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 03/04/1437H (corresponding to 09/02/2016G).

MEAHCO is a Saudi closed joint stock company incorporated pursuant to Ministerial Resolution number 454 dated 06/04/1425H (corresponding to 25/2/2004). MEAHCO is a Saudi joint stock company incorporated pursuant to Ministerial Resolution number 2554 dated 19/03/1437H (corresponding to 02/12/2015G) and has a paid up capital of (SAR 590,000,000) five hundred and ninety million Saudi Riyals. MEAHCO’s share capital will be increased 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 by means of a 20% increase in share capital from (SAR 767,000,000) seven hundred and sixty-seven million Saudi Riyals and a 30% share holding 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.

Prospectus

This Prospectus is information provided in compliance with the Listing Rules of 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, they are such that the information contained herein is true and accurate. The Authority has not made 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).

This unofficial English translation of the official Arabic Prospectus is provided for information purposes only. The Arabic prospectus published on the CMA’s website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus

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

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Financial Advisor, Lead Manager, Bookrunner and Underwriter

Prospectus
Middle East Healthcare Company (MEAHCO) للسّنّتفي السعوبي الأثلي
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.mehaco.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. These 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

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Title</th>
<th>Representatives Entity</th>
<th>Nationality</th>
<th>Age</th>
<th>Capacity</th>
<th>Number of Shares</th>
<th>Direct Ownership (%)*</th>
<th>Indirect Ownership (%)*</th>
<th>Membership Date**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sobhi Abduljaleel Batterjee</td>
<td>Chairman</td>
<td></td>
<td>Saudi</td>
<td>65</td>
<td>Non-executive, non-independent</td>
<td>1,267,180</td>
<td>1.3768%</td>
<td>46.7230%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>2</td>
<td>Waleed Abdulaziz Faqih</td>
<td>Member</td>
<td>IDB</td>
<td>Saudi</td>
<td>58</td>
<td>Non-executive, non-independent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>3</td>
<td>Khalid Abduljaleel Batterjee</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>61</td>
<td>Non-executive, non-independent</td>
<td>1,430</td>
<td>0.0016%</td>
<td>15.2988%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>4</td>
<td>Mohammed Abdulrahman Moumena**</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>43</td>
<td>Independent Non-Executive Director</td>
<td>1,430</td>
<td>0.0016%</td>
<td>0.0011%</td>
<td>03/08/1436H (corresponding to 21/05/2015G)</td>
</tr>
<tr>
<td>5</td>
<td>Saleh Ahmed Hefni***</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>57</td>
<td>Independent Non-Executive Director</td>
<td>1,430</td>
<td>0.0016%</td>
<td>0.0011%</td>
<td>03/08/1436H (corresponding to 21/05/2015G)</td>
</tr>
<tr>
<td>6</td>
<td>Rudwan Khalid Batterjee</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>30</td>
<td>Non-executive, non-independent</td>
<td>1,430</td>
<td>0.0016%</td>
<td>0.0003%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>7</td>
<td>Makarim Sobhi Batterjee</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>37</td>
<td>Non-executive, non-independent</td>
<td>1,430</td>
<td>0.0016%</td>
<td>0.0011%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>8</td>
<td>Sultan Sobhi Batterjee</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>31</td>
<td>Non-executive, non-independent</td>
<td>1,430</td>
<td>0.0016%</td>
<td>0.0003%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>9</td>
<td>Ali Abdulrahman Al-Gwaiz***</td>
<td>Member</td>
<td></td>
<td>Saudi</td>
<td>56</td>
<td>Independent Non-Executive Director</td>
<td>1,430</td>
<td>0.0016%</td>
<td>0.0003%</td>
<td>03/08/1436H (corresponding to 21/05/2015G)</td>
</tr>
</tbody>
</table>

* 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.

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Source: The Company
The Company’s Address

Middle East Healthcare Company
Batterjee Street, Al Zahra District
P.O. Box 2550
Jeddah 21461
Kingdom of Saudi Arabia
Tel.: +966 (12) 260 6000
Fax: +966 (12) 683 3874
Website: www.meahco.sa
E-Mail: info@sghgroup.com.sa

Company Representatives

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
<th>Website</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>Chairman</td>
<td>Middle East Healthcare Company</td>
<td>+966 (12) 260 6000</td>
<td>+966 (12) 690 5038</td>
<td><a href="http://www.meahco.sa">www.meahco.sa</a></td>
<td><a href="mailto:president@sghgroup.net">president@sghgroup.net</a></td>
</tr>
<tr>
<td>Mohammed Mamoun Al-Najjar</td>
<td>CEO</td>
<td>Middle East Healthcare Company</td>
<td>+966 (12) 269 05037</td>
<td>+966 (12) 683 3874</td>
<td><a href="http://www.meahco.sa">www.meahco.sa</a></td>
<td><a href="mailto:dr.mamoun@sghgroup.net">dr.mamoun@sghgroup.net</a></td>
</tr>
</tbody>
</table>

Board of Directors’ Secretary

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
<th>Website</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moaz Mohamed Al-Zarkane</td>
<td>Secretary</td>
<td>Middle East Healthcare Company</td>
<td>+966 (12) 269 6000</td>
<td>+966 (12) 269 5038</td>
<td><a href="http://www.meahco.sa">www.meahco.sa</a></td>
<td><a href="mailto:president4@sghgroup.net">president4@sghgroup.net</a></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
<th>Website</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samba Financial Group</td>
<td>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: <a href="http://www.samba.com">www.samba.com</a> E-Mail: <a href="mailto:customercare@samba.com">customercare@samba.com</a></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alinma Bank</td>
<td>P.O. Box 66674 Riyadh 1586 Kingdom of Saudi Arabia Tel.: +966 (11) 218 5555 Fax: +966 (11) 218 5000 Website: <a href="http://www.alinma.com">www.alinma.com</a> E-Mail: <a href="mailto:info@alinma.com">info@alinma.com</a></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
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 Khmis 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>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Share Capital (SAR)</td>
</tr>
<tr>
<td>BAB*</td>
<td>71,911,610</td>
<td>719,116,100</td>
</tr>
<tr>
<td>IFC</td>
<td>11,081.616</td>
<td>110,816.160</td>
</tr>
</tbody>
</table>

* 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.

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

* 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).
<table>
<thead>
<tr>
<th>Percentage of Offer Shares</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer Price</td>
<td>SAR (64) sixty four Saudi Riyals per ordinary share.</td>
</tr>
<tr>
<td>Total Value of Offer Shares</td>
<td>SAR (1,767,168,000).</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>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).</td>
</tr>
<tr>
<td>Number of Offer Shares Underwritten</td>
<td>(27,612,000) twenty-seven million six hundred and twelve thousand shares.</td>
</tr>
<tr>
<td>Total Value Underwritten</td>
<td>SAR (1,767,168,000).</td>
</tr>
<tr>
<td>Targeted Investors</td>
<td>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.</td>
</tr>
<tr>
<td>Total Number of Offer Shares for each Tranche of Targeted Investors</td>
<td></td>
</tr>
<tr>
<td>Number of Shares offered to Institutional Investors</td>
<td>(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.</td>
</tr>
<tr>
<td>Number of Shares offered to Individual Investors</td>
<td>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.</td>
</tr>
<tr>
<td>Subscription Method for each Tranche of Targeted Investors</td>
<td>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.</td>
</tr>
<tr>
<td>Subscription Method for Individual Investors</td>
<td>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 36 “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.</td>
</tr>
<tr>
<td>Minimum Number of Offer Shares for each Tranche of Targeted Investors</td>
<td></td>
</tr>
<tr>
<td>Minimum Number of Offer Shares for Institutional Investors</td>
<td>(100,000) one hundred thousand Offer Shares.</td>
</tr>
<tr>
<td>Minimum Number of Offer Shares for Individual Investors</td>
<td>(10) ten Offer Shares.</td>
</tr>
<tr>
<td>Value of Minimum Number of Offer Shares for each Tranche of Targeted Investors</td>
<td></td>
</tr>
<tr>
<td>Value of Minimum Number of Offer Shares for Institutional Investors</td>
<td>SAR (6,400,000).</td>
</tr>
<tr>
<td>Value of Minimum Number of Offer Shares for Individual Investors</td>
<td>SAR (640).</td>
</tr>
<tr>
<td>Maximum Number of Offer Shares for each Tranche of Targeted Investors</td>
<td></td>
</tr>
<tr>
<td>Maximum Number of Offer Shares for Institutional Investors</td>
<td>(4,601,999) four million, six hundred and one thousand, nine hundred and ninety-nine Offer Shares.</td>
</tr>
<tr>
<td><strong>Maximum Number of Offer Shares for Individual Investors</strong></td>
<td>(250,000) two hundred and fifty thousand Offer Shares.</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Value of Maximum Number of Offer Shares for each Tranche of Targeted Investors</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Value of Maximum Number of Offer Shares for Institutional Investors</strong></td>
<td>SAR (294,527,936).</td>
</tr>
<tr>
<td><strong>Value of Maximum Number of Offer Shares for Individual Investors</strong></td>
<td>SAR (16,000,000).</td>
</tr>
<tr>
<td><strong>Allocation of Offer Shares for each Tranche of Targeted Investors</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Allocation of Offer Shares to Institutional Investors</strong></td>
<td>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%).</td>
</tr>
<tr>
<td><strong>Allocation of Offer Shares to Individual Investors</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Refund of Excess Subscription Monies</strong></td>
<td>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 &quot;Subscription Terms and Conditions&quot; and 16-2 &quot;Allocation and Refunds&quot; of this Prospectus).</td>
</tr>
<tr>
<td><strong>Offering Period</strong></td>
<td>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).</td>
</tr>
<tr>
<td><strong>Distribution of Dividends</strong></td>
<td>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).</td>
</tr>
<tr>
<td><strong>Voting Rights</strong></td>
<td>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).</td>
</tr>
<tr>
<td><strong>Lock-in Period/Share Restrictions</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Listing of Shares</strong></td>
<td>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).</td>
</tr>
<tr>
<td><strong>Risk Factors</strong></td>
<td>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.</td>
</tr>
</tbody>
</table>
**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

<table>
<thead>
<tr>
<th>Event</th>
<th>Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription period</td>
<td>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)</td>
</tr>
<tr>
<td>Last date for submission of application forms for Institutional Investors</td>
<td>Tuesday 16/04/1437H (corresponding to 26/01/2016G)</td>
</tr>
<tr>
<td>Last date for payment of subscription monies for Institutional Investors</td>
<td>Sunday 28/04/1437H (corresponding to 07/02/2016G)</td>
</tr>
<tr>
<td>Last date for submission of application forms and payment of subscription monies for Individual Investors</td>
<td>Tuesday 30/04/1437H (corresponding to 09/02/2016G)</td>
</tr>
<tr>
<td>Notification of final allocation of Offer Shares</td>
<td>Tuesday 07/05/1437H (corresponding to 16/02/2016G)</td>
</tr>
<tr>
<td>Refund of any Subscription funds (in the event of over-subscription)</td>
<td>Tuesday 07/05/1437H (corresponding to 16/02/2016G)</td>
</tr>
<tr>
<td>Expected date of the commencement of trading on the Exchange</td>
<td>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 (<a href="http://www.tadawul.com.sa">www.tadawul.com.sa</a>).</td>
</tr>
</tbody>
</table>

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 100162269 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 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 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

