

This item represents 0.01% share holding by Mr. Sobhi Abdul Jaleel Ibrahim Batterjee of Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co. (BABAS) a subsidiary of MEAHCO (MEAHCO holds 99.9% in BABAS), 2% shares holding by partners in Abdul Jaleel Ibrahim Batterjee Sons Development Co. (A.J. Sons), a subsidiary of MEAHCO (MEAHCO holds 98% in A.J. Sons) and 60.03% shares holding by shareholders in National Hail Company for Healthcare Co., a subsidiary of Middle East Healthcare Co. (MEAHCO holds 39.96% shares).

10. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2013	2012
	SR.	SR.
Staff salaries and benefits	77,547,785	49,141,911
Office supplies	3,085,144	3,930,105
Staff residential expenses	6,822,371	5,386,360
Staff medical expenses	9,330,846	7,176,258
Traveling	13,159,306	7,634,051
Repair and maintenance	3,337,217	1,437,236
Postage, telephone and internet	2,153,111	1,859,031
Security	1,913,955	1,924,847
Insurance	666,710	270,492
Audit and consultancy fees	2,666,018	1,214,425
Bank charges	208,467	107,021
Other administrative expenses	12,613,668	3,224,590
Total	133,504,599	83,306,327

11. ZAKAT

a) Zakat due for the company for the year 2013 is SR. 4,226,594 (SR. 4,456,413 for the year 2012).

b) Zakat for subsidiary for 2013 is SR. 3,533,715 (SR. 2,503,874 for the year 2012).

c) Zakat assessment for the years 2005 to 2012 are under process.

12. FINANCIAL COMMITMENTS

The Company has the following commitments at the balance sheet date:

	2013 SR.
Letters of credit and guarantee	11,899,250

13. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year.

Liquidity risk

Liquidity risk also to as funding risk is the risk that an enterprises will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The company's financial assets consist of cash and bank balances and receivables, its financial liabilities consist of payables, accrued expenses and short and long term loans.

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

15. IMPAIRMENT AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Accounts receivable

The allowance in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly. For individually significant amounts estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery basis.

Inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Property and equipment

The carrying value of the company's property and equipment are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognized. Impairment losses are recognized in the statement of income.

MIDDLE EAST HEALTHCARE COMPANY

MEAHCO

JEDDAH - KINGDOM OF SAUDI ARABIA

CONSOLIDATED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

Aldar Audit Bureau
Abdullah AlBasri & Co.

Certified Accountants
Professional Partnership Co.
Licence 323 / 11 / 36 / 1
Member Firm of
Grant Thornton International

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MIDDLE EAST HEALTHCARE COMPANY MEAHCO

We have audited the accompanying consolidated financial statements of Middle East Healthcare Company (the "Company"). A Closed Joint Stock Company, which comprise the consolidated balance sheets as at December 31, 2012 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, together with the notes from (1) to (14) forming part thereof.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the requirements of accounting standards as applicable in the Kingdom of Saudi Arabia, Article 123 of the Companies law and the Articles of Association of the Company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in the Kingdom of Saudi Arabia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements taken as a whole:

- Present fairly, in all material respects the consolidated financial position of Middle East Healthcare Company – (A Closed Joint Stock Company) as of December 31, 2012 and the consolidated results of its operations and its cash flows for the year then ended in accordance with the accounting standards as applicable in the Kingdom of Saudi Arabia appropriate to the circumstances of the company.
- Comply with the requirements of the Companies Regulations and the Company's Articles of Association with respect to the preparation and presentation of the consolidated financial statements.

Emphasis of Matter:
At the request of the management, the financial statements have been presented to ensure consistency in presentation with 2014 financial statements.

Aldar Audit Bureau
Abdullah Al Basri & Co.

Waheed Salah Gazzaz
Certified Public Accountant
License No. 247

Jeddah
June 23, 2013
May 6, 2015

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2012

	NOTE	2012	2011
	SR.	SR.	
ASSETS			
Current assets			
Cash and deposits		14,282,048	10,732,932
Accounts receivable		318,800,115	256,085,873
Medical supplies		41,511,193	36,481,597
Prepaid expenses and other receivables		15,943,367	16,976,287
Due from related parties	6	10,699,055	--
Total current assets		401,235,778	320,276,689
Non-current assets			
Property and equipment - Net	4	470,121,365	494,635,339
Deferred charges - Net			12,327,996
Work in progress		9,969,114	8,028,727
Total non-current assets		488,572,904	514,992,062
Total assets		889,808,682	835,268,751
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable		61,546,928	76,001,485
Accrued expenses		41,811,756	29,364,283
Other accounts payable		15,302,754	12,206,420
Current portion of long term loans	5	12,500,000	9,375,000
Due to related parties	6	--	34,882,132
Total current liabilities		131,161,438	161,829,320
Non-current liabilities			
Provision for service indemnities		33,105,161	25,108,769
Long term loans	5	52,985,478	62,360,478
Long term – Accounts payable		27,918,835	3,718,664
Total non-current liabilities		114,009,474	91,187,911
Total liabilities		245,170,912	253,017,231
SHAREHOLDERS' EQUITY			
Capital	7	590,000,000	590,000,000
Statutory reserve	9	2,691,687	--
Retained earnings (losses)		19,768,770	(35,077,141)
Equity attributable to parent		612,460,457	554,922,859
Minority interest	8	32,177,313	27,328,661
Total equity		644,637,770	582,251,520
Total liabilities and shareholders' equity		889,808,682	835,268,751

The attached notes are an integral part of these financial statement

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

	NOTE	2012	2011
		SR.	SR.
Total operating revenue		542,221,996	436,835,607
Cost of operating revenues		(293,858,435)	(276,849,213)
Gross profit		248,363,561	159,986,394
Selling and marketing expenses		(84,829,213)	(43,864,721)
General and administration expenses	10	(83,306,327)	(63,372,471)
Total operating expenses		(168,135,540)	(107,237,192)
Net operating profit		80,228,021	52,749,202
Other income		5,757,756	5,928,529
Management fees		(7,120,960)	(4,286,166)
Depreciation and amortization		(7,668,280)	(11,765,121)
Net profit before zakat & tax		71,196,537	42,626,444
Zakat and income tax		(2,503,874)	(2,362,999)
Net profit before minority		68,692,663	40,263,445
Minority interest		(6,698,651)	(4,258,707)
Net profit for the year		61,994,012	36,004,738

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

	Capital	Statutory reserve	Retained earnings	Total
	SR.	SR.	SR.	SR.
Balance as at 31/12/2010	590,000,000	--	(68,783,185)	521,216,815
Net profit for the year	--	--	36,004,738	36,004,738
Zakat and income tax	--	--	(2,298,695)	(2,298,695)
Balance as at 31/12/2011	590,000,000	--	(35,077,142)	554,922,858
Net profit for the year	--	--	61,994,012	61,994,012
Profit transferred to				
statutory reserve	--	2,691,687	(2,691,687)	--
Zakat and income tax	--	--	(4,456,413)	(4,456,413)
Balance as at 31/12/2012	590,000,000	2,691,687	19,768,770	612,460,457