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAB*</td>
<td>71,911,610</td>
<td>719,116,100</td>
</tr>
<tr>
<td>IFC</td>
<td>11,081,616</td>
<td>110,816,160</td>
</tr>
<tr>
<td>Zuhair Ahmed Al-Sebai</td>
<td>4,290,958</td>
<td>42,909,580</td>
</tr>
<tr>
<td>IDB</td>
<td>1,910,765</td>
<td>19,107,650</td>
</tr>
<tr>
<td>Arab Fund</td>
<td>1,496,162</td>
<td>14,961,620</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>1,267,180</td>
<td>12,671,800</td>
</tr>
<tr>
<td>SAMC</td>
<td>34,554</td>
<td>345,540</td>
</tr>
<tr>
<td>KAMIC</td>
<td>34,554</td>
<td>345,540</td>
</tr>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Makarim Sobhi Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Pre-Offering</td>
<td></td>
</tr>
<tr>
<td>------------------------------------</td>
<td>--------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Number of</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td></td>
<td>Shares</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sultan Sobhi Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Rudwan Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Saleh Ahmed Hefni</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Ali Abdulrahman Al-Gwaiz</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Mohammed Abdulrahman Moumena</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Huda Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Sabah Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Abduljaleel Khalid Abduljaleel</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Saud Abdulwahab Al-Fadel</td>
<td>371</td>
<td>3,710</td>
</tr>
<tr>
<td>Public</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>92,040,000</td>
<td>920,400,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th></th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
<th>30 June 2014G</th>
<th>30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Income Statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating Revenues</td>
<td>542,222</td>
<td>930,583</td>
<td>828,360</td>
<td>1,157,828</td>
<td>1,398,752</td>
</tr>
<tr>
<td></td>
<td>Cost of revenue</td>
<td>(293,858)</td>
<td>(498,119)</td>
<td>(397,875)</td>
<td>(569,460)</td>
<td>(648,988)</td>
</tr>
<tr>
<td></td>
<td>Gross profit</td>
<td>248,364</td>
<td>432,464</td>
<td>430,485</td>
<td>588,368</td>
<td>749,746</td>
</tr>
<tr>
<td></td>
<td>Total Operational Expenses</td>
<td>(168,136)</td>
<td>(294,677)</td>
<td>(280,483)</td>
<td>(393,511)</td>
<td>(429,899)</td>
</tr>
<tr>
<td></td>
<td>Other revenue</td>
<td>5,758</td>
<td>11,311</td>
<td>12,567</td>
<td>21,397</td>
<td>23,163</td>
</tr>
<tr>
<td></td>
<td>Finance charges</td>
<td>-</td>
<td>(15,055)</td>
<td>(1,142)</td>
<td>(1,281)</td>
<td>(4,129)</td>
</tr>
<tr>
<td></td>
<td>Subsidiaries’ Zakat</td>
<td>(2,504)</td>
<td>(7,140)</td>
<td>(3,534)</td>
<td>(7,760)</td>
<td>(585)</td>
</tr>
<tr>
<td></td>
<td>Minority Interest</td>
<td>(6,699)</td>
<td>140</td>
<td>609</td>
<td>609</td>
<td>(343)</td>
</tr>
<tr>
<td></td>
<td>Net income for the year</td>
<td>61,994</td>
<td>132,390</td>
<td>137,198</td>
<td>192,549</td>
<td>331,969</td>
</tr>
<tr>
<td></td>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Current Assets</td>
<td>401,236</td>
<td>581,341</td>
<td>734,174</td>
<td>724,671</td>
<td>846,265</td>
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<td>Total Assets</td>
<td>889,809</td>
<td>1,323,305</td>
<td>1,587,583</td>
<td>1,578,080</td>
<td>1,778,374</td>
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<td>Total Current Liabilities</td>
<td>131,161</td>
<td>225,534</td>
<td>363,565</td>
<td>363,565</td>
<td>357,378</td>
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<td>Total Loans</td>
<td>65,485</td>
<td>77,333</td>
<td>160,903</td>
<td>160,903</td>
<td>163,445</td>
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<td>Total non-current liabilities</td>
<td>114,009</td>
<td>211,557</td>
<td>269,618</td>
<td>269,618</td>
<td>234,088</td>
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<td>Shareholders’ equity</td>
<td>612,460</td>
<td>842,473</td>
<td>906,096</td>
<td>896,592</td>
<td>1,139,753</td>
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<td><strong>Cash Flow Statement</strong></td>
<td></td>
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<td></td>
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<td></td>
<td>Net cash flow available from</td>
<td>(2,431)</td>
<td>71,811</td>
<td>128,504</td>
<td>225,535</td>
<td>349,282</td>
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<td></td>
<td>operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>59,538</td>
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<td>Net cash (used in) investing</td>
<td>(12,363)</td>
<td>(26,063)</td>
<td>(158,084)</td>
<td>(1,61,460)</td>
<td>(123,246)</td>
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<td>Net cash (used in) from</td>
<td>18,342</td>
<td>(48,188)</td>
<td>59,288</td>
<td>(46,080)</td>
<td>(133,800)</td>
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<td></td>
<td></td>
<td></td>
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<td>(17,274)</td>
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<td>Cash end of the year</td>
<td>14,282</td>
<td>16,492</td>
<td>43,991</td>
<td>34,487</td>
<td>136,226</td>
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<td><strong>KPIs</strong></td>
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<td></td>
<td>Gross Profit Margin (%)</td>
<td>45.8%</td>
<td>46.5%</td>
<td>52.0%</td>
<td>50.8%</td>
<td>53.6%</td>
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<td>Net income for the year (%)</td>
<td>11.4%</td>
<td>14.2%</td>
<td>16.6%</td>
<td>16.6%</td>
<td>23.7%</td>
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<td>Debt to equity (%)</td>
<td>10.7%</td>
<td>9.2%</td>
<td>17.8%</td>
<td>17.9%</td>
<td>14.3%</td>
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<td>Return on equity (%)</td>
<td>10.1%</td>
<td>15.7%</td>
<td>15.1%</td>
<td>21.5%</td>
<td>29.1%</td>
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<td>Return on total assets (%)</td>
<td>7.0%</td>
<td>10.0%</td>
<td>8.6%</td>
<td>12.2%</td>
<td>18.7%</td>
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<td>Earning per share (SAR)1</td>
<td>0.67</td>
<td>1.44</td>
<td>1.49</td>
<td>2.09</td>
<td>3.61</td>
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<td>Average net income growth</td>
<td>-</td>
<td>-</td>
<td>121.3%</td>
<td>45.4%</td>
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<td>during the year (%)3</td>
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<td>14.0%</td>
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<td>Average operating revenues</td>
<td>-</td>
<td>-</td>
<td>52.8%</td>
<td>24.4%</td>
<td>68.9%</td>
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<td>growth (%)3</td>
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<td></td>
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<td>8.1%</td>
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<tr>
<td></td>
<td>Ratio of total liabilities to</td>
<td>27.6%</td>
<td>33.0%</td>
<td>39.9%</td>
<td>40.1%</td>
<td>33.3%</td>
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<td>total assets (%)</td>
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<td></td>
<td></td>
<td>36.9%</td>
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<td></td>
<td>Average Working Capital (times)</td>
<td>3.1</td>
<td>2.6</td>
<td>2.0</td>
<td>2.0</td>
<td>2.4</td>
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</table>

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
<table>
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<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
<th>30 June 2014G</th>
<th>30 June 2015G</th>
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<td>Pro-forma</td>
<td>Audited</td>
<td>Pro-forma</td>
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<tr>
<td>Number of inpatients</td>
<td>23,555</td>
<td>39,644</td>
<td>31,374</td>
<td>43,558</td>
<td>45,063</td>
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<td>Number of outpatient visits</td>
<td>458,268</td>
<td>958,514</td>
<td>652,949</td>
<td>1,032,178</td>
<td>1,093,816</td>
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<tr>
<td>Number of beds</td>
<td>505</td>
<td>696</td>
<td>740</td>
<td>740</td>
<td>778</td>
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<tr>
<td>Average Revenue per bed</td>
<td>1,074</td>
<td>1,337</td>
<td>1,386</td>
<td>1,565</td>
<td>1,798</td>
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<tr>
<td>Days Receivable Outstanding (days)</td>
<td>261</td>
<td>204</td>
<td>287</td>
<td>195</td>
<td>183</td>
</tr>
<tr>
<td>Days Inventory Outstanding (days)</td>
<td>68</td>
<td>115</td>
<td>144</td>
<td>128</td>
<td>112</td>
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<tr>
<td>Days Payable Outstanding (days)</td>
<td>101</td>
<td>228</td>
<td>249</td>
<td>209</td>
<td>220</td>
</tr>
<tr>
<td>Cash Conversion Cycle</td>
<td>228</td>
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<td>182</td>
<td>114</td>
<td>75</td>
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<td>The Number of Beds in MOH Hospitals and Private Sector Hospitals in Riyadh</td>
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<td>20</td>
<td>The Number of Medical Clinics in Riyadh</td>
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<td>Outpatient Visits in MOH Hospitals and Private Sector Hospitals in Riyadh</td>
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<td>The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Riyadh</td>
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<td>The Number of MOH Hospitals and Private Sector Hospitals in Jeddah</td>
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<td>The Number of Beds in MOH Hospitals and Private Sector Hospitals in Jeddah</td>
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<td>The Number of Medical Clinics in Jeddah*</td>
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<td>Outpatient Visits in MOH Hospitals and Private Sector Hospitals in Jeddah</td>
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<td>27</td>
<td>The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Jeddah</td>
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<td>The Number of MOH Hospitals and Private Sector Hospitals in Madinah</td>
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<td>29</td>
<td>The Number of Beds in MOH Hospitals and Private Sector Hospitals in Madinah</td>
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<td>32</td>
<td>The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Madinah</td>
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<td>The Number of MOH Hospitals and Private Sector Hospitals in Aseer</td>
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<td>The Number of Beds in MOH hospitals and Private Sector Hospitals in Aseer</td>
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<td>The Number of Inpatients in MOH Hospitals and Private Sector Hospitals in Aseer</td>
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# 1. Terms and Definitions

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<td>The Consultancy Agreement entered into between the Company and BAB dated 06/08/1436H (corresponding to 24/05/2015G).</td>
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<td><strong>Management Supervision Agreements</strong></td>
<td>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.</td>
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<td><strong>Reorganisation Agreement</strong></td>
<td>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.</td>
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<td><strong>Management/Executive Management</strong></td>
<td>The Company’s management team whose names are included in Section 5-4 “Executive Management” of this Prospectus.</td>
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<td><strong>Listing</strong></td>
<td>Listing of the Offer Shares on the Exchange, and as the context allows, the listing application.</td>
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<td><strong>Dammam Land</strong></td>
<td>The land located in Dammam with a surface area of (30,000) thirty thousand m(^2), 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.</td>
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<td><strong>Subscription Application Form</strong></td>
<td>Subscription Application Form used for subscribing to the Offer Shares.</td>
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<td><strong>Shares</strong></td>
<td>(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.</td>
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<td><strong>Offer Shares</strong></td>
<td>(27,612,000) twenty-seven million six hundred and twelve thousand ordinary shares in the Company.</td>
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<td><strong>Contributed Assets</strong></td>
<td>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.</td>
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<td><strong>Directors</strong></td>
<td>Members of the Board of Directors of the Company whose names are included in Section 5-3 “Board of Directors” of this Prospectus.</td>
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<td><strong>Relatives</strong></td>
<td>Husband, wife and minor children.</td>
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<td><strong>Tadawul</strong></td>
<td>The Saudi Stock Exchange or the automated Saudi securities trading system (depending on the context).</td>
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<td><strong>Official Gazette</strong></td>
<td>Umm Al Qura, the official gazette of the Kingdom of Saudi Arabia.</td>
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<td><strong>General Assembly</strong></td>
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<td><strong>OGA</strong></td>
<td>The Ordinary General Assembly of the Company’s Shareholders.</td>
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<tr>
<td><strong>EGA</strong></td>
<td>The Extraordinary General Assembly of the Company’s Shareholders.</td>
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<td><strong>Public</strong></td>
<td>Includes the Institutional Investors and Individual Investors who are eligible to subscribe to the Offer Shares.</td>
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<td><strong>Receiving Agents</strong></td>
<td>The Receiving Agents whose names are mentioned in pages (vii) and (viii) of this Prospectus.</td>
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<td><strong>Government</strong></td>
<td>The government of the Kingdom of Saudi Arabia.</td>
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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

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, Abdeljaleel 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.
<table>
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<th>Offering/Subscription</th>
<th>Offering of (27,612,000) twenty-seven million six hundred and twelve thousand ordinary shares, representing 30% of the Company's share capital.</th>
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| 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).  
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 Shares 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). |
| 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 2014) 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 months 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>
<thead>
<tr>
<th>MEAHCO Hospital</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
<th>30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SGH Jeddah</td>
<td>7.9%</td>
<td>6.1%</td>
<td>6.9%</td>
<td>8.7%</td>
</tr>
<tr>
<td>2. SGH Riyadh</td>
<td>30.0%</td>
<td>38.8%</td>
<td>46.3%</td>
<td>40.9%</td>
</tr>
<tr>
<td>3. SGH Aseer</td>
<td>28.8%</td>
<td>26.5%</td>
<td>37.1%</td>
<td>52.7%</td>
</tr>
<tr>
<td>4. SGH Madinah</td>
<td>45.5%</td>
<td>43.3%</td>
<td>49.2%</td>
<td>48.5%</td>
</tr>
</tbody>
</table>