The attached notes are an integral part of these financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	SR.	SR.
FROM OPERATING ACTIVITIES		
Net profit for the year	61,994,012	36,004,738
Adjustment to reconcile net profit to net cash provided by (used in):		
Depreciation	34,936,157	44,635,386
Amortization	3,845,571	5,720,207
Provision for end of service indemnities	7,996,392	6,190,619
Net adjusted profit	108,772,132	92,550,950
Changes in operating assets and liabilities:		
Accounts receivable	(62,714,242)	(43,170,694)
Medical supplies	(5,029,596)	(1,208,922)
Prepaid expenses and other accounts receivable	1,032,920	(3,752,893)
Due from/to related parties	(45,581,187)	(33,763,865)
Accounts payable	(14,454,557)	400,026
Accrued expenses	12,447,472	3,605,951
Other accounts payable	3,096,334	5,821,016
Net cash (used in) provided by operating activities	(2,430,724)	20,481,569
FROM INVESTING ACTIVITIES		
Property and equipment purchased	(10,763,945)	(9,433,065)
Disposal of property and equipments	341,762	365,238
Work in progress	(1,940,387)	(243,429)
Net cash (used in) investing activities	(12,362,570)	(9,311,256)
FROM FINANCING ACTIVITIES		
Loans	(6,250,000)	(6,250,000)
Long term accounts payable	24,200,171	(2,513,025)
Minority interest	4,848,652	4,258,705
Zakat and income tax	(4,456,413)	(2,298,695)
Net cash provided by (used in) financing activities	18,342,410	(6,803,015)
NET INCREASE IN CASH	3,549,116	4,367,298
CASH AT BEGINNING OF THE YEAR	10,732,932	6,365,634
CASH AT ENDING OF THE YEAR	14,282,048	10,732,932

The attached notes are an integral part of these financial statements

1. INTRODUCTION

Middle East Healthcare Company (MEAHCO) (the "Company") is a Joint Stock Company operating under Commercial Registration No. 4030149460 dated Rabie Al-Thani 06, 1425 corresponding to May 25, 2004.

The main objective of the Company is managing, operating, maintaining hospitals Medical Centers, Educational Centers, Rehabilitation Centers, Physiotherapy Laboratories and X-Rays Centers, Pharmacies, construction and to buy land for the purpose of constructing medical projects.

The consolidated financial statements include the company's accounts and the accounts of Bait Al Batterjee & Zoheir Ahmed Al Sibae Medical Co. owned 80% by the Company.

2. BASIS OF PREPARATION

Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Accounting Objectives and Concepts and the Standards of General Presentation and Disclosure and are in compliance with the accounting Standards issued by the Saudi Organization of Certified Public Accountants.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

All significant inter-company transactions and balances between group companies have been eliminated on consolidation.

Basis of measurement

The consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept.

Functional and Presentation currency

The consolidated financial statements of the company are presented in Saudi Riyals, which is the functional currency of the company.

Accounting records

The company maintains its accounting records by computer.

Uses of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and deposits

Cash and deposits comprise of cash on hand, balance with banks with original maturities of less than three months.

Account receivables

Accounts receivable are stated at original invoice and less allowance for uncollectible. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date of determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Revenue recognition

Income is recognized upon the delivery of services and customer acceptance, if any, or the performance of services, net of income discounts.

Expenses

General and administrative expenses include direct and indirect costs not specially part of direct operating expenses as required under generally accepted accounting principles. Allocations between direct operating expenses and general and administrative expenses, when required, are made on a consistent basis.

Medical supplies

Medical supplies are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis. Provision is made for obsolete and slow-moving inventory items.

Property and equipments

Property and equipments are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are 3% to 12.5% per year.

Deferred charges

These represent pre-operating expenses which comprise costs incurred prior to commencing commercial activity are amortized using the straight line method, over a period of ten years.

Foreign currencies

Transactions in foreign currencies during the year were converted to Saudi Riyals at rates prevailing at the date of the transaction. Assets and liabilities in foreign currencies were converted to Saudi Riyals at the rate of exchange prevailing at the balance sheet date. Differences in exchange are taken into profit and loss account.

End of service benefits

Provision for end of service benefits required by Saudi Arabian labor law, is provided in the financial statements based on the employees' length of service.

Zakat and Income Tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat and Income Tax is provided on an accrual basis. The Zakat and Income Tax charge is computed on the Zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leases

Rentals in respect of operating leases are charged to the statement of income over the terms of the operating lease. Leases are classified as capital leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company, being the lessee. Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the assets as of the date of inception of the lease.

Finance costs, which represent the difference between the total lease obligations and the lower of the present value of the future minimum lease payments are charged, to the statement of income over the terms of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

4. PROPERTY AND EQUIPMENTS

a) This item consists of the following:

	Balance as at December 31, 2011	Additions	Disposals	Balance as at December 31, 2012
	SR.	SR.	SR.	SR.
COST				
Land	33,010,740	--	--	33,010,740
Buildings	570,339,717	--	--	570,339,717
Medical equipment	278,245,882	6,866,107	797,922	284,314,067
Other medical items	30,266,794	1,277,019	325,368	31,218,445
Motor vehicles	4,179,572	117,350	--	4,296,922
Non-medical equipment	13,240,980	116,284	63,710	13,293,554
Furniture & fixture	29,064,670	937,936	875,001	29,127,605
Office equipment	43,570,159	839,155	372,127	44,037,187
Kitchen equipment	3,402,856	134,280	53,999	3,483,137
Laundry and house keeping	2,352,214	141,729	149,718	2,344,225
Heavy tools	135,511	3,878	4,064	135,325
A.C. Plant and equipment	14,903,425	9,950	2,423	14,910,952
Electrical equipment	21,656,078	58,918	11,644	21,703,352
Non consumable items	2,153,492	261,339	280,978	2,133,853
Total	1,046,522,090	10,763,945	2,936,954	1,054,349,081
ACCUMULATED DEPRECIATION				
Buildings	170,547,037	17,131,206	--	187,678,243
Medical equipment	236,581,174	13,597,619	745,701	249,433,092
Other medical items	23,747,992	1,130,491	288,403	24,590,080
Motor vehicles	2,569,072	302,748	--	2,871,820
Non-medical equipment	10,612,190	378,511	60,626	10,930,075
Furniture & fixture	25,500,529	1,130,320	810,743	25,820,106
Office equipment	39,927,600	904,586	355,345	40,476,841
Kitchen equipment	3,048,144	58,118	50,249	3,056,013
Laundry and				
house keeping	2,210,682	35,022	133,882	2,111,822
Heavy tools	83,336	10,264	3,305	90,295
A.C. Plant and equipment	14,763,507	21,049	1,954	14,782,602
Electrical equipment	21,313,617	68,135	7,592	21,374,160
Non consumable items	981,871	168,088	137,392	1,012,567
Total	551,886,751	34,936,157	2,595,192	584,227,716
Net Book Value	494,635,339			470,121,365

b) The aforementioned property including land, buildings and equipments of Bait Al Batterjee & Zoheir Sibae Medical Co. (a subsidiary) and Madinah branch which are mortgaged with Ministry of Finance.

c) During the year 2009 certain medical, electrical and office equipments of SGH Aseer were sold and leased from International Financial Corporation for a convertible loan amounted to USD 25 million granted to Bait al Batterjee Medical Company (Related Party Company) with an option to convert into equity in BAB by June 30, 2013.

5. LOANS

The followings are the loans obtained from the Ministry of Finance:

a) Loan for SGH - Aseer Hospital loan transferred on from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 40,548,895. The total loan amount obtained by Bait Al Batterjee Medical Company was SR. 50,000,000 to be repaid in sixteen equal installments at SR. 3,125,000 started from 25/2/1422H corresponding to 18/5/2001.

b) Loan for SGH - Madinah Hospital loan transferred on from Bait Al Batterjee Medical Co. (a related party) to the Company amounted to SR. 49,938,182 to be repaid in sixteen equal installments at SR. 3,125,000 starting from 21/12/1427H corresponding to 21/1/2007.

c) A loan of SR. 50,000,000 for Bait Al Batterjee and Zoheir Ahmed Al Sibae (a related party) to be repaid in sixteen equal installments of SR. 3,125,000 each started from Safar 15, 1426 corresponding to March 26, 2005.

The outstanding balances of the said loans at the balance sheet date are SR. 65,485,478 (SR. 71,735,478 for 2011) classified in the balance sheet as follows:

	2012	2011
	SR.	SR.
Short-term loans	12,500,000	9,375,000
Long-term loans	52,985,478	62,360,478
Total	65,485,478	71,735,478

6. RELATED PARTIES TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Bait Al Batterjee Medical Co.	Holding Co.
Bait Al Batterjee Medical College for Science & Technology (BMC)	Affiliate
International Hospitals Construction Co.	Affiliate
Bait Al Batterjee Medical Company Ltd. (SGNA)	Affiliate
Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.	Affiliate
Bait Al Batterjee Company For Body Building (Golds Gym)	Affiliate

Amount due from related parties represent services rendered in the normal course of business approved by the management as of December 31, comprised of the following:

	2012	2011
	SR.	SR.
Bait Al Batterjee Medical Co. Ltd.	5,723,504	--
International Hospital Construction Co. Ltd.	1,484,988	--
Bait Al Batterjee Medical Company Ltd. (SGNA)	3,433,325	1,199,925
Bait Al Batterjee Medical College for Science & Technology (BMC)	17,703	17,753
Abdul Jaleel Ibrahim Batterjee Sons		
Development Co. Ltd.	17,147	17,147
Bait Al Batterjee Company For Body Building (Golds Gym)	22,388	17,223
Total	10,699,055	1,252,048

Amount due to related parties represent services in the normal course of business approved by the management as of December 31, comprised of the following:

	2012	2011
	SR.	SR.
Bait Al Batterjee Medical Company Ltd.	--	36,076,154
International Hospitals Construction Co.	--	58,026
Total	--	36,134,180
Net	10,699,055	34,882,132

7. CAPITAL

The authorized, issued and paid up capital of the Company is SR. 590,000,000 divided into 11,800,000 equal shares at SR. 50 each out of which 840,800 shares issued in cash and 10,959,200 shares in kind.

8. MINORITY INTEREST

This item represents 20% share holding by Dr. Zoheir Ahmed Al-Sibae in Bait Al Batterjee and Zoheir Ahmed Al-Sibae Medical Co. (BABAS) a subsidiary of MEAHCO (MEAHCO holds 80% in BABAS).

9. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company establishes a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

10. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2012	2011
	SR.	SR.
Staff salaries and benefits	49,141,911	38,153,679
Office supplies	3,930,105	1,014,800
Staff residential expenses	5,386,360	4,177,878
Staff medical expenses	7,176,258	4,189,187
Traveling	7,634,051	5,768,933
Repair and maintenance	1,437,236	1,056,807
Postage, telephone and internet	1,859,031	1,732,546
Security	1,924,847	1,640,372
Insurance	270,492	690,722
Audit and consultancy fees	1,214,425	891,017
Bank charges	107,021	111,764
Other administrative expenses	3,224,590	3,944,766
Total	83,306,327	63,372,471

11. ZAKAT

a) Zakat due for the company for the year 2012 is SR 4,456,413 (SR. 2,298,695 for the year 2011).

b) Zakat for subsidiary for 2012 is SR. 2,503,874 (SR. 2,362,999 for the year 2011).

c) Zakat assessment for the years 2005 to 2011 are under process.

12. RISK MANAGEMENT

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year.

Liquidity risk

Liquidity risk also to as funding risk is the risk that an enterprises will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The company's financial assets consist of cash and bank balances and receivables, its financial liabilities consist of payables, accrued expenses and short and long term loans.

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

14. IMPAIRMENT AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Accounts receivable

The allowance in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly. For individually significant amounts estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery basis.

Inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Inventories which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Property and equipments

The carrying value of the company's property and equipments are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognized. Impairment losses are recognized in the statement of income.

Pro-Forma Review

for

Middle East Healthcare Co.

(MEAHCO)

A Closed Joint Stock Company

Jeddah - Kingdom of Saudi Arabia

For the Years ended

December 31, 2012 & 2013

Report Date December 28, 2014

Aldar Audit Bureau

Abdullah AlBasri & Co.

Member firm of Grant Thornton International

Aldar Audit Bureau
Abdullah AlBasri & Co.

Certified Accountants
Professional Partnership Co.
Licence 323 / 11 / 36 / 1
Member Firm of
Grant Thornton International

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION OF
MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

We have examined the pro-forma adjustments reflecting the business combination which is accounted for as a pooling of interest and the application of those adjustments to the historical amounts in the accompanying pro-forma consolidated balance sheet of **Middle East Healthcare Company (MEAHCO) – A Closed Joint Stock Company** as of December 31, 2013 & 2012 and the pro-forma consolidated statements of income and cash flows for each of two years in the period then ended. This historical consolidated financial information is derived from the historical consolidated financial statements of Middle East Healthcare Company (MEAHCO), Saudi German Hospital – Jeddah, Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd. for the periods ended December 31, 2013 and 2012 (which were all audited by us) and for the financial statements of National Hail Company For Healthcare for the year ended December 31, 2012 (which were audited by us) and for the year ended December 31, 2013, (which were audited by other independent auditors). Such pro-forma adjustments are based upon management's computations described in Pages (8 –12).

The Pro-forma consolidated financial information has been compiled by the Group's management to illustrate the impact of events and assumptions on the Group's financial position as at December 31, 2013 and December 31, 2012 as if the events had taken place at January 1, 2012 as set out in Note 1.

Directors' responsibility

The directors are responsible for the computation, contents and presentation of the pro-forma financial information contained in the combined consolidated financial statements. Their responsibility includes determining that; the pro-forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Middle East Healthcare Company (MEAHCO) and the pro-forma adjustments are appropriate for the purposes of the pro-forma information disclosed in terms of the Capital Market Authority (CMA) listings requirements.

Reporting accountants' responsibility

Our responsibility is to express our opinion on the pro-forma financial information included in the consolidated financial statements of the Middle East Healthcare Company (MEAHCO).

We conducted our examination in accordance with the International Standards on Assurance Engagements 3420 Standards and, accordingly, included such procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

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Head Office - Riyadh

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro-forma adjustments in light of the accounting policies of the Middle East Healthcare Co. (MEAHCO), the issuer, considering the evidence supporting the pro-forma adjustments and discussing the adjusted pro-forma financial information with the management of the Company in respect of the consolidated results that is a result of the acquisition of 100% Saudi German Hospital, Jeddah, the entire minority shareholding (20%) of Dr. Zoheir Ahmed Al-Sibae held in Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co. (a subsidiary of MEAHCO), 98% Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd., 39.96% shares in National Hail Company For Healthcare and a land at Dammam, completed as of September 30, 2013.

Opinion

In our opinion, the accompanying pro-forma consolidated financial information of Middle East Healthcare Company (MEAHCO) as of December 31, 2013 and 2012, and for each of the two years in the period then ended give appropriate effect to the pro-forma adjustments necessary to reflect the proposed business combination on a pooling of interests basis and the pro-forma column reflects the proper application of those adjustments to the historical financial statements.

Aldar Audit Bureau
Abdullah Al Basri & Co.

Aldar Audit Bureau Professional Partnership Co. Jeddah Branch Certified Accountants Abdullah Al Basri & Co.