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 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 2015 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

<table>
<thead>
<tr>
<th>Customer</th>
<th>30 June 2015G Audited (SAR in 000')</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>251,102</td>
</tr>
<tr>
<td>Bupa</td>
<td>102,387</td>
</tr>
<tr>
<td>Tawuniya</td>
<td>80,556</td>
</tr>
<tr>
<td>Medgulf</td>
<td>80,535</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>36,931</td>
</tr>
<tr>
<td>Total</td>
<td>551,511</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer</th>
<th>As a percentage of revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>32.9%</td>
</tr>
<tr>
<td>Bupa</td>
<td>13.4%</td>
</tr>
<tr>
<td>Tawuniya</td>
<td>10.5%</td>
</tr>
<tr>
<td>Medgulf</td>
<td>10.5%</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>4.8%</td>
</tr>
<tr>
<td>Total</td>
<td>72.2%</td>
</tr>
</tbody>
</table>

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 2014. Therefore, the Company may have to replace some of these assets and equipment in the future. In 2013, 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 2006 (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 financial 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 m² 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 has 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>
<thead>
<tr>
<th>Currency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollars</td>
<td>594,930</td>
</tr>
<tr>
<td>Euro</td>
<td>648,853</td>
</tr>
<tr>
<td>UAE Dirham</td>
<td>233,719</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (SAR billion)</td>
<td>1,976</td>
<td>2,511</td>
<td>2,752</td>
<td>2,807</td>
<td>2,917</td>
</tr>
<tr>
<td>GDP Per Capita (SAR thousand)</td>
<td>72</td>
<td>89</td>
<td>94</td>
<td>94</td>
<td>95</td>
</tr>
<tr>
<td>Inflation Rate (%)</td>
<td>5.3%</td>
<td>5.0%</td>
<td>4.7%</td>
<td>3.6%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>


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.

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</tr>
</thead>
<tbody>
<tr>
<td>Private expenditures (SAR billion)</td>
<td>27.3</td>
<td>28.7</td>
<td>30.1</td>
<td>32.0</td>
<td>34.1</td>
</tr>
<tr>
<td>Public expenditures (SAR billion)</td>
<td>51.7</td>
<td>59.2</td>
<td>58.0</td>
<td>62.2</td>
<td>66.4</td>
</tr>
<tr>
<td>Total expenditures (SAR billion)</td>
<td>79.0</td>
<td>87.9</td>
<td>88.1</td>
<td>94.2</td>
<td>100.5</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 60 years (million)</td>
<td>1.2</td>
<td>1.4</td>
<td>1.5</td>
<td>1.6</td>
<td>1.7</td>
</tr>
<tr>
<td>15 - 60 years (million)</td>
<td>17.9</td>
<td>18.5</td>
<td>19.0</td>
<td>19.6</td>
<td>20.2</td>
</tr>
<tr>
<td>0 - 14 years (million)</td>
<td>8.5</td>
<td>8.5</td>
<td>8.7</td>
<td>8.8</td>
<td>8.9</td>
</tr>
<tr>
<td>Total (million)</td>
<td>27.6</td>
<td>28.4</td>
<td>29.2</td>
<td>30.0</td>
<td>30.8</td>
</tr>
</tbody>
</table>

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)

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (millions)</th>
<th>Percentage of Population Above 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010G</td>
<td>27.6</td>
<td>4.3%</td>
</tr>
<tr>
<td>2011G</td>
<td>28.4</td>
<td>4.9%</td>
</tr>
<tr>
<td>2012G</td>
<td>29.2</td>
<td>5.1%</td>
</tr>
<tr>
<td>2013G</td>
<td>30.0</td>
<td>5.3%</td>
</tr>
<tr>
<td>2014G</td>
<td>30.8</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

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

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>244</td>
<td>249</td>
<td>251</td>
<td>259</td>
<td>268</td>
<td>274</td>
</tr>
<tr>
<td>Private Sector</td>
<td>125</td>
<td>127</td>
<td>130</td>
<td>137</td>
<td>138</td>
<td>141</td>
</tr>
<tr>
<td>Total</td>
<td>369</td>
<td>376</td>
<td>381</td>
<td>396</td>
<td>406</td>
<td>415</td>
</tr>
<tr>
<td>Percentage of Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>66.1%</td>
<td>66.2%</td>
<td>65.9%</td>
<td>65.4%</td>
<td>66.0%</td>
<td>66.0%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>33.9%</td>
<td>33.8%</td>
<td>34.1%</td>
<td>34.6%</td>
<td>34.0%</td>
<td>34.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>-</td>
<td>2.0%</td>
<td>0.8%</td>
<td>3.2%</td>
<td>3.5%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>-</td>
<td>1.6%</td>
<td>2.4%</td>
<td>5.4%</td>
<td>0.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Compounded Annual Growth Rate for All Hospitals</td>
<td>-</td>
<td>1.9%</td>
<td>1.3%</td>
<td>3.9%</td>
<td>2.5%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>33,277</td>
<td>34,370</td>
<td>34,485</td>
<td>35,828</td>
<td>38,970</td>
<td>40,539</td>
</tr>
<tr>
<td>Private Sector</td>
<td>11,627</td>
<td>12,817</td>
<td>13,321</td>
<td>14,165</td>
<td>14,310</td>
<td>15,072</td>
</tr>
<tr>
<td>Total</td>
<td>44,904</td>
<td>47,187</td>
<td>47,806</td>
<td>49,993</td>
<td>53,280</td>
<td>55,611</td>
</tr>
<tr>
<td>Percentage of Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>74.1%</td>
<td>72.8%</td>
<td>72.1%</td>
<td>71.7%</td>
<td>73.1%</td>
<td>72.9%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>25.9%</td>
<td>27.2%</td>
<td>27.9%</td>
<td>28.3%</td>
<td>26.9%</td>
<td>27.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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).
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**

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>2,281</td>
<td>2,343</td>
<td>2,360</td>
<td>2,518</td>
<td>2,527</td>
<td>2,593</td>
</tr>
<tr>
<td>Private clinics</td>
<td>217</td>
<td>199</td>
<td>198</td>
<td>198</td>
<td>192</td>
<td>186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,498</strong></td>
<td><strong>2,542</strong></td>
<td><strong>2,558</strong></td>
<td><strong>2,716</strong></td>
<td><strong>2,719</strong></td>
<td><strong>2,779</strong></td>
</tr>
<tr>
<td><strong>Percentage of Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>91.3%</td>
<td>92.2%</td>
<td>92.3%</td>
<td>92.7%</td>
<td>92.9%</td>
<td>93.3%</td>
</tr>
<tr>
<td>Private clinics</td>
<td>8.7%</td>
<td>7.8%</td>
<td>7.7%</td>
<td>7.3%</td>
<td>7.1%</td>
<td>6.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td><strong>Annual Growth Rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>-</td>
<td>2.7%</td>
<td>0.7%</td>
<td>6.7%</td>
<td>0.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Private clinics</td>
<td>-</td>
<td>-8.3%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>-3.0%</td>
<td>-3.1%</td>
</tr>
<tr>
<td><strong>Compounded Annual Growth Rate for All Hospitals</strong></td>
<td>-</td>
<td>1.8%</td>
<td>0.6%</td>
<td>6.2%</td>
<td>0.1%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

*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.

**Countries of OECD**

- Australia
- Austria
- Belgium
- Canada
- Chile
- Czech Republic
- Denmark
- Estonia
- France
- Germany
- Greece
- Hungary
- Iceland
- Ireland
- Italy
- Japan
- South Korea
- Luxembourg
- Mexico
- Netherlands
- New Zealand
- Norway
- Poland
- Portugal
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- UK
- The United States of America
- Finland

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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

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>44</td>
<td>44</td>
<td>45</td>
<td>46</td>
<td>47</td>
<td>48</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>27</td>
<td>30</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>35</td>
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<td>Total</td>
<td>71</td>
<td>74</td>
<td>76</td>
<td>78</td>
<td>79</td>
<td>83</td>
</tr>
<tr>
<td>Percentage of Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>62.0%</td>
<td>59.5%</td>
<td>59.2%</td>
<td>59.0%</td>
<td>59.5%</td>
<td>57.8%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>38.0%</td>
<td>40.5%</td>
<td>40.8%</td>
<td>41.0%</td>
<td>40.5%</td>
<td>42.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>-</td>
<td>2.7%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>6.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>-</td>
<td>26.7%</td>
<td>5.7%</td>
<td>6.7%</td>
<td>6.3%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Compound Annual Growth Rate for All Hospitals</td>
<td>-</td>
<td>9.7%</td>
<td>3.3%</td>
<td>3.7%</td>
<td>6.3%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>6,981</td>
<td>7,171</td>
<td>7,322</td>
<td>7,473</td>
<td>7,937</td>
<td>8,095</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>2,878</td>
<td>3,645</td>
<td>3,852</td>
<td>4,109</td>
<td>4,369</td>
<td>4,784</td>
</tr>
<tr>
<td>Total</td>
<td>9,859</td>
<td>10,816</td>
<td>11,174</td>
<td>11,582</td>
<td>12,306</td>
<td>12,879</td>
</tr>
<tr>
<td>Percentage of Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>70.8%</td>
<td>66.3%</td>
<td>65.5%</td>
<td>64.5%</td>
<td>64.5%</td>
<td>62.9%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>29.2%</td>
<td>33.7%</td>
<td>34.5%</td>
<td>35.5%</td>
<td>35.5%</td>
<td>37.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOH Hospitals</td>
<td>-</td>
<td>2.7%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>6.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>-</td>
<td>26.7%</td>
<td>5.7%</td>
<td>6.7%</td>
<td>6.3%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Compound Annual Growth Rate for All Hospitals</td>
<td>-</td>
<td>9.7%</td>
<td>3.3%</td>
<td>3.7%</td>
<td>6.3%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>421</td>
<td>443</td>
<td>446</td>
<td>481</td>
<td>482</td>
<td>499</td>
</tr>
<tr>
<td>Private clinics</td>
<td>48</td>
<td>46</td>
<td>46</td>
<td>47</td>
<td>50</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>469</strong></td>
<td><strong>489</strong></td>
<td><strong>492</strong></td>
<td><strong>528</strong></td>
<td><strong>532</strong></td>
<td><strong>550</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>89.8%</td>
<td>90.6%</td>
<td>90.7%</td>
<td>91.1%</td>
<td>90.6%</td>
<td>90.7%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>10.2%</td>
<td>9.4%</td>
<td>9.3%</td>
<td>8.9%</td>
<td>9.4%</td>
<td>9.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Growth Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>-</td>
<td>5.2%</td>
<td>0.7%</td>
<td>7.8%</td>
<td>0.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>-</td>
<td>-4.2%</td>
<td>0.0%</td>
<td>2.2%</td>
<td>6.4%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Compound Annual Growth Rate for All Hospitals</strong></td>
<td>-</td>
<td>4.3%</td>
<td>0.6%</td>
<td>7.3%</td>
<td>0.8%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

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

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

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

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

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

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>27</td>
<td>26</td>
<td>29</td>
<td>31</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>38</strong></td>
<td><strong>41</strong></td>
<td><strong>43</strong></td>
<td><strong>46</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>30.8%</td>
<td>31.6%</td>
<td>29.3%</td>
<td>27.9%</td>
<td>28.3%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>69.2%</td>
<td>68.4%</td>
<td>70.7%</td>
<td>72.1%</td>
<td>71.7%</td>
<td>71.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Growth Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>-</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>-</td>
<td>-3.7%</td>
<td>11.5%</td>
<td>6.9%</td>
<td>6.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Compound Annual Growth Rate</strong></td>
<td><strong>-2.6%</strong></td>
<td><strong>7.9%</strong></td>
<td><strong>4.9%</strong></td>
<td><strong>7.0%</strong></td>
<td><strong>0.0%</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>2,650</td>
<td>2,865</td>
<td>2,410</td>
<td>2,567</td>
<td>2,993</td>
<td>2,843</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>2,848</td>
<td>2,540</td>
<td>2,933</td>
<td>3,053</td>
<td>3,039</td>
<td>3,634</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,498</strong></td>
<td><strong>5,405</strong></td>
<td><strong>5,343</strong></td>
<td><strong>5,620</strong></td>
<td><strong>6,032</strong></td>
<td><strong>6,477</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>48.2%</td>
<td>53.0%</td>
<td>45.1%</td>
<td>45.7%</td>
<td>49.6%</td>
<td>43.9%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>51.8%</td>
<td>47.0%</td>
<td>54.9%</td>
<td>54.3%</td>
<td>50.4%</td>
<td>56.1%</td>
</tr>
</tbody>
</table>

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*

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>92</td>
<td>105</td>
<td>105</td>
<td>120</td>
<td>121</td>
<td>130</td>
</tr>
<tr>
<td>Private clinics</td>
<td>101</td>
<td>91</td>
<td>93</td>
<td>92</td>
<td>91</td>
<td>89</td>
</tr>
<tr>
<td>Total</td>
<td>193</td>
<td>196</td>
<td>198</td>
<td>212</td>
<td>212</td>
<td>219</td>
</tr>
<tr>
<td>Percentage of Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>47.7%</td>
<td>53.6%</td>
<td>53.0%</td>
<td>56.6%</td>
<td>57.1%</td>
<td>59.4%</td>
</tr>
<tr>
<td>Private clinics</td>
<td>52.3%</td>
<td>46.4%</td>
<td>47.0%</td>
<td>43.4%</td>
<td>42.9%</td>
<td>40.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>-</td>
<td>14.1%</td>
<td>0.0%</td>
<td>14.3%</td>
<td>0.8%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Private clinics</td>
<td>-</td>
<td>-9.9%</td>
<td>2.2%</td>
<td>-1.1%</td>
<td>-1.1%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Compound Annual Growth Rate for All Hospitals</td>
<td>-</td>
<td>1.6%</td>
<td>1.0%</td>
<td>7.1%</td>
<td>0.0%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Orthopedics</td>
<td>582,764</td>
<td>603,654</td>
<td>630,891</td>
<td>658,837</td>
<td>684,795</td>
<td>712,020</td>
<td>4.1%</td>
</tr>
<tr>
<td>ENT (Ear, Nose, and Throat)</td>
<td>687,903</td>
<td>737,044</td>
<td>772,697</td>
<td>811,993</td>
<td>852,202</td>
<td>894,359</td>
<td>5.5%</td>
</tr>
<tr>
<td>Dental Medicine</td>
<td>725,685</td>
<td>765,575</td>
<td>831,392</td>
<td>872,694</td>
<td>924,096</td>
<td>986,009</td>
<td>6.2%</td>
</tr>
<tr>
<td>Dermatology</td>
<td>842,205</td>
<td>875,488</td>
<td>917,827</td>
<td>962,702</td>
<td>994,442</td>
<td>1,025,244</td>
<td>4.2%</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>857,246</td>
<td>888,505</td>
<td>929,241</td>
<td>971,458</td>
<td>1,011,898</td>
<td>1,051,490</td>
<td>4.2%</td>
</tr>
<tr>
<td>Obstetrics and Gynecology</td>
<td>856,822</td>
<td>885,354</td>
<td>923,885</td>
<td>964,865</td>
<td>1,014,696</td>
<td>1,064,410</td>
<td>4.3%</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>862,479</td>
<td>914,794</td>
<td>976,524</td>
<td>1,021,918</td>
<td>1,092,454</td>
<td>1,173,819</td>
<td>6.1%</td>
</tr>
<tr>
<td>Others</td>
<td>1,319,890</td>
<td>1,410,306</td>
<td>1,466,767</td>
<td>1,531,129</td>
<td>1,586,546</td>
<td>1,658,478</td>
<td>4.7%</td>
</tr>
<tr>
<td>Total</td>
<td>6,734,994</td>
<td>7,081,320</td>
<td>7,449,224</td>
<td>7,795,596</td>
<td>8,161,129</td>
<td>8,565,829</td>
<td>4.9%</td>
</tr>
</tbody>
</table>

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

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

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

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td></td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td></td>
<td>11</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td></td>
<td>64.5%</td>
<td>62.5%</td>
<td>62.5%</td>
<td>62.5%</td>
<td>62.5%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td></td>
<td>35.5%</td>
<td>37.5%</td>
<td>37.5%</td>
<td>37.5%</td>
<td>37.5%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>-</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td></td>
<td>-</td>
<td>9.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Compound Annual Growth Rate for All Hospitals</td>
<td></td>
<td>-</td>
<td>3.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

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

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td></td>
<td>2,308</td>
<td>2,357</td>
<td>2,580</td>
<td>2,647</td>
<td>2,768</td>
<td>2,921</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td></td>
<td>990</td>
<td>728</td>
<td>799</td>
<td>1,035</td>
<td>1,234</td>
<td>1,561</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,298</td>
<td>3,085</td>
<td>3,379</td>
<td>3,682</td>
<td>4,002</td>
<td>4,482</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td></td>
<td>70.0%</td>
<td>76.4%</td>
<td>76.4%</td>
<td>71.9%</td>
<td>69.2%</td>
<td>65.2%</td>
</tr>
</tbody>
</table>
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

<table>
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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>154</td>
<td>163</td>
<td>163</td>
<td>174</td>
<td>174</td>
<td>179</td>
</tr>
<tr>
<td>Private clinics</td>
<td>17</td>
<td>17</td>
<td>17</td>
<td>11</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>171</td>
<td>180</td>
<td>180</td>
<td>185</td>
<td>185</td>
<td>189</td>
</tr>
</tbody>
</table>

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

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

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

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

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>27</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>11</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>32</td>
<td>32</td>
<td>38</td>
<td>39</td>
<td>40</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>2,565</td>
<td>2,814</td>
<td>2,720</td>
<td>2,870</td>
<td>3,170</td>
<td>3,239</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>841</td>
<td>884</td>
<td>930</td>
</tr>
<tr>
<td>Total</td>
<td>3,365</td>
<td>3,614</td>
<td>3,520</td>
<td>3,711</td>
<td>4,054</td>
<td>4,169</td>
</tr>
</tbody>
</table>

Percentage of Total
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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>322</td>
<td>326</td>
<td>326</td>
<td>344</td>
<td>345</td>
<td>351</td>
</tr>
<tr>
<td>Private clinics</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>325</td>
<td>329</td>
<td>328</td>
<td>346</td>
<td>347</td>
<td>353</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>99.1%</td>
<td>99.1%</td>
<td>99.4%</td>
<td>99.4%</td>
<td>99.4%</td>
<td>99.4%</td>
</tr>
<tr>
<td>Private clinics</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Growth Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>-</td>
<td>1.2%</td>
<td>0.0%</td>
<td>5.5%</td>
<td>0.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Private clinics</td>
<td>-</td>
<td>0.0%</td>
<td>-33.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>1.2%</td>
<td>-0.3%</td>
<td>5.5%</td>
<td>0.3%</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental Medicine</td>
<td>128,048</td>
<td>126,550</td>
<td>111,047</td>
<td>105,448</td>
<td>101,794</td>
<td>102,780</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>113,353</td>
<td>124,809</td>
<td>122,742</td>
<td>126,080</td>
<td>124,509</td>
<td>127,465</td>
</tr>
<tr>
<td>ENT (Ear, Nose, and Throat)</td>
<td>137,826</td>
<td>141,973</td>
<td>135,699</td>
<td>142,031</td>
<td>144,895</td>
<td>146,719</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>172,632</td>
<td>184,623</td>
<td>175,509</td>
<td>164,075</td>
<td>157,146</td>
<td>158,669</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>198,043</td>
<td>228,315</td>
<td>215,193</td>
<td>216,947</td>
<td>207,878</td>
<td>210,412</td>
</tr>
<tr>
<td>Obstetrics and Gynecology</td>
<td>274,254</td>
<td>289,272</td>
<td>279,092</td>
<td>288,972</td>
<td>279,498</td>
<td>280,825</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>283,945</td>
<td>283,955</td>
<td>278,657</td>
<td>282,190</td>
<td>292,601</td>
<td>294,806</td>
</tr>
<tr>
<td>Others</td>
<td>418,219</td>
<td>479,359</td>
<td>493,092</td>
<td>504,599</td>
<td>485,895</td>
<td>504,460</td>
</tr>
<tr>
<td>Total</td>
<td>1,726,320</td>
<td>1,858,856</td>
<td>1,811,031</td>
<td>1,830,342</td>
<td>1,794,216</td>
<td>1,826,136</td>
</tr>
</tbody>
</table>

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

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

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>9</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>12</strong></td>
<td><strong>12</strong></td>
<td><strong>12</strong></td>
<td><strong>12</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th>MOH Hospitals</th>
<th>Private Sector Hospitals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>90.0%</td>
<td>10.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>939</td>
<td>1,062</td>
<td>1,095</td>
<td>1,095</td>
<td>1,125</td>
<td>1,281</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>66</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,005</strong></td>
<td><strong>1,122</strong></td>
<td><strong>1,155</strong></td>
<td><strong>1,155</strong></td>
<td><strong>1,185</strong></td>
<td><strong>1,357</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals and health centers of MOH</td>
<td>102</td>
<td>104</td>
<td>107</td>
<td>111</td>
<td>111</td>
<td>113</td>
</tr>
<tr>
<td>Private clinics</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>104</td>
<td>109</td>
<td>113</td>
<td>113</td>
<td>115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>100.0%</td>
<td>100.0%</td>
<td>98.2%</td>
<td>98.2%</td>
<td>98.2%</td>
<td>98.3%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Growth Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH Hospitals</td>
<td>-</td>
<td>2.0%</td>
<td>2.9%</td>
<td>3.7%</td>
<td>0.0%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Private Sector Hospitals</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>2.0%</td>
<td>4.8%</td>
<td>3.7%</td>
<td>0.0%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

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

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

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

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

Source: Roland Berger Report

### 3.4 Competition and Market Share

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

<table>
<thead>
<tr>
<th>City</th>
<th>2013G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh</td>
<td>1.7%</td>
</tr>
<tr>
<td>Jeddah</td>
<td>4.2%</td>
</tr>
<tr>
<td>Madinah</td>
<td>3.3%</td>
</tr>
<tr>
<td>Aseer</td>
<td>5.3%</td>
</tr>
<tr>
<td>Total</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Source: The Company

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

<table>
<thead>
<tr>
<th>City</th>
<th>2013G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh</td>
<td>1.2%</td>
</tr>
<tr>
<td>Jeddah</td>
<td>6.5%</td>
</tr>
<tr>
<td>Madinah</td>
<td>3.1%</td>
</tr>
<tr>
<td>Aseer</td>
<td>10.1%</td>
</tr>
<tr>
<td>Total</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

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)**

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Number of Beds</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>King Fahd Medical City</td>
<td>1,500</td>
<td>12.2%</td>
</tr>
<tr>
<td>King Saud Medical City</td>
<td>1,446</td>
<td>11.8%</td>
</tr>
<tr>
<td>Dr. Sulaiman Al Habib Medical Group</td>
<td>982</td>
<td>8.0%</td>
</tr>
<tr>
<td>Dallah Hospital</td>
<td>403</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
### Table 46: The Number of Beds in Private Sector Hospitals in Riyadh (2013G)

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Number of Beds</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Sulaiman Al Habib Medical Group</td>
<td>982</td>
<td>22.5%</td>
</tr>
<tr>
<td>Dallah Hospital</td>
<td>403</td>
<td>9.2%</td>
</tr>
<tr>
<td>Riyadh Care Hospital</td>
<td>340</td>
<td>7.8%</td>
</tr>
<tr>
<td>Al Hammadi Hospital</td>
<td>300</td>
<td>6.9%</td>
</tr>
<tr>
<td>Specialized Medical Center Hospital</td>
<td>275</td>
<td>6.3%</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>212</td>
<td>4.9%</td>
</tr>
<tr>
<td>Al Mouwasat Hospital</td>
<td>200</td>
<td>4.6%</td>
</tr>
<tr>
<td>Najd Consulting Hospital</td>
<td>160</td>
<td>3.7%</td>
</tr>
<tr>
<td>Dr Abdul Rahman Al-Mishari Hospital</td>
<td>140</td>
<td>3.2%</td>
</tr>
<tr>
<td>Consulting Clinics in Kingdom Hospital</td>
<td>130</td>
<td>3.0%</td>
</tr>
<tr>
<td>Riyadh National Hospital</td>
<td>124</td>
<td>2.8%</td>
</tr>
<tr>
<td>Major Hospitals in Riyadh</td>
<td>6,952</td>
<td>56.5%</td>
</tr>
<tr>
<td>Other Hospitals in Riyadh</td>
<td>5,354</td>
<td>43.5%</td>
</tr>
<tr>
<td><strong>Total Number of Beds in MOH Hospitals and Private Sector Hospitals in Riyadh</strong></td>
<td><strong>12,306</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