Waheed Salah Gazzaz
Certified Public Accountant
License No. 247

Jeddah
December 28, 2014

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2013 & 2012

Amounts are expressed in Saudi Riyal

	NOTES	2013	2012
ASSETS			
Current assets			
Cash and cash equivalents	1	34,487,465	16,492,503
Accounts receivable		543,222,304	452,895,027
Medical supplies		98,757,828	77,069,851
Prepaid expenses and other receivables		31,122,180	31,553,881
Due from related parties	2	17,081,365	3,329,392
Total current assets		724,671,142	581,340,654
Non-current assets			
Property, plant and equipment - Net	3	743,130,320	643,772,892
Deferred charges - Net		--	8,482,425
Work in progress		110,278,375	89,709,154
Total non-current assets		853,408,695	741,964,471
Total assets		1,578,079,837	1,323,305,125
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable		183,394,949	120,457,347
Accrued expenses and other accounts payable		106,544,561	86,229,107
Current portion of long & short term loans	4	73,625,000	18,847,100
Total current liabilities		363,564,510	225,533,554
Non-current liabilities			
Long term loans	4	87,277,978	58,485,478
Long term – Accounts payable		65,620,812	61,152,744
Deferred revenue		--	252,101
Provision for end of service benefits		116,719,531	91,666,589
Total non-current liabilities		269,618,321	211,556,912
Total liabilities		633,182,831	437,090,466
SHAREHOLDERS' EQUITY			
Capital	5	767,000,000	748,686,596
Statutory reserve		16,411,473	2,691,687
Retained earnings	6	113,180,956	91,094,676
Total shareholders' equity		896,592,429	842,472,959
Minority interest	7	48,304,577	43,741,700
Total equity		944,897,006	886,214,659
Total liabilities and shareholders' equity		1,578,079,837	1,323,305,125

The attached notes are an integral part of these pro-forma consolidated financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA CONSOLIDATED STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012

Amounts are expressed in Saudi Riyal

	2013	2012
Total revenue	1,157,827,505	930,583,066
Cost of revenue	(569,459,525)	(498,119,354)
Gross profit	588,367,980	432,463,712
Selling and marketing expenses	(187,492,451)	(130,213,094)
General and administrative expenses	(206,018,100)	(164,463,836)
Total operating expenses	(393,510,551)	(294,676,930)
Net operating profit for the year	194,857,429	137,786,782
Other revenue	21,396,823	11,311,402
Depreciation and amortization	(15,272,803)	(9,693,152)
Net profit for the year before financial charges,		
zakat & income tax	200,981,449	139,405,032
Financial charges	(1,281,243)	(15,055)
Net profit for the year before zakat & income tax	199,700,206	139,389,977
Zakat & income tax	(7,760,309)	(7,139,885)
Net profit for the year minority interest	191,939,897	132,250,092
Non controlling interest	609,091	139,732
Net profit for the year	192,548,988	132,389,824

The attached notes are an integral part of these pro-forma consolidated financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012

Amounts are expressed in Saudi Riyal

	2013	2012
FROM OPERATING ACTIVITIES		
Net profit for the year	192,548,988	132,389,824
Adjustment to reconcile net profit to net cash provided by (used in):		
Depreciation	41,533,042	44,183,130
Amortization	8,482,425	3,845,571
End of service benefits	25,052,942	18,177,814
Net adjusted profit	267,617,397	198,596,339
Changes in operating assets and liabilities:		
Accounts receivable	(90,327,276)	(77,667,479)
Medical supplies	(21,687,978)	(13,126,607)
Prepaid expenses and other accounts receivable	431,701	(6,178,743)
Due from related parties	(13,751,973)	(3,329,392)
Accounts payable	62,937,602	(37,565,468)
Accrued expenses and other accounts payable	20,315,455	11,082,596
Net cash provided by operating activities	225,534,928	71,811,246
FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	(140,890,471)	(15,339,008)
Work in progress	(20,569,221)	(10,724,264)
Net cash (used in) investing activities	(161,459,692)	(26,063,272)
FROM FINANCING ACTIVITIES		
Loans	83,570,400	850,000
Long term loans - Accounts payable	4,468,068	57,434,080
Deferred revenue	(252,101)	225,541
Dividend paid	(19,768,770)	--
Due to related parties & Shareholders'		
current account	18,313,404	(54,546,113)
Adjustments in retained earnings*	(136,974,152)	(56,061,820)
Minority interest	4,562,877	3,910,768
Net cash (used in) financing activities	(46,080,274)	(48,187,544)
NET INCREASE (DECREASE) IN CASH	17,994,962	(2,439,570)
CASH AT BEGINNING OF THE YEAR	16,492,503	18,932,073
CASH AT ENDING OF THE YEAR	34,487,465	16,492,503

Note: * Including profit of the branches transferred to MEAHCO Head Office and dividends.

The attached notes are an integral part of these pro-forma consolidated financial statements

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF CASH FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012

	NOTES	All figures are expressed in Saudi Riyals							
		As per audited FS 2012	Audited SGH -Jeddah FS	HO/ Capital adjustments	Audited N. Hail Co. for Healthcare FS	Audited AJ IB Son's Development Co. FS	Inter Co. Elimination. & adjustments	Total adjustments	Pro-forma 2012 FS
ASSETS									
Current assets									
Cash and cash equivalents	1	14,282,044	6,142,377	(15,827,260)	633,511	1,775,219	9,486,612	2,210,459	16,492,503
Accounts receivable		318,800,115	131,169,383	-	-	14,733,080	(11,807,551)	134,094,912	452,895,027
Medical supplies		41,511,193	32,904,673	-	-	2,653,985	-	35,558,658	77,069,851
Prepayments and other receivables		15,943,367	13,661,090	-	1,898,954	50,470	-	15,610,514	31,553,881
Due from related parties	2	10,699,051	-	-	234,994	(7,604,653)	-	(7,369,659)	3,329,392
Total current assets		401,235,770	183,877,523	(15,827,260)	2,767,459	11,608,101	(2,320,939)	180,104,884	581,340,654
Non-Current assets									
Property, plant and equipment –Net	3	470,121,365	169,021,518	-	4,474,100	155,909	-	173,651,527	643,772,892
Deferred charges - Net		8,482,425	-	-	-	-	-	-	8,482,425
Work in progress		9,969,115	14,608,977	-	65,131,063	-	-	79,740,040	89,709,154
Total non- current assets		488,572,905	183,630,495	-	69,605,163	155,909	0	253,391,567	741,964,471
TOTAL ASSETS		889,808,675	367,508,018	-15,827,260	72,372,622	11,764,010	-2,320,939	433,496,451	1,323,305,125

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF CASH FOR THE YEARS ENDED (contd...)

DECEMBER 31, 2013 & 2012

	NOTES	All figures are expressed in Saudi Riyals							
		As per audited FS 2012	Audited SGH -Jeddah FS	HO/ Capital adjustments	Audited N. Hail Co. for Healthcare FS	Audited AJ IB Son's Development Co. FS	Inter Co. Elimination. & adjustments	Total adjustments	Pro-forma 2012 FS
LIABILITIES AND SHAREHOLDERS' EQUITY									
LIABILTIES									
Current liabilities									
Accounts payable		61,546,928	66,058,504	--	--	4,659,466	(11,807,551)	58,910,419	120,457,347
Accrued expenses and other accounts payable		57,114,506	27,603,781	--	1,110,016	400,804	--	29,114,601	86,229,107
Current portion of long term loan & Short term loan	4	12,500,000	1,000,000	--	5,347,100	--	--	6,347,100	18,847,100
Tottal current liabilities		131,161,434	94,662,285	-	6,457,116	5,060,270	(11,807,551)	94,372,120	225,533,554
Non-Current liabilities									
Long term loans	4	52,985,478	5,500,000	-	-	--	--	5,500,000	58,485,478
Long term – Accounts payable		27,918,835	33,160,539	-	-	73,370	--	33,233,909	61,152,744
Deferred revenue		-	252,101	-	-	-	--	252,101	252,101
Provision for end of service benefits		33,105,161	58,232,108	-	-	329,320	--	58,561,428	91,666,589
Total non-current liailities		114,009,474	97,144,748	-	-	402,690	-	97,547,438	211,556,912
Total liabilities		245,170,908	191,807,033	-	6,457,116	5,462,960	-11,807,551	191,919,558	437,090,466
SHAREHOLDERS' EQUITY									
Capital	5	590,000,000	107,226,596	-	25,980,000	490,000	24,990,000	158,686,596	748,686,596
Statutory Reserves	6	2,691,687	-	-	-	-	-	-	2,691,687
Retained Earnings		19,768,766	68,474,390	(15,827,260)	(3,630,163)	5,648,367	16,660,576	71,325,910	91,094,676
Total shareholders' equity		612,460,453	175,700,986	-15,827,260	22,349,837	6,138,367	41,650,576	230,012,506	842,472,959
Non Controlling Interest	7	32,177,314	-	-	43,565,670	162,680	(32,163,964)	11,564,386	43,741,700
TOTAL LIABILITIES & SHARE-HOLDERS' EQUITY		889,808,675	367,508,019	-15,827,260	72,372,623	11,764,007	-2,320,939	433,496,450	1,323,305,125