*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.
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 Jeddah (2013G)**

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

*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)**

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

*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)**

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

*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)**

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Number of Beds</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madinah National Hospital</td>
<td>500</td>
<td>40.5%</td>
</tr>
<tr>
<td>Aldar Hospital</td>
<td>200</td>
<td>16.2%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>154</td>
<td>12.5%</td>
</tr>
<tr>
<td>Al Mouwasat Hospital - Madinah</td>
<td>120</td>
<td>9.7%</td>
</tr>
<tr>
<td>Yanbu National Hospital</td>
<td>74</td>
<td>6.0%</td>
</tr>
<tr>
<td>Other private sector hospitals in Madinah</td>
<td>186</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>Total private sector healthcare facilities in Al-Madinah</strong></td>
<td><strong>1,234</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*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)

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

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)

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

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)

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Number of Beds</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>King Khalid University Hospital</td>
<td>350</td>
<td>29.5%</td>
</tr>
<tr>
<td>Hail General Hospital</td>
<td>300</td>
<td>25.3%</td>
</tr>
<tr>
<td>Obstetrics &amp; gynecology Hospital</td>
<td>120</td>
<td>10.1%</td>
</tr>
<tr>
<td>Al Rashid Hospital</td>
<td>65</td>
<td>5.5%</td>
</tr>
<tr>
<td>Mental Health Hospital</td>
<td>50</td>
<td>4.2%</td>
</tr>
<tr>
<td>Top five Hospitals</td>
<td>885</td>
<td>74.7%</td>
</tr>
<tr>
<td>Other Hail Hospitals</td>
<td>300</td>
<td>25.3%</td>
</tr>
<tr>
<td>Total Number of Beds in MOH Hospitals and Private Sector Hospitals in Hail</td>
<td>1,185</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Orthopedics and prosthetics</td>
<td>239</td>
<td>272</td>
<td>411</td>
<td>422</td>
<td>463</td>
</tr>
<tr>
<td>Dental Medicine products</td>
<td>298</td>
<td>367</td>
<td>451</td>
<td>511</td>
<td>563</td>
</tr>
<tr>
<td>Patient Assistance Equipment</td>
<td>303</td>
<td>449</td>
<td>542</td>
<td>629</td>
<td>697</td>
</tr>
<tr>
<td>Medical Consumables</td>
<td>743</td>
<td>889</td>
<td>1,152</td>
<td>1,430</td>
<td>1,570</td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td>1,034</td>
<td>1,225</td>
<td>1,459</td>
<td>1,622</td>
<td>1,763</td>
</tr>
<tr>
<td>Other products</td>
<td>1,804</td>
<td>1,955</td>
<td>2,281</td>
<td>2,585</td>
<td>2,849</td>
</tr>
<tr>
<td>Total</td>
<td>4,421</td>
<td>5,157</td>
<td>6,296</td>
<td>7,199</td>
<td>7,905</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Legal Form</th>
<th>Capital Before Change (SAR)</th>
<th>Capital After Change (SAR)</th>
<th>Nominal Value Per Shares (SAR)</th>
<th>Paid Amount (SAR)</th>
<th>Reason for the Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/03/1425H (corresponding to 05/05/2004G)</td>
<td>Closed Joint Stock Company</td>
<td>--</td>
<td>590,000,000</td>
<td>50</td>
<td>590,000,000 (Cash and in-kind)</td>
<td>Establishment of the Company</td>
</tr>
<tr>
<td>02/02/1435H (corresponding to 05/12/2013G)</td>
<td>Closed Joint Stock Company</td>
<td>590,000,000</td>
<td>767,000,000</td>
<td>10</td>
<td>177,000,000</td>
<td>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</td>
</tr>
<tr>
<td>28/07/1436H (corresponding to 17/05/2015G)</td>
<td>Closed Joint Stock Company</td>
<td>767,000,000</td>
<td>920,400,000</td>
<td>10</td>
<td>153,400,000^9</td>
<td>Issuing bonus shares to the existing Shareholders through capitalization of retained earnings</td>
</tr>
</tbody>
</table>

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:

![Legal Structure Chart]

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

<table>
<thead>
<tr>
<th>BAB in-kind contributions upon the Company’s incorporation</th>
<th>Valuation based on Net Book Value as at 2004G (SAR Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Assets</td>
</tr>
<tr>
<td>1 80% of the shares in BABAS which owned SGH Riyadh</td>
<td>300.2</td>
</tr>
<tr>
<td>2 SGH Aseer</td>
<td>337.1</td>
</tr>
<tr>
<td>3 SGH Madinah</td>
<td>308.7</td>
</tr>
<tr>
<td>Total</td>
<td>946.0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Asset</th>
<th>The Shareholder owning the Asset</th>
<th>Net book value of the Asset in SAR as at 30/09/2013G (except for the Dammam Land which was transferred at market value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>BAB</td>
<td>75,848,568</td>
</tr>
<tr>
<td>20% of BABAS (owner of SGH Riyadh)</td>
<td>Zuhair Ahmed Al-Sebai</td>
<td>25,000,000</td>
</tr>
<tr>
<td>39.96% of NHC (owner of SGH Hail (under construction))</td>
<td>BAB (24.58%) and IDB (15.38%)</td>
<td>25,980,000</td>
</tr>
<tr>
<td>98% of AJ Sons</td>
<td>BAB</td>
<td>7,971,432</td>
</tr>
<tr>
<td>Dammam Land (30,000 m2)</td>
<td>Sobhi Batterjee</td>
<td>42,200,000</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>Date</th>
<th>Steps and Formalities</th>
</tr>
</thead>
</table>
| 24/11/1434H (corresponding to 30/09/2013G) | 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  
    1. 100% of SGH Jeddah.  
    2. 98% of AJ Sons.  
    3. 24.58% of NHC’s share capital.  
    4. 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). |
| 02/02/1435H (corresponding to 05/12/2013G) | 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). |
| 23/02/1435H (corresponding to 26/12/2013G) | 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. |
<p>| 02/03/1435H (corresponding to 03/01/2014G) | Completion of the formalities for the transfer of the legal title to BAB’s shares in NHC, to the Company. |
| 03/03/1435H (corresponding to 04/01/2014G) | Completion of the formalities for the transfer of the legal title to IDB’s shares in NHC, to the Company. |
| 07/03/1435H (corresponding to 08/01/2014G) | 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. |
| 07/03/1435H (corresponding to 08/01/2014G) | Completion of the formalities for the transfer of the legal title to BAB’s shares in AJ Sons to the Company. |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Steps and Formalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/05/1435H (corresponding to 12/03/2014G)</td>
<td>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.</td>
</tr>
<tr>
<td>16/06/1435H (corresponding to 16/04/2014G)</td>
<td>Transfer of SGH Jeddah’s MOH license to the Company.</td>
</tr>
<tr>
<td>29/04/1436H (corresponding to 18/02/2015G)</td>
<td>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.</td>
</tr>
<tr>
<td>14/07/1436H (corresponding to 03/05/2015G)</td>
<td>Transfer of the Management Supervision Agreement entered into with EDHC to the Company.</td>
</tr>
<tr>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>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.</td>
</tr>
<tr>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>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”)</td>
</tr>
</tbody>
</table>

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**

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

Source: The Company
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

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

Source: The Company

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.

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 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 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 title 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 m² 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 m² 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 m² 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

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td>BAB</td>
<td>71,911,610</td>
<td>719,116,100</td>
</tr>
<tr>
<td>IFC</td>
<td>11,081,616</td>
<td>110,816,160</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>1,267,180</td>
<td>12,671,800</td>
</tr>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
</tbody>
</table>

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),

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>In-Kind Shares</th>
<th>Cash Shares</th>
<th>Number of Shares</th>
<th>Nominal Value of Shares (SAR)</th>
<th>Percentage of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAB</td>
<td>10,959,200</td>
<td>-</td>
<td>10,959,200</td>
<td>547,960,000</td>
<td>92.875%</td>
</tr>
<tr>
<td>IDB</td>
<td>-</td>
<td>420,000</td>
<td>420,000</td>
<td>21,000,000</td>
<td>3.559%</td>
</tr>
<tr>
<td>Arab Fund</td>
<td>-</td>
<td>400,000</td>
<td>400,000</td>
<td>20,000,000</td>
<td>3.390%</td>
</tr>
<tr>
<td>SAMC</td>
<td>-</td>
<td>9,400</td>
<td>9,400</td>
<td>470,000</td>
<td>0.080%</td>
</tr>
<tr>
<td>KAMIC</td>
<td>-</td>
<td>9,400</td>
<td>9,400</td>
<td>470,000</td>
<td>0.080%</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Abduljaleel Ibrahim Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Thuraya Muhyiddin Nazir</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Huda Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Sabah Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Makarim Sobhi Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Sultan Sobhi Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Abduljaleel Khalid Abduljaleel Batterjee</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
<tr>
<td>Saud Abdulwahad Al-Fadel</td>
<td>-</td>
<td>200</td>
<td>200</td>
<td>10,000</td>
<td>0.002%</td>
</tr>
</tbody>
</table>

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)**

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

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)**

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

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, 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)

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

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)

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Number of Shares</th>
<th>Nominal Value of Shares (SAR)</th>
<th>Percentage of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAB</td>
<td>59,926,340</td>
<td>599,263,400</td>
<td>78.131%</td>
</tr>
<tr>
<td>IFC</td>
<td>9,234,680</td>
<td>92,346,800</td>
<td>12.040%</td>
</tr>
<tr>
<td>Zuhair Ahmed Al-Sebai</td>
<td>3,575,798</td>
<td>35,757,980</td>
<td>4.662%</td>
</tr>
<tr>
<td>IDB</td>
<td>1,592,304</td>
<td>15,923,040</td>
<td>2.076%</td>
</tr>
<tr>
<td>Arab Fund</td>
<td>1,246,802</td>
<td>12,468,020</td>
<td>1.626%</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>1,062,475</td>
<td>10,624,750</td>
<td>1.385%</td>
</tr>
<tr>
<td>SAMC</td>
<td>28,795</td>
<td>287,950</td>
<td>0.038%</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Number of Shares</th>
<th>Nominal Value of Shares (SAR)</th>
<th>Percentage of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAB</td>
<td>71,911,610</td>
<td>719,116,100</td>
<td>78.131%</td>
</tr>
<tr>
<td>IFC</td>
<td>11,081,616</td>
<td>110,816,160</td>
<td>12.040%</td>
</tr>
<tr>
<td>Zuhair Ahmed Al-Sebai</td>
<td>4,290,958</td>
<td>42,909,580</td>
<td>4.662%</td>
</tr>
<tr>
<td>IDB</td>
<td>1,910,765</td>
<td>19,107,650</td>
<td>2.076%</td>
</tr>
<tr>
<td>Arab Fund</td>
<td>1,496,162</td>
<td>14,961,620</td>
<td>1.626%</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>1,274,970</td>
<td>12,749,700</td>
<td>1.385%</td>
</tr>
<tr>
<td>SAMC</td>
<td>34,554</td>
<td>345,540</td>
<td>0.038%</td>
</tr>
<tr>
<td>KABIC</td>
<td>34,554</td>
<td>345,540</td>
<td>0.038%</td>
</tr>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
<td>0.001%</td>
</tr>
<tr>
<td>Huda Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
<td>0.001%</td>
</tr>
<tr>
<td>Sabah Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
<td>0.001%</td>
</tr>
<tr>
<td>Makarim Sobhi Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
<td>0.001%</td>
</tr>
<tr>
<td>Sultan Sobhi Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
<td>0.001%</td>
</tr>
<tr>
<td>Abduljaleel Khalid Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
<td>0.001%</td>
</tr>
<tr>
<td>Saud Abdulwahad Al-Fadel</td>
<td>371</td>
<td>3,710</td>
<td>0.0004%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>92,040,000</strong></td>
<td><strong>920,400,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

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

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

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

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

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td>BAB*</td>
<td>71,911,610</td>
<td>719,116,100</td>
</tr>
<tr>
<td>IFC</td>
<td>11,081,616</td>
<td>110,816,160</td>
</tr>
<tr>
<td>Zuhair Ahmed Al-Sebai</td>
<td>4,290,958</td>
<td>42,909,580</td>
</tr>
<tr>
<td>IDB</td>
<td>1,910,765</td>
<td>19,107,650</td>
</tr>
<tr>
<td>Arab Fund</td>
<td>1,496,162</td>
<td>14,961,620</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>1,267,180</td>
<td>12,671,800</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Pre-Offering</td>
<td>Post–Offering</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>SAMC</td>
<td>34,554</td>
<td>345,540</td>
</tr>
<tr>
<td>KABIC</td>
<td>34,554</td>
<td>345,540</td>
</tr>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Makarim Sobhi Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Sultan Sobhi Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Rudwan Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Saleh Ahmed Hefni</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Ali Abdulrahman Al-Gwaiz</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Mohammed Abdulrahman Moumena</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Huda Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Sabah Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Abduljaleel Khalid Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Saud Abdulwahad Al-Fadel</td>
<td>371</td>
<td>3,710</td>
</tr>
<tr>
<td>Public</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>92,040,000</td>
<td>920,400,000</td>
</tr>
</tbody>
</table>

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’s 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 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 Abdulmonenem 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, 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

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

*Source: The Company*

### 4-7-2 IFC

Established in 1956, IFC is an international organization, member of the World 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

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Percentage of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>50%</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>50%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Percentage of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>50%</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>50%</td>
</tr>
</tbody>
</table>

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 5/30 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

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

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 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 m² while the build-up area is 62,531 m² resulting in vacant land of 218,876 m² of which 152,206 m² 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 2014. 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 2014.