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
PRO-FORMA ADJUSTED CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2013

	NOTES	All figures are expressed in Saudi Riyals		
		Pro-forma 2013 FS	Adjustments	As per audited FS
ASSETS				
Current assets				-
Cash and cash equivalents	1	34,487,465	9,503,340	43,990,805
Accounts receivable		543,222,304	-	543,222,304
Medical supplies		98,757,828	-	98,757,828
Prepayments and other receivables		31,122,180	-	31,122,180
Due from related parties	2	17,081,365	-	17,081,365
Total current assets		724,671,142	9,503,340	734,174,482
Non-Current assets				
Property, plant and equipment –Net	3	743,130,320	-	743,130,320
Construction in progress		110,278,375	-	110,278,375
Total non- current assets		853,408,695	-	853,408,695
TOTAL ASSETS		1,578,079,837	9,503,340	1,587,583,177
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILTIES				
Current liabilities				
Accounts payable		183,394,949	-	183,394,949
Accrued expenses and other accounts payable		106,544,561	-	106,544,561
Current portion of long term loan & Short term loan	4	73,625,000	-	73,625,000
Tottal current liabilities		363,564,510	-	363,564,510
Non-Current liabilities				
Long term loans	4	87,277,978	-	87,277,978
Long term – Accounts payable		65,620,812	-	65,620,812
Provision for end of service benefits		116,719,531	-	116,719,531
Total non-current liailities		269,618,321	-	269,618,321
Total liabilities		633,182,831	-	633,182,831
SHAREHOLDERS' EQUITY				
Capital	5	767,000,000	-	767,000,000
Statutory Reserves		16,411,473	-	16,411,473
Retained Earnings	6	113,180,956	9,503,340	122,684,296
Total shareholders' equity		896,592,429	9,503,340	906,095,769
Non Controlling Interest	7	48,304,577	-	48,304,577
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		1,578,079,837	9,503,340	1,587,583,177

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

	All figures are expressed in Saudi Riyals						
	As per Audited FS 2012	Audited SGH - Jeddah FS	Audited N. Hail Co. for Healthcare	Audited AJ IB Son's Development Co. FS	Inter Co. Elimination. & adjustments	Total adjustments	Pro-forma 2012 FS
Total revenue	474,028,497	348,668,383	-	8,423,204	99,462,982	456,554,569	930,583,066
Cost of revenue	(293,858,435)	(205,674,636)		(5,214,539)	6,628,256	(204,260,919)	(498,119,354)
Gross profit	180,170,062	142,993,747	-	3,208,665	106,091,238	252,293,650	432,463,712
Selling and marketing expenses	(15,451,493)	(7,405,123)	-	(81,019)	(107,275,459)	(114,761,601)	(130,213,094)
General and administrative expenses	(91,611,511)	(70,508,552)	(278,825)	(1,851,118)	(213,830)	(72,852,325)	(164,463,836)
Total Operating expenses	(107,063,004)	(77,913,675)	(278,825)	(1,932,137)	(107,489,289)	(187,613,926)	(294,676,930)
Net operating profit for the year	73,107,058	65,080,072	(278,825)	1,276,528	(1,398,051)	64,679,724	137,786,782
Other revenue	5,757,756	5,415,958	-	137,688	-	5,553,646	11,311,402
Depreciation and amortization	(7,668,280)	(2,006,584)	-	(18,288)	-	(2,024,872)	(9,693,152)
Net profit for the year before financial charges, zakat & income tax	71,196,534	68,489,446	(278,825)	1,395,928	(1,398,051)	68,208,498	139,405,032
Financial charges	-	(15,055)	-	-	-	(15,055)	(15,055)
Net profit for the year before zakat & income tax	71,196,534	68,474,391	(278,825)	1,395,928	(1,398,051)	68,193,443	139,389,977
Zakat & income tax	(6,960,287)	-	-	(179,598)	-	(179,598)	(7,139,885)
Net profit for the year before minority interest	64,236,247	68,474,391	(278,825)	1,216,330	(1,398,051)	68,013,845	132,250,092
Non controlling interest	(6,698,651)	-	167,407	(24,327)	6,695,303	6,838,383	139,732
Net profit for the year	57,537,596	68,474,391	(111,418)	1,192,003	5,297,252	74,852,228	132,389,824

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF INCOME

AS OF DECEMBER 31, 2013

	All figures are expressed in Saudi Riyals						
	As per Audited FS 2013	Audited SGH Jeddah FS	Audited N. Hail Co. for Healthcare	Audited AJ IB Sons Development Co. FS	Inter Co. Elimination. & adjustments	Total adjustments	Pro-forma 2013 FS
Total Revenues	702,022,345	294,537,685	-	9,273,839	151,993,636	455,805,160	1,157,827,505
Cost of revenue	-397,635,529	-174,092,508	-	-6,006,523	8,275,035	-171,823,996	-569,459,525
Gross Profit	304,386,816	120,445,177	-	3,267,316	160,268,671	283,981,164	588,367,980
Selling and marketing expenses	-20,718,546	-6,505,234	-		-160,268,671	-166,773,905	-187,492,451
General and administrative expenses	-141,818,032	-62,689,211	-286,117	-1,583,389	358,649	-64,200,068	-206,018,100
Total Operating Expenses	-162,536,578	-69,194,445	-286,117	-1,583,389	-159,910,022	-230,973,973	-393,510,551
Net operating profit for the year	141,850,238	51,250,732	-286,117	1,683,927	358,649	53,007,191	194,857,429
Other revenue	12,567,373	8,664,074	-	165,376	-	8,829,450	21,396,823
Depreciation and amortization	-13,153,449	-2,103,122	-	-16,232	-	-2,119,354	-15,272,803
Net profit for the year before financial charges, zakat & income tax	141,264,162	57,811,684	-286,117	1,833,071	358,649	59,717,287	200,981,449
Financial charges	-1,141,680	-139,563	-	-	-	-139,563	-1,281,243
Net profit for the year before zakat & income tax	140,122,482	57,672,121	-286,117	1,833,071	358,649	59,577,724	199,700,206
Zakat & income tax	-7,760,309	-	-	-	-	-	-7,760,309
Net profit for the year before minority Interest	132,362,173	57,672,121	(286,117)	1,833,071	358,649	59,577,724	191,939,897
Non controlling interest	609,091	-	179,698	-36,661	-143,037	-	609,091
Net profit for the year	132,971,264	57,672,121	-106,419	1,796,410	215,612	59,577,724	192,548,988

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF CASH FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012

	All figures are expressed in Saudi Riyals					
	2013		2013	2012		2012
	Pro-forma	Adjustments	Audited FS	Pro-forma	Adjustments	Audited FS
FROM OPERATING ACTIVITIES						
Net profit for the year	192,548,988	55,351,129	137,197,859	132,389,824	70,395,812	61,994,012
Adjustment to reconcile net profit to net cash provided by (used in):		-				
Depreciation	41,533,042	7,286,128	34,246,914	44,183,130	9,246,973	34,936,157
Amortization	8,482,425	-	8,482,425	3,845,571	0	3,845,571
End of service benefits	25,052,942	11,246,834	13,806,108	18,177,814	10,181,422	7,996,392
Net adjusted profit	267,617,397	73,884,091	193,733,306	198,596,339	89,824,207	108,772,132
Changes in operating assets and liabilities:						
Accounts receivable	-90,327,276	-32,979,981	-57,347,295	-77,667,479	-14,953,237	-62,714,242
Medical supplies	-21,687,978	-4,997,476	-16,690,502	-13,126,607	-8,097,011	-5,029,596
Prepaid expenses and other accounts receivable	431,701	348,704	82,997	-6,178,743	-7,211,663	1,032,920
Due from related parties	-13,751,973	27,861,715	-41,613,688	-3,329,392	42,251,795	-45,581,187
Accounts payable	62,937,602	33,099,670	29,837,932	-37,565,468	-23,110,911	-14,454,557
Accrued expenses and other accounts payable	20,315,455	-186,808	20,502,263	11,082,596	-4,461,210	15,543,806
Net cash provided by (used in) operating activities	225,534,928	97,029,915	128,505,013	71,811,246	74,241,970	-2,430,724
FROM INVESTING ACTIVITIES						
Property, Plant and equipment	-140,890,471	-62,672,640	-78,217,831	-15,339,008	-4,916,825	-10,422,183
Work in progress	-20,569,221	59,296,749	-79,865,970	-10,724,264	-8,783,877	-1,940,387
Net cash provided by (used in) investing activities	-161,459,692	-3,375,891	-158,083,801	-26,063,272	-13,700,702	-12,362,570

MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF CASH FOR THE YEARS ENDED (contd...)

DECEMBER 31, 2013 & 2012

	All figures are expressed in Saudi Riyals					
	2013		2013	2012		2012
	Pro-forma	Adjustments	Audited FS	Pro-forma	Adjustments	Audited FS
FROM FINANCING ACTIVITIES						
Increase of capital in cash & investments	-	-55,338,698	55,338,698			
Loans	83,570,400	77,222,826	6,347,574	850,000	7,100,000	-6,250,000
Long term accounts payable	4,468,068	2,268,830	2,199,238	57,434,080	33,233,909	24,200,171
Prior year's adjustments	-	-3,432,817	3,432,817	-	0	-
Deferred revenue	-252,101	-252,101	-	225,541	225,541	-
Dividend paid	-19,768,770	0	(19,768,770)		0	-
Due to related parites & Shareholders' Current Account	18,313,404	18,313,404	-	-54,546,113	-54,546,113	-
Adjustments in Retained Earnings	-136,974,152	-136,974,152	-	-56,061,820	-56,061,820	-
Minority interest	4,562,877	-11,401,705	15,964,582	3,910,768	-937,884	4,848,652
Zakat and income tax	-	4,226,594	-4,226,594	-	4,456,413	-4,456,413
Net cash provided by (used in) financing activities	-46,080,274	-105,367,819	59,287,545	-48,187,544	-66,529,954	18,342,410
NET INCREASE / (DECREASE) IN CASH	17,994,962	-11,713,795	29,708,757	-2,439,570	-5,988,686	3,549,116
CASH AT BEGINNING OF THE YEAR	16,492,503	2,210,455	14,282,048	18,932,073	8,199,141	10,732,932
CASH AT ENDING OF THE YEAR	34,487,465	-9,503,340	43,990,805	16,492,503	2,210,455	14,282,048

1. INTRODUCTION

Middle East Healthcare Company (MEAHCO) (the “Company”) is a Closed Joint Stock Company operating under Commercial Registration No. 4030149460 dated Rabie Al-Thani 06, 1425 corresponding to May 25, 2004.

The main objective of the Company is managing, operating, maintaining hospitals, Medical Centers, Educational Centers, Rehabilitation Centers, Physiotherapy, Laboratories and X-Rays Centers, Pharmacies, construction and to buy land for the purpose of constructing medical projects.

The pro forma consolidated financial statements include the accounts of the Head Office of the Group and the accounts of the following subsidiaries and branches of Middle East Healthcare Company (MEAHCO):

- Saudi German Hospital – Madinah operating in C.R.No. 4650037959 dated Shawal 21, 1427 corresponding to November 12, 2006.
- Saudi German Hospital - Aseer operating under Commercial Registration No. 585503792 dated Safar 22, 1430H corresponding to February 18,2009.
- Saudi German Hospital – Jeddah operating under Commercial Registration No. 4030124187 issued on dated Safar 5, 1419(H) corresponding to May 31, 1998(G) amended subsequent to the balance sheet date.
- National Hail Company for Healthcare is a closed Joint Stock Company registered in the Kingdom of Saudi Arabia operating under Commercial Registration No. 3350019735 issued in Hail on 2/7/1428H corresponding to 16/7/2007(G). The registered office of the Company is located in Hail, Kingdom of Saudi Arabia.
- Bait Al Batterjee & Zoheir Ahmed Al Sibae Medical Company is registered in Jeddah, Kingdom of Saudi Arabia operating under Commercial Registration No. 34030126243 dated 15/10/1419H corresponding to 01/02/1999(G).
- Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd. is operating in the Kingdom of Saudi Arabia under Commercial Registration No. 4030181710 dated Shaban 4, 1429H corresponding to August 5, 2008.

BACKGROUND OF THE ACQUISITION

Effective 30th September 2013 the Company entered into a Reorganization Implementation Agreement with Bait Al Batterjee Medical Co. (BAB), Islamic Development Bank, Arab Fund for Economic and Social Development, Dr. Zuhair Ahmed Al Sebai and Engr. Sobhi A. Batterjee for the restructuring of the Company, whereby the Company acquired the following:

- Saudi German Hospital – Jeddah branch,
- The entire minority shareholding of Dr Zuhair Ahmed Al Sebai held in Bait Al Batterjee & Zuhair Al Sebai Medical Co (A subsidiary of MEAHCO-).
- 98% Shares of Abdeljaleel Ibrahim Batterjee Sons Development Co. LLC.
- 39.96% shares in National Hail Company for Healthcare J.S.C. (24.58% shares of Bait Al Batterjee Medical Co. and 15.38% shares of Islamic Development Bank); and
- A land at Dammam, KSA. (together the “Acquisition”)

BACKGROUND OF THE ACQUISITION (contd…)

Bait Al Batterjee Medical Company has relinquished their rights to receive the management fee from MEAHCO and Non-Saudi Hospitals Viz; Saudi German Hospital, Dubai, Saudi German Hospital, Sana & Saudi German Hospital, Cairo and assigned their rights of receiving the management fee from Non-Saudi Hospitals to MEAHCO.

The capital of the Company was increased from SR. 590,000,000 to SR. 767,000,000 on pro rata basis. Immediately based on the reorganization and restructuring agreement the shareholders transferred among themselves their shares as per the agreed capital structure.

Middle East Healthcare Company (MEAHCO) will be the IPO vehicle after including all the above assets. Subsequent to the acquisition date (September 30, 2013) the following actions have taken place:

- Acquired the entire shareholding of Dr. Sebai in Bait Al Batterjee & Zoheir Ahmed Al Sibae Medical Company (BABA's) by the Company.
- The ownership of the following entities have been transferred to MEAHCO:
  a) Saudi German Hospital – Jeddah branch.
  b) Shares in Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.
  c) BAB's ownership and IDB's in National Hail Company For Healthcare.
- Dammam land has been acquired by MEAHCO.

The Company intends to go for initial public offer and thus in accordance with the requirement of Capital Market Authority (CMA) regulation, the Company has to prepare pro- forma financial statements for the purpose of its intention to filing of the offering document.

Accordingly, the management of MEAHCO prepared the accompanied pro-forma consolidated financial statements as if the above Acquisitions was completed on January 1, 2012.