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

<table>
<thead>
<tr>
<th>Licensing Body</th>
<th>Details</th>
<th>Accreditation Period for SGH Jeddah</th>
<th>Accreditation Period for SGH Riyadh</th>
<th>Accreditation Period for SGH Aseer</th>
<th>Accreditation Period for SGH Madinah</th>
</tr>
</thead>
<tbody>
<tr>
<td>JCI</td>
<td>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.</td>
<td>From 26/07/1436H (corresponding to 15/05/2015G) to 28/08/1439H (corresponding to 14/05/2018G)</td>
<td>From 24/11/1436H (corresponding to 08/09/2015G) to 27/12/1439H (corresponding to 07/09/2018G)</td>
<td>From 04/08/1436H (corresponding to 22/05/2015G) to 06/09/1439H (corresponding to 21/05/2018G)</td>
<td>From 13/02/1434H (corresponding to 26/12/2014G) to 07/04/1439H (corresponding to 25/12/2017G)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989G</td>
<td>Concluding a medical service agreement with Saudi Aramco.</td>
</tr>
<tr>
<td>1993G</td>
<td>Concluding a medical service agreement with GOSI.</td>
</tr>
<tr>
<td>1996G</td>
<td>Launching Magnetic Resonance Imaging services (MRI).</td>
</tr>
<tr>
<td>1997G</td>
<td>First epilepsy surgery.</td>
</tr>
<tr>
<td>1999G</td>
<td>First open heart surgery, coronary artery bypass grafting (CABG).</td>
</tr>
<tr>
<td>1999G</td>
<td>Launching radiology services with linear particle accelerator in department of oncology.</td>
</tr>
<tr>
<td>1999G</td>
<td>First heart catheter in cardiology department.</td>
</tr>
<tr>
<td>1999G</td>
<td>First permanent pacemaker implantation in the cardiology department.</td>
</tr>
<tr>
<td>1999G</td>
<td>First balloon valuloplasty in the cardiology department.</td>
</tr>
<tr>
<td>2000G</td>
<td>Launching the visiting professors program.</td>
</tr>
<tr>
<td>2005G</td>
<td>Obtaining Makkah Region Quality Program (MRQP) accreditation.</td>
</tr>
<tr>
<td>2008G</td>
<td>Expanding the emergency department.</td>
</tr>
<tr>
<td>2009G</td>
<td>Receiving “Excellence in Imaging and Diagnostics” award from the Arab Health Exhibition &amp; Congress.</td>
</tr>
<tr>
<td>2009G</td>
<td>Receiving JCI accreditation for the first time.</td>
</tr>
<tr>
<td>2011G</td>
<td>Expanding and renewing ICU.</td>
</tr>
<tr>
<td>2012G</td>
<td>Renewal of JCI accreditation.</td>
</tr>
<tr>
<td>2014G</td>
<td>Orthopedics Department received “Excellence in Surgery” Award from the Arab Health Exhibition &amp; Congress.</td>
</tr>
<tr>
<td>2014G</td>
<td>Launching Cardiac Patients Care Unit.</td>
</tr>
<tr>
<td>2015G</td>
<td>Launching Dental Clinic.</td>
</tr>
<tr>
<td>2015G</td>
<td>Refurbishing operating rooms.</td>
</tr>
<tr>
<td>2015G</td>
<td>Receiving the last accreditation from JCI.</td>
</tr>
<tr>
<td>2015G</td>
<td>Receiving accreditation from CBAHI.</td>
</tr>
</tbody>
</table>

<p>| SGH Aseer                                  |
| 2000G | Establishment of SGH Aseer.                                                  |
| 2000G | Launching Visiting Consultants’ Program.                                    |</p>
<table>
<thead>
<tr>
<th>Year</th>
<th>Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000G</td>
<td>Establishment of SGH Riyadh.</td>
</tr>
<tr>
<td>2002G</td>
<td>Concluding a medical service agreement with Saudi Aramco.</td>
</tr>
<tr>
<td>2004G</td>
<td>Launching Plastic Surgery Department.</td>
</tr>
<tr>
<td>2005G</td>
<td>Concluding medical service agreements with Saudi Aramco, Saudi Electricity company and MOH.</td>
</tr>
<tr>
<td>2006G</td>
<td>First open-heart surgery.</td>
</tr>
<tr>
<td>2006G</td>
<td>First case of test-tube baby in vitro fertilization department.</td>
</tr>
<tr>
<td>2009G</td>
<td>Receiving JCI accreditation for the first time.</td>
</tr>
<tr>
<td>2010G</td>
<td>Launching chemotherapy outpatient clinics.</td>
</tr>
<tr>
<td>2010G</td>
<td>Department of radiology received “Excellence in Surgery” award from the Arab Health Exhibition &amp; Congress.</td>
</tr>
<tr>
<td>2012G</td>
<td>Renewal of JCI accreditation.</td>
</tr>
<tr>
<td>2013G</td>
<td>Expanding pediatric intensive care unit (PICU) and cardiac patients care unit.</td>
</tr>
<tr>
<td>2014G</td>
<td>Receiving the last accreditation from JCI.</td>
</tr>
<tr>
<td>2014G</td>
<td>Launching labor examination unit.</td>
</tr>
<tr>
<td>2015G</td>
<td>Expanding operating rooms.</td>
</tr>
<tr>
<td>2006G</td>
<td>Commencing construction of SGH Hail.</td>
</tr>
<tr>
<td>2002G</td>
<td>Establishment of SGH Madinah.</td>
</tr>
<tr>
<td>2004G</td>
<td>Launching Plastic Surgery Department.</td>
</tr>
<tr>
<td>2005G</td>
<td>Concluding medical service agreements with Saudi Aramco, Saudi Electricity company and MOH.</td>
</tr>
<tr>
<td>2009G</td>
<td>Receiving JCI accreditation for the first time.</td>
</tr>
<tr>
<td>2010G</td>
<td>Launching chemotherapy outpatient clinics.</td>
</tr>
<tr>
<td>2010G</td>
<td>Department of radiology received “Excellence in Surgery” award from the Arab Health Exhibition &amp; Congress.</td>
</tr>
<tr>
<td>2012G</td>
<td>Renewal of JCI accreditation.</td>
</tr>
<tr>
<td>2013G</td>
<td>Expanding pediatric intensive care unit (PICU) and cardiac patients care unit.</td>
</tr>
<tr>
<td>2014G</td>
<td>Receiving the last accreditation from JCI.</td>
</tr>
<tr>
<td>2014G</td>
<td>Launching labor examination unit.</td>
</tr>
<tr>
<td>2015G</td>
<td>Expanding operating rooms.</td>
</tr>
</tbody>
</table>

**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

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

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 m² 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 m². Total built-up area is 46,870 m² 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 m². Total built-up area is 49,093 m² 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-speciality, 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 m². Total built-up area is 48,151 m² 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**