2. BASIS OF PREPARATION

Statement of compliance

The accompanying pro-forma consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis of consolidation

The pro-forma consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertaking drawn upto December 31 each year. The results of subsidiary undertaken acquired during the period are included in the consolidated results from the date of acquisition. On the acquisition of a subsidiary undertaking, all of its assets and liabilities that exist at the date of acquisition are recorded at their fair values reflected their condition at that date.

For the preparation of the pro-forma consolidated financial statements all assets, liabilities and results of operations of the acquired companies were retroactively taken into account as from January 1, 2012 at their fair values.

Basis of measurement

The consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept.

3. SIGNIFICANT ACCOUNTING POLICIES

Functional and Presentation currency

The consolidated financial statements of the company are presented in Saudi Riyals, which is the functional currency of the company.

Uses of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the applications of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balance with banks with original maturities of less than three months.

Accounts receivable

Accounts receivable are stated at original invoice and less allowance for uncollectible. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date of determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the income statement;

b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Revenue recognition

Income is recognized upon the delivery of services and customer acceptance, if any, or the performance of services, net of income discounts.

Expenses

General and administrative expenses include direct and indirect costs not specially part of direct operating expenses as required under generally accepted accounting principles. Allocations between direct operating expenses and general and administrative expenses, when required, are made on a consistent basis.

Medical supplies

Medical supplies are stated at the lower of cost or net realizable value. Cost is determined on weighted average basis. Provision is made for obsolete and slow-moving inventory items.

Property and equipments

Property and equipments are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are 3% to 12.5% per year.

Deferred charges

These represent pre-operating expenses which comprise costs incurred prior to commencing commercial activity are amortized using the straight line method, over a period of ten years.

Related parties

Transactions with related parties occurred at arms length in the normal course of business and with the management approval.

Foreign currencies

Transactions in foreign currencies during the year were converted to Saudi Riyals at rates prevailing at the date of the transaction. Assets and liabilities in foreign currencies were converted to Saudi Riyals at the rate of exchange prevailing at the balance sheet date. Differences in exchange are taken into profit and loss account.

End of service benefits

Provision for end of service benefits required by Saudi Arabian labor law, is provided in the financial statements based on the employees' length of service.

Zakat and Income Tax

The Company is subject to the regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Zakat and Income Tax is provided on an accrual basis. The Zakat and Income Tax charge is computed on the Zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leases

Rentals in respect of operating leases are charged to the statement of income over the terms of the operating lease. Leases are classified as capital leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Company, being the lessee. Assets held under capital leases are recognized as assets of the Company at the lower of the present value of the assets as of the date of inception of the lease.

Finance costs, which represent the difference between the total lease obligations and the lower of the present value of the future minimum lease payments are charged, to the statement of income over the terms of the relevant lease in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Segment reporting

A segment is a distinguishable component of the company that is engaged in providing products within a particular geographic segment, which is subject to risks and rewards that are different from those of other segments. Because the company carries out its activities in the Kingdom of Saudi Arabia and abroad reporting is provided by geographic segment and products.

1. CASH AND CASH EQUIVALENTS

The adjustments related to pro-forma cash and cash equivalents for 2012 included the following major adjustments:

- Reversal of management fees amounted to SR. 9,486,612 which were paid by Saudi German Hospital, Madina & Aseer in 2012 and Bait Al-Batterjee & Zoheir Ahmed Al-Sibae Medical Co. in 2011 and 2012.
- Charging Middle East Healthcare Company Head Office overhead charges for SR. 15,827,260 in 2011 and 2012 which were previously absorbed by a related party.
- In 2013 reversal of management fees amounted to SR. 14,117,094 for Saudi German Hospitals Aseer & Madina in 2013 and Bait Al-Batterjee & Zoheir Ahmed Al-Sibae Medical Co. (BABAS) for 2011, 2012 and 2013.
- Charging Middle East Healthcare Company Head Office overhead charges for SR. 23,620,434 in 2011, 2012 and 2013 which were previously absorbed by a related party.

2. DUE FROM /(TO) RELATED PARTIES

The item consists of the following:

	2013	2012
	SR.	SR.
Bait Al Batterjee Medical Co.	19,845,338	(1,882,822)
Saudi Yemeni Healthcare Co.	490,756	--
International Hospital Construction Co.	459,618	1,042,225
Bait al Batterjee Co. for Education and Training	6,141,652	4,129,898
Bait Al Batterjee Cp/ for Fitness – Gold Gym's	4,170	22,388
Emirates Healthcare Development Co.	593,769	--
Al Bait International	42,698	--
Bait Al Batterjee College for Medical Science &		
Technology	(10,496,636)	17,703
Total	17,081,365	3,329,392

3. PROPERTY, PLANT AND EQUIPMENT

As shown in details in pro-forma balance sheet adjustments statement, the property, plant and equipment was adjusted by the following assets acquired at historical cost:

- Saudi German Hospital – Jeddah
- National Hail Company For Healthcare
- Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.
- Land of Dammam Project

The property, plant and equipments of Saudi German Hospital, Jeddah, Bait Al-Batterjee & Zoheir Ahmed Al-Sibae Medical Co., National Hail Company For Healthcare, Saudi German Hospital, Madina are mortgaged with Ministry of Finance against the loans granted to the Company.

PROPERTY, PLANT AND EQUIPMENT - 2013

a) This item consists of the following:

	Balance as at December 31, 2012	Additions	Disposals/ adjustments	Balance as at December 31, 2013
	SR.	SR.	SR.	SR.
COST				
Land	127,996,515	53,247,605	--	181,244,120
Buildings	737,839,625	14,369,170	10,594	752,198,201
Medical equipment	458,048,750	64,975,103	36,019,133	487,004,720
Motor vehicles	7,584,736	1,098,710	549	8,682,897
Non-medical equipment	25,504,961	2,466,950	1,208,087	26,763,824
Furniture & fixture	40,199,925	2,216,511	4,051,946	38,364,490
Office equipment	59,049,618	3,779,618	1,732,354	61,096,882
Workshop equipments	719,206	111,813	(7,317)	838,336
Kitchen equipment	4,804,329	212,874	224,945	4,792,258
Laundry and				
house keeping	3,129,619	226,205	297,637	3,058,187
A.C. Plant and				
equipment	21,750,894	547,132	62,639	22,235,387
Electrical equipment	30,014,559	882,314	85,127	30,811,746
Non consumable items	3,449,412	848,494	2,538,388	1,759,518
Total	1,520,092,149	144,982,499	46,224,082	1,618,850,566
ACCUMULATED DEPRECIATION				
Buildings	315,462,082	19,701,852	1,960	335,161,974
Medical equipment	389,610,868	16,773,003	35,061,701	371,322,170
Motor vehicles	5,325,320	427,436	557	5,752,199
Non-medical equipment	20,172,528	871,017	1,037,519	20,006,026
Furniture & fixture	35,104,835	1,038,782	3,013,314	33,130,303
Office equipment	50,119,273	2,127,191	1,516,880	50,729,584
Workshop equipments	639,886	65,228	48,006	657,108
Kitchen equipment	4,377,206	119,339	170,973	4,325,572
Laundry and house keeping	2,753,393	62,491	243,033	2,572,851
A.C. Plant and equipment	21,436,289	64,610	44,741	21,456,158
Electrical equipment	29,577,017	123,458	28,435	29,672,040
Non consumable items	1,740,560	158,635	964,934	934,261
Total	876,319,257	41,533,042	42,132,053	875,720,246
Net Book Value	643,772,892			743,130,320

b) The aforementioned property including land, buildings and equipments of Bait Al Batterjee & Zoheir Sibae Medical Co. (a subsidiary), Madinah and Jeddah branch which are mortgaged with Ministry of Finance. SGH – Aseer Branch's land building is free from any mortgage.

c) During the year 2009 certain medical, electrical and office equipments of SGH Aseer were sold and leased from International Financial Corporation for a convertible loan amounted to USD 25 million granted to Bait al Batterjee Medical Company (BAB) (Related Party Company) with an option to convert into equity in BAB by June 30, 2014.