<table>
<thead>
<tr>
<th>Specialization</th>
<th>Sub Specialization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaesthesiology</td>
<td>General Surgery</td>
</tr>
<tr>
<td></td>
<td>Neurosurgery</td>
</tr>
<tr>
<td></td>
<td>Obstetrics and Gynecology</td>
</tr>
<tr>
<td></td>
<td>Eye Surgery</td>
</tr>
<tr>
<td></td>
<td>Cardiothoracic Surgery</td>
</tr>
<tr>
<td></td>
<td>Dental and Maxillofacial Surgery</td>
</tr>
<tr>
<td></td>
<td>Pediatric Surgery</td>
</tr>
<tr>
<td></td>
<td>Urology</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>Ear, Nose and Throat surgery</td>
</tr>
<tr>
<td></td>
<td>Vascular Surgery</td>
</tr>
<tr>
<td></td>
<td>Plastic Surgery</td>
</tr>
<tr>
<td></td>
<td>Pain Treatment</td>
</tr>
<tr>
<td>Cardiology</td>
<td>General Cardiology</td>
</tr>
<tr>
<td></td>
<td>Interventional Cardiology</td>
</tr>
<tr>
<td></td>
<td>Electrophysiology (only in SGH Jeddah)</td>
</tr>
<tr>
<td>Dental Surgery and Maxillofacial Surgery</td>
<td>Oral and Maxillofacial Surgery</td>
</tr>
<tr>
<td></td>
<td>Orthodontology</td>
</tr>
<tr>
<td></td>
<td>Periodontics</td>
</tr>
<tr>
<td></td>
<td>Dental Prosthetics</td>
</tr>
<tr>
<td></td>
<td>Endodontics</td>
</tr>
<tr>
<td></td>
<td>Dental and Oral Surgery</td>
</tr>
<tr>
<td></td>
<td>Stomatology</td>
</tr>
<tr>
<td></td>
<td>General Dentistry</td>
</tr>
<tr>
<td>Dermatology</td>
<td>General Dermatology</td>
</tr>
<tr>
<td></td>
<td>Plastic surgery</td>
</tr>
<tr>
<td></td>
<td>Andrology and Venereology</td>
</tr>
<tr>
<td>Intensive Care Unit</td>
<td>There is no subspecialty</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>General Internal Medicine</td>
</tr>
<tr>
<td></td>
<td>Clinical Nutrition Unit (only in SGH Jeddah and SGH Riyadh)</td>
</tr>
<tr>
<td></td>
<td>Endocrine, metabolism and diabetes</td>
</tr>
<tr>
<td></td>
<td>Gastroenterology, Hepatology and Endoscopy</td>
</tr>
<tr>
<td></td>
<td>Geriatrics (only in SGH Aseer and SGH Riyadh)</td>
</tr>
<tr>
<td></td>
<td>Hematology</td>
</tr>
<tr>
<td></td>
<td>Infectious Diseases (only in SGH Jeddah)</td>
</tr>
<tr>
<td></td>
<td>Nephrology</td>
</tr>
<tr>
<td></td>
<td>Pulmonology and Pneumology</td>
</tr>
<tr>
<td></td>
<td>Family Medicine (only in SGH Jeddah and SGH Madinah)</td>
</tr>
<tr>
<td>Medical Laboratories</td>
<td>Microbiology</td>
</tr>
<tr>
<td></td>
<td>Parasites Unit</td>
</tr>
<tr>
<td></td>
<td>Virology Unit</td>
</tr>
<tr>
<td></td>
<td>Blood Diseases Unit and Coagulation Unit</td>
</tr>
<tr>
<td></td>
<td>Medical Biochemistry Unit</td>
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<tr>
<td></td>
<td>Toxins Unit</td>
</tr>
<tr>
<td></td>
<td>Immunity and Vaccines Unit</td>
</tr>
<tr>
<td></td>
<td>Immunohematology Unit (Blood Bank)</td>
</tr>
<tr>
<td></td>
<td>Urine Analysis Unit</td>
</tr>
<tr>
<td></td>
<td>Histopathology Unit</td>
</tr>
<tr>
<td>Medical Imaging</td>
<td>Neuroradiology</td>
</tr>
<tr>
<td></td>
<td>Traumatology and Musculoskeletal Diseases</td>
</tr>
<tr>
<td></td>
<td>Cardiothoracic Surgery</td>
</tr>
<tr>
<td></td>
<td>Abdominal Imaging</td>
</tr>
<tr>
<td></td>
<td>Pediatric Imaging</td>
</tr>
<tr>
<td></td>
<td>Interventional Radiology</td>
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<tr>
<td></td>
<td>Angiography</td>
</tr>
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<td></td>
<td>Ultrasound</td>
</tr>
<tr>
<td>Neurology</td>
<td>Neurophysiology Test</td>
</tr>
<tr>
<td></td>
<td>Autoimmune Disorders of the Central Nervous System</td>
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<tr>
<td></td>
<td>Epilepsy</td>
</tr>
<tr>
<td></td>
<td>Central Nervous System Infections</td>
</tr>
<tr>
<td></td>
<td>Sleep Lab (not available in SGH Aseer)</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>General Neurosurgery</td>
</tr>
<tr>
<td></td>
<td>Brain Blood Vessels Surgery</td>
</tr>
<tr>
<td></td>
<td>Epilepsy Surgery (only in SGH Jeddah and SGH Aseer)</td>
</tr>
<tr>
<td></td>
<td>Stereotaxic Surgery (only in SGH Aseer and SGH Jeddah)</td>
</tr>
<tr>
<td></td>
<td>Endoscopic Brain Surgery (only in SGH Aseer)</td>
</tr>
<tr>
<td>Obstetrics and Gynecology</td>
<td>General Obstetrics</td>
</tr>
<tr>
<td></td>
<td>Advanced Obstetric Cases</td>
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<tr>
<td></td>
<td>General Gynecology</td>
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<tr>
<td></td>
<td>Gynecologic Oncology</td>
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<tr>
<td></td>
<td>Hysteroscopy</td>
</tr>
<tr>
<td></td>
<td>Laparoscopic surgery for women</td>
</tr>
<tr>
<td></td>
<td>Fertilization in Medical Laboratories (only in SGH Riyadh)</td>
</tr>
<tr>
<td>Specialization</td>
<td>Sub Specialization</td>
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<td>---------------------</td>
<td>-------------------------------------------------------------------------------------</td>
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<tr>
<td>Oncology</td>
<td>Systemic Chemotherapy</td>
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<td></td>
<td>Targeted Therapy</td>
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<td></td>
<td>Monoclonal Antibody Therapy</td>
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<tr>
<td></td>
<td>External Beam Radiation Therapy (only in SGH Jeddah and SGH Aseer)</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>Cataract Surgery</td>
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<tr>
<td></td>
<td>Glaucoma Surgery</td>
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<td></td>
<td>Corneal Surgery</td>
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<tr>
<td></td>
<td>Lacrimal Surgery</td>
</tr>
<tr>
<td></td>
<td>Ophthalmology Diagnostic Investigations</td>
</tr>
<tr>
<td></td>
<td>Refractive Surgery</td>
</tr>
<tr>
<td></td>
<td>Vitreoretinal Surgery (only in SGH Jeddah)</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>Spine Surgery</td>
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<td></td>
<td>Healing Joints</td>
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<td>Hand and Shoulder</td>
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<td>Traumatology</td>
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<td>Arthroscopy</td>
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<td>Sports Injuries</td>
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<tr>
<td>Pediatrics (only in SGH Jeddah)</td>
<td>Oncology and Microscopic Surgery (only in SGH Jeddah)</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>General Pediatrics</td>
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<tr>
<td></td>
<td>Neonatology</td>
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<tr>
<td></td>
<td>Pediatric Cardiology (Interventional)</td>
</tr>
<tr>
<td></td>
<td>Pediatric Cardiology (Diagnostic Service) (only in SGH Jeddah)</td>
</tr>
<tr>
<td></td>
<td>Pediatric Gastroenterology (only in SGH Jeddah)</td>
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<td></td>
<td>Pediatric Endocrinology (only in SGH Jeddah)</td>
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<td></td>
<td>Pediatric Hematology (only in SGH Jeddah)</td>
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<tr>
<td></td>
<td>Pediatric Surgery (only in SGH Jeddah and SGH Riyadh)</td>
</tr>
<tr>
<td>Physiotherapy</td>
<td>Orthopedic and Traumatology Laboratory</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation after Neurosurgeries and Neurological Diseases</td>
</tr>
<tr>
<td></td>
<td>Women’s health Program</td>
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<tr>
<td></td>
<td>Oncology Rehabilitation</td>
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<tr>
<td></td>
<td>Rehabilitation After Sports Injuries</td>
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<tr>
<td></td>
<td>Geriatric Rehabilitation</td>
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<tr>
<td></td>
<td>Pediatric Rehabilitation</td>
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<td></td>
<td>Weight Losing Program</td>
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<td>Swimming and Hydrotherapy</td>
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<td>Home care services</td>
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<td></td>
<td>Rehabilitation After Cardiopulmonary Surgeries and Entering the Cardiac Care Unit</td>
</tr>
<tr>
<td></td>
<td>Intensive Care Unit and Pediatric Intensive Care Unit Services</td>
</tr>
<tr>
<td>Psychology</td>
<td>Adult Psychiatry</td>
</tr>
<tr>
<td></td>
<td>Adult and Pediatric Psychiatry</td>
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<tr>
<td></td>
<td>Geriatric Psychiatry</td>
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<tr>
<td></td>
<td>Addiction Psychiatry</td>
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<td></td>
<td>Psychosomatic Medicine</td>
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<td></td>
<td>Treatment With Pain</td>
</tr>
<tr>
<td></td>
<td>Emergency Psychiatry</td>
</tr>
<tr>
<td></td>
<td>Psychotherapy (not available in SGH Madinah)</td>
</tr>
<tr>
<td></td>
<td>(General psychiatry is available within MEAHCO Hospitals, while subspecialties are not available except in SGH Jeddah)</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>General Rheumatology</td>
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<td></td>
<td>Osteoporosis</td>
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<td></td>
<td>Connective Tissue Disorders</td>
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<td></td>
<td>Crystal Related Arthropathies</td>
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<td></td>
<td>Inflammatory Musculoskeletal Disorders</td>
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<tr>
<td></td>
<td>Degenerative Arthropathies</td>
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<td>Inherited Collagen Disorder</td>
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<td>Proctology and Proctosurgery</td>
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<td>Ureteral Endoscopic Surgery</td>
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<td>Oncological Surgery</td>
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<td>Endoscopic Urinary Tract Surgery (only in SGH Jeddah)</td>
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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

Note: All nursing staff across the hospital report to nursing dept. head, but for financial classification of cost centers and manpower of courses, will be under respective dept. where they actually work.
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 Valvuoplasty (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
- 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
- Refractive 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 endoscopies of the upper GIT (stomach and esophagus), endoscopies 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 hematological 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 sera 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
- Vitreoretinal 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 joint 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 bringing 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 neurosurgical 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 specialities, 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
- Developing and maintaining all program documentation
- Planning and executing continuous ICT upgrades required to meet current and future business needs
- 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

<table>
<thead>
<tr>
<th>Description</th>
<th>SGH Hail</th>
<th>SGH Dammam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity</td>
<td>150 beds</td>
<td>150 beds</td>
</tr>
<tr>
<td></td>
<td>35 outpatient clinics</td>
<td>100 outpatient clinics</td>
</tr>
<tr>
<td></td>
<td>6 operating rooms</td>
<td>8 operating rooms</td>
</tr>
<tr>
<td>Project land area</td>
<td>89,213 m2</td>
<td>Approximately 30,000 m2</td>
</tr>
<tr>
<td>Project’s built-up area (hospital buildings excluding staff housing)</td>
<td>19,551 m2</td>
<td>Approximately 39,283 m2</td>
</tr>
<tr>
<td>Project’s expected cost (excluding land cost)</td>
<td>SAR 176,049,001</td>
<td>Approximately SAR 307,800,000</td>
</tr>
<tr>
<td>Project’s expected cost (including land cost)</td>
<td>SAR 180,523,101</td>
<td>Approximately SAR 350,000,000</td>
</tr>
<tr>
<td>Date of project commencement</td>
<td>21/07/1427H (corresponding to 15/08/2006G)</td>
<td>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</td>
</tr>
<tr>
<td>Expected date of completion of construction</td>
<td>Q1 2016G</td>
<td>Q4 2017G</td>
</tr>
<tr>
<td>Completion Percentage (Paid Value)</td>
<td>61.16% (achieved from the entire project) 81.38% (the main hospital) 87.51% (staff housing)</td>
<td>N/A</td>
</tr>
<tr>
<td>Main licenses obtained</td>
<td>Ministry of Municipality and Rural Affairs license in respect of the civil construction works MOH preliminary approval</td>
<td>MOH preliminary approval</td>
</tr>
<tr>
<td>Main Licenses to be obtained</td>
<td>Final license from Hail Municipality Civil Defense License MOH License</td>
<td>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</td>
</tr>
<tr>
<td>Project land ownership</td>
<td>Owned by NHC</td>
<td>Owned by the Company</td>
</tr>
<tr>
<td>Related-Party transaction</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Source of funding</td>
<td>Shareholder equity 38.26% Loan from MoF 33.17% Suppliers Credit 6.67% Bank loans 21.90%</td>
<td>Self-funding sources Loan from MoF Suppliers Credit Bank loans</td>
</tr>
</tbody>
</table>

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 m². The total built-up area of SGH Hail and the staff accommodation is 31,776 m², 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 m² owned by the Company. Total built-up area is expected to be 39,283 m² 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
- Urology
- 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

<table>
<thead>
<tr>
<th></th>
<th>31/12/2012G</th>
<th>31/12/2013G</th>
<th>31/12/2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
<td>Number</td>
</tr>
<tr>
<td>Saudi</td>
<td>820</td>
<td>22%</td>
<td>1,090</td>
</tr>
<tr>
<td>Non-Saudi</td>
<td>2,891</td>
<td>78%</td>
<td>3,015</td>
</tr>
<tr>
<td>Total</td>
<td>3,711</td>
<td>100%</td>
<td>4,105</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>31/12/2012G</th>
<th>31/12/2013G</th>
<th>31/12/2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Saudi</td>
<td>Non-Saudi</td>
<td>Saudi</td>
</tr>
<tr>
<td>Doctors</td>
<td>2</td>
<td>492</td>
<td>3</td>
</tr>
<tr>
<td>Nurses</td>
<td>95</td>
<td>880</td>
<td>104</td>
</tr>
<tr>
<td>Pharmacists</td>
<td>3</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Technicians</td>
<td>118</td>
<td>168</td>
<td>138</td>
</tr>
<tr>
<td>Quality Assurance Management</td>
<td>0</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Human Resources (HR) Department</td>
<td>4</td>
<td>27</td>
<td>10</td>
</tr>
<tr>
<td>Personnel Departments</td>
<td>42</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>21</td>
<td>66</td>
<td>58</td>
</tr>
<tr>
<td>Legal Affairs Department</td>
<td>15</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Quality and Patient Safety Department</td>
<td>5</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>Procurement Department</td>
<td>7</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>Maintenance</td>
<td>6</td>
<td>127</td>
<td>13</td>
</tr>
<tr>
<td>Medical Records</td>
<td>22</td>
<td>50</td>
<td>33</td>
</tr>
<tr>
<td>Clinics Management</td>
<td>241</td>
<td>55</td>
<td>275</td>
</tr>
<tr>
<td>Transportation Division</td>
<td>45</td>
<td>21</td>
<td>60</td>
</tr>
<tr>
<td>Housing Compound</td>
<td>0</td>
<td>93</td>
<td>0</td>
</tr>
<tr>
<td>Management</td>
<td>44</td>
<td>265</td>
<td>68</td>
</tr>
<tr>
<td>Finance Department</td>
<td>18</td>
<td>180</td>
<td>30</td>
</tr>
<tr>
<td>Repositories Division</td>
<td>8</td>
<td>40</td>
<td>8</td>
</tr>
<tr>
<td>Safety Department</td>
<td>9</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Security</td>
<td>13</td>
<td>0</td>
<td>66</td>
</tr>
<tr>
<td>Central</td>
<td>28</td>
<td>15</td>
<td>35</td>
</tr>
<tr>
<td>Information Technology (IT)</td>
<td>5</td>
<td>51</td>
<td>8</td>
</tr>
<tr>
<td>Kitchen</td>
<td>48</td>
<td>115</td>
<td>62</td>
</tr>
<tr>
<td>Laundry</td>
<td>20</td>
<td>41</td>
<td>22</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>0</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>1</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>820</td>
<td>2,891</td>
<td>1,090</td>
</tr>
</tbody>
</table>