4. LOANS

The following are the balances of the loans granted to the Company:

	2013	2012
	SR.	SR.
Saudi German Hospital - Aseer	9,297,296	12,422,296
Saudi German Hospital – Madina	24,938,182	28,063,182
Bait Al-Batterjee & Zoheir Ahmed Al-Sibae		
Medical Co.	25,750,000	25,000,000
National Hail Company For Healthcare	14,417,500	5,347,100
Saudi German Hospital – Jeddah	86,500,000	6,500,000
Total	160,902,978	77,332,578

All said loans are secured by properties, plant, equipment and personal guarantees from related parties.

5. CAPITAL

a) The authorized, issued and paid up capital of the Company was SR. 590,000,000 divided into 11,800,000 equal shares at SR. 50 each out of which 840,800 shares issued in cash and 10,959,200 shares in kind.

On Safar 2, 1435(H) corresponding to December 5, 2013(G), the shareholders decided to increase the paid-up capital to be as follows:-

The authorized, issued and paid-up capital of the Company is SR. 767,000,000 divided into 76,700,000 equal shares at SR. (10) each out of which 4,204,000 shares issued in kind and 72,496,000 shares in cash. The Article of Association of the Company was amended and duly authorized to reflect the change in capital.

b) The adjustments used in 2012 for the increase of capital were as follows:

	SR.
Paid-up capital as per audited financial statements	590,000,000
Add:	
- Amount transferred from current account	
Appearing in Saudi German Hospital – Jeddah	107,226,596
- Shares in National Hail Company For Healthcare	25,980,000
98% Shares in Abdul Jaleel Ibrahim Batterjee Sons	
Development Co. Ltd.	490,000
- Shares acquired from Bait Al Batterjee &	
Zoheir Ahmed Al-Sibae Medical Co.	24,990,000
Total	748,686,596

c) In 2013, the MEAHCO decided to increase the capital from SR. 590,000,000 to SR. 767,000,000 the following adjustments took place:

	SR.
Paid-up capital as per audited financial statement in 2012:	590,000,000
Add:	
- Amount transferred from current account	
For the year ended December 31, 2013	75,848,568
- Shares of MEAHCO in National Hail Company For Healthcare	25,980,000
- 98% shares capital in Abdul Jaleel Ibrahim Batterjee Sons	
Development Co. Ltd.	490,000
- 98% of the retained earnings in Abdul Jaleel Ibrahim	
Batterjee Sons Development Co. Ltd. for the year 2012 with	
statutory reserve and net income for the period from	
January 1, 2013 to September 30, 2013	7,481,432
- Shares acquired from Bait Al Batterjee &	
Zoheir Ahmed Al-Sibae Medical Co.	25,000,000
- Land of Dammam Project	42,200,000
Total	767,000,000

d) The differences between the capital in pro-forma balance sheets of 2012 and 2013 were as follows:

	SR.
Capital in 2012 as per pro-forma balance sheets	748,686,596
Less: Capital in 2013 as per pro-forma balance sheets	(767,000,000)
Total difference	(18,313,404)

	SR.
- In SGH Jeddah the current account for the year ended	
December 31, 2013 was SR. 75,848,568 which was used	
to increase of capital in 2013, while the current account	
balance in 2012 was used SR. 107,226,599, as a result the	
said difference occurred	31,378,028
- Reducing of the Dammam Project land amounted to SR.	(42,200,000)
- Reducing the share of capital of Eng. Sobhi Batterjee	
from the old share capital of SGH Riyadh amounted to	
SR. (25,000,000)	(10,000)
- 98% of the retained earning in Abdul Jaleel Ibrahim	
Batterjee Sons Development Co. Ltd. for the year 2012	
with statutory reserve and net income for the period from	
January 1, 2013 to September 30, 2013	(7,481,432)
Net difference	(18,313,404)

6. RETAINED EARNINGS

a) The details of the adjustments used in 2012 were as follows:

	SR.
Balance of retained earnings as per audited	
Financial statements	19,768,770
Less: - National Hail Healthcare Co. shares of Cumulative losses	(3,630,163)
- Overhead charges previously charged to related parties	(15,827,260)
Add: - Shares of retained earnings of Abdul Jaleel	
Ibrahim Batterjee Sons Development Co. Ltd.	5,648,367
- Management fees related to Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co., Saudi German Hospital, Hospital, Aseer Madina and Saudi German	9,486,610
Add: - Adjustments of minorities shares in Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co.,	7,173,962
Add: - Saudi German Hospital, Jeddah – Net profit For 2012	68,474,390
Balance of retained earnings as per pro-forma Financial statements	91,094,676

b) The details of the adjustments used in 2013 were as follows:

	SR.
Balance of retained earnings as per audited Financial statements	122,684,296
Add: - SGH, Aseer management fees	2,297,276
- SGH Madina management fees	1,291,862
- Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co.,management fees 2011, 2012 & 2013	10,527,956
Less: - Overhead charges to the Company For the years 2012 & 2013	(23,620,434)
Balance of retained earnings as per pro-forma Financial statements	113,180,956

7. MINORITY INTEREST

This item represents 0.01% share holding by Mr. Sobhi Abdul Jaleel Ibrahim Batterjee of Bait Al Batterjee & Zoheir Ahmed Al-Sibae Medical Co. (BABAS) a subsidiary of MEAHCO (MEAHCO holds 99.9% in BABAS), 2% shares holding by partners in Abdul Jaleel Ibrahim Batterjee Sons Development Co. (A.J. Sons), a subsidiary of MEAHCO (MEAHCO holds 98% in A.J.Sons) and 60.03% shares holding by shareholders in National Hail Company for Healthcare Co., a subsidiary of Middle East Healthcare Co. (MEAHCO holds 39.96% shares).

8. CASH FLOWS

All adjustments shown in the pro-forma consolidated cash flows statement are considered non-cash transactions.

9. FINANCIAL COMMITMENTS

The Company has the following commitments at the balance sheet date:

	2012	2013
	SR.	SR.
Letters of credit	11,899,250	6,414,553

National Hail Company For Healthcare signed a contract agreement to construct the hospital for SR. 103 million at the balance sheet date to the extent of work to be completed.

10. BUSINESS SEGMENTS

As per the Company's internal reporting policy the main business is segmented into following categories:

	2013	2012
	SR.	SR.
In-Patient revenue	617,647,765	476,121,605
Out-Patient revenue	303,378,946	253,977,972
Pharmaceuticals revenue	234,612,437	198,688,539
Ancillary and trading revenue	2,188,357	1,794,949
Total	1,157,827,505	930,583,065

11. RISK MANAGEMENT

Future developments

Although the growth of the Saudi Arabia economy strengthened in 2013, the risks to Saudi Arabia growth remain significant and future prospects may be influenced by developments in the oil prices changes. The economic environment will continue to evolve at a rapid pace over the next two to three years, making a return to the relative stability and certainty that preceded the crisis unlikely, at least in the short term. Interest rates are predicted to remain low in the short to medium term. The management of the Company is planning to actively review their financial position regularly to seek to ensure profitability is maintained in difficult market conditions. This includes gaining a better understanding of their component costs, pricing and profit profile to develop a strategy to remain competitive in the market.

Principal risks and uncertainties

The process of risk management is address through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance team and Company's finance department take on an important oversight role in this regard. The management is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars, during the year.

Liquidity risk

Liquidity risk also to as funding risk is the risk that an enterprises will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

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شركة الشرق الأوسط للرعاية الصحية (ميكو)

Middle East Healthcare Company (MEAHCO)

المستشفى السعودي الألماني

شركة الشرق الأوسط للرعاية الصحية (ميكو)
Middle East Healthcare Company (MEAHCO)
المستشفى السعودي الألماني