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 MEACHO 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 MEACHO 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 MEACHO 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 MEACHO 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 MEACHO 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 MEACHO 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 MEACHO 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 MEACHO 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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>13.4%</td>
<td>29.5%</td>
<td>13.0%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>15.5%</td>
<td>16.4%</td>
<td>14.2%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Direct Customers</td>
<td>5.4%</td>
<td>4.5%</td>
<td>5.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Total Rejected Claims</td>
<td>9.8%</td>
<td>10.8%</td>
<td>9.5%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

Source: The Company

Table 83: Rejected Claims as a Percentage of Net Revenues for SGH Riyadh – Based on the type of customer

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>34.1%</td>
<td>17.8%</td>
<td>5.1%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>14.0%</td>
<td>24.6%</td>
<td>18.3%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Direct Customers</td>
<td>0.6%</td>
<td>9.0%</td>
<td>10.0%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Total Rejected Claims</td>
<td>18.3%</td>
<td>19.9%</td>
<td>10.4%</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

Source: The Company

Table 84: Rejected Claims as a Percentage of Net Revenues for SGH Aseer – Based on the type of customer

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>1.1%</td>
<td>2.3%</td>
<td>1.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>17.0%</td>
<td>15.9%</td>
<td>23.2%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Direct Customers</td>
<td>9.4%</td>
<td>11.0%</td>
<td>2.0%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total Rejected Claims</td>
<td>6.3%</td>
<td>7.2%</td>
<td>6.1%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Source: The Company

Table 85: Rejected Claims as a Percentage of Net Revenues for SGH Madinah – Based on the type of customer

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>21.4%</td>
<td>38.5%</td>
<td>33.4%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>9.8%</td>
<td>11.0%</td>
<td>5.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Direct Customers</td>
<td>8.9%</td>
<td>3.9%</td>
<td>7.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Rejected Claims</td>
<td>13.3%</td>
<td>20.4%</td>
<td>18.4%</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Companies</td>
<td>14.7%</td>
<td>18.5%</td>
<td>15.6%</td>
<td>14.7%</td>
</tr>
<tr>
<td>MOH</td>
<td>19.9%</td>
<td>21.5%</td>
<td>12.2%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Direct Customers</td>
<td>6.4%</td>
<td>6.2%</td>
<td>4.8%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

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-Giwaiz, 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**

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Title</th>
<th>Represents Entity</th>
<th>Nationality</th>
<th>Age</th>
<th>Capacity</th>
<th>Direct Ownership (%)*</th>
<th>Indirect Ownership (%)*</th>
<th>Membership Date**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sobhi Abduljaleel Batterjee</td>
<td>Chairman</td>
<td>-</td>
<td>Saudi</td>
<td>65</td>
<td>Non-executive, non-independent</td>
<td>1.3768%</td>
<td>0.9637%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>2</td>
<td>Waleed Abdulaziz Faqih</td>
<td>Member</td>
<td>IDB</td>
<td>Saudi</td>
<td>58</td>
<td>Non-executive, non-independent</td>
<td>-</td>
<td>-</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>3</td>
<td>Khalid Abduljaleel Batterjee</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>61</td>
<td>Non-executive, non-independent</td>
<td>0.0016%</td>
<td>0.0011%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>4</td>
<td>Mohammed Abdulrahman Moumena***</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>43</td>
<td>Independent Non-Executive Director</td>
<td>0.0016%</td>
<td>0.0011%</td>
<td>03/08/1436H (corresponding to 21/05/2015G)</td>
</tr>
<tr>
<td>5</td>
<td>Saleh Ahmed Hefni***</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>57</td>
<td>Independent Non-Executive Director</td>
<td>0.0016%</td>
<td>0.0011%</td>
<td>03/08/1436H (corresponding to 25/05/2015G)</td>
</tr>
<tr>
<td>6</td>
<td>Rudwan Khalid Batterjee</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>30</td>
<td>Non-executive, non-independent</td>
<td>0.0016%</td>
<td>0.0008%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>7</td>
<td>Makarim Sobhi Batterjee</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>37</td>
<td>Non-executive, non-independent</td>
<td>0.0016%</td>
<td>0.0008%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>8</td>
<td>Sultan Sobhi Batterjee</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>31</td>
<td>Non-executive, non-independent</td>
<td>0.0016%</td>
<td>0.0008%</td>
<td>22/11/1435H (corresponding to 17/09/2014G)</td>
</tr>
<tr>
<td>9</td>
<td>Ali Abdulrahman Al-Gwaiz***</td>
<td>Member</td>
<td>-</td>
<td>Saudi</td>
<td>56</td>
<td>Independent Non-Executive Director</td>
<td>0.0016%</td>
<td>0.001%</td>
<td>03/08/1436H (corresponding to 21/05/2015G)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Sobhi Abduljaleel Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>65</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director and Chairman of the Board (“Chairman”)</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>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.</td>
</tr>
<tr>
<td>Work Experience</td>
<td>CEO of Batterjee Medical College for Science and Technology, a limited liability company working in the field of medical education, 2006G – present.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>CEO of Saudi Arabian National Development Company, a limited liability company working in the field of trade and contracting, 1975G-1988G.</td>
</tr>
<tr>
<td></td>
<td>Site engineer at Makkah Intercontinental Hotel, a limited liability company working in the field of contracting, 1974G-1975G.</td>
</tr>
<tr>
<td>Other Positions</td>
<td>Manager of Al Bait International Company, a limited liability company working in the field of managing hospitals and medical centers, 2013G – present.</td>
</tr>
<tr>
<td></td>
<td>Manager of Bait Al Batterjee Holding Company, a limited liability company working in the field of investments in medical education and healthcare, 2013G – present.</td>
</tr>
<tr>
<td></td>
<td>Manager of International Socio-Medical Company, a limited liability company trading in office, educational and residential furniture, 2013G – present.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Director of Dalakom International Real Estate Development Company, a limited liability company working in the field of real estate investment and development, 2012G – present.</td>
</tr>
<tr>
<td></td>
<td>Chairman of National Hall Company for Healthcare, a closed joint stock company working in the field of management and operation of hospitals and medical centers, 2007G – present.</td>
</tr>
<tr>
<td></td>
<td>Manager of Batterjee Medical College for Science and Technology, a limited liability company working in the field of medical education, 2005G – present.</td>
</tr>
<tr>
<td></td>
<td>Manager 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.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Director of Khalid Abduljalale Ibrahim Batterjee and Co. for Medical Investment, a limited liability company working in the field of establishment of hospitals and medical centers, 2003G – present.</td>
</tr>
<tr>
<td></td>
<td>Manager of International Hospitals Construction Co., a limited liability company working in the field of establishment of hospitals and medical centers, 2003G – present.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
### Table 89: Biography of Waleed Abdulaziz Faqih

<table>
<thead>
<tr>
<th>Name</th>
<th>Waleed Abdulaziz Faqih (Representative of IDB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>58</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor’s degree in Civil Engineering, King Fahd University of Petroleum and Minerals, KSA, 1979G.</td>
</tr>
<tr>
<td>Work Experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• 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-2000G.</td>
</tr>
<tr>
<td></td>
<td>• Support Services Manager at Saudi Aramco, a government entity working in the field of oil, natural gas and petrochemicals, 1993G-1994G.</td>
</tr>
<tr>
<td></td>
<td>• Project Manager at SAMAREC, a government entity working in the field of petrochemicals, 1999G-1993G.</td>
</tr>
<tr>
<td></td>
<td>• Project Manager at PETROSERV, a government entity working in the field of petrochemicals, 1989G-1990G.</td>
</tr>
<tr>
<td></td>
<td>• Senior Engineer at PETROSERV, a government entity working in the field of petrochemicals, 1987G-1988G.</td>
</tr>
<tr>
<td></td>
<td>• Planning Supervisor at Petromin - Rabigh, a government entity working in the field of petrochemicals, 1986G-1987G.</td>
</tr>
<tr>
<td></td>
<td>• Port Officer at Petromin - Rabigh, a government entity working in the field of petrochemicals, 1984G-1987G.</td>
</tr>
<tr>
<td></td>
<td>• Site Manager at Petro-Line, a government entity working in the field of petrochemicals industry, 1983G-1984G.</td>
</tr>
<tr>
<td></td>
<td>• Construction Project Manager at Petro-Line, a government entity working in the field of the petrochemicals, 1981G-1983G.</td>
</tr>
<tr>
<td></td>
<td>• Head of Civil and Mechanical Engineering Operations Department at Petro-Line, a government entity working in the field of petrochemicals, 1981G.</td>
</tr>
<tr>
<td></td>
<td>• Engineer at Petro-Line, a government entity working in the field of petrochemicals, 1980G-1981G.</td>
</tr>
<tr>
<td></td>
<td>• Engineer at Saudi Arabian National Guard, a government entity working in the field of national security, 1979G-1980G.</td>
</tr>
<tr>
<td>Other Positions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
Table 90: Biography of Khalid Abduljaleel Batterjee

<table>
<thead>
<tr>
<th>Name</th>
<th>Khalid Abduljaleel Ibrahim Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>61</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>PhD in Human Medicine, University of Essen, Germany, 1985G. Bachelor’s degree in Human Medicine and Practical Training, University of Vienna, Austria, 1978G.</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Mohammed Abdulrahman Mohammed Moumena</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>43</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor’s degree in Marketing, King Fahd University of Petroleum and Minerals, KSA, 1996G.</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Saleh Ahmed Ali Hefni</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>56</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Saudi</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>Director</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td></td>
</tr>
<tr>
<td>• Master’s degree in Human Resources, University of Strathclyde, United Kingdom, 1996G.</td>
<td></td>
</tr>
<tr>
<td>• Bachelor’s degree in Civil Engineering, Cogswell University, United States of America, 1984G.</td>
<td></td>
</tr>
<tr>
<td><strong>Work Experience</strong></td>
<td></td>
</tr>
<tr>
<td>• Director of Saudi Export Development Authority, a government entity working in the field of development of Saudi exports, 2014G – present.</td>
<td></td>
</tr>
<tr>
<td>• Managing Director and CEO of Halwani Bros Company, a public joint stock company working in the field of food trade and production, 2007G – present.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• Member of the Facilities Committee at Jeddah Chamber of Commerce and Industry, 1995G-2005G.</td>
<td></td>
</tr>
<tr>
<td>• Member of the Industrial Committee at Jeddah Chamber of Commerce and Industry, 1995G-2005G.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• Supervising engineer for international airports projects, a government agency working in the operation of airports, 1984G-1988G.</td>
<td></td>
</tr>
<tr>
<td><strong>Other Positions</strong></td>
<td></td>
</tr>
<tr>
<td>• Member of the board of directors of Al Ahli Takaful Company, a public joint stock company working in the insurance sector, 2010G – present.</td>
<td></td>
</tr>
<tr>
<td>• Member of the executive committee of Kindasa Water Services Company, a limited liability company working in the production of desalinated water, 2001G – present.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
</tbody>
</table>

### Table 93: Biography of Rudwan Khalid Batterjee

<table>
<thead>
<tr>
<th>Name</th>
<th>Rudwan Khalid Abduljaleel Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>30</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Saudi</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>Director</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td>Bachelor’s degree in Business Administration and Marketing, Cape Breton University, Canada, 2007G.</td>
</tr>
<tr>
<td><strong>Work Experience</strong></td>
<td></td>
</tr>
<tr>
<td>• Executive Manager at Advanced Medicine Factory Company, a limited liability company working in the field of production of medicine, 2015G – present.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• Marketing Officer at Batterjee Medical College, a limited liability company working in the field of medical education, 2008G-2010G.</td>
<td></td>
</tr>
<tr>
<td><strong>Other Positions</strong></td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
### Table 94: Biography of Makarem Sobhi Batterjee

<table>
<thead>
<tr>
<th>Name</th>
<th>Makarem Sobhi Abduljaleel Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>37</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
</tbody>
</table>
| 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 the 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Sultan Sobhi Abduljaleel Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>31</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor’s degree in Finance and International Accounting, Regent’s University, United Kingdom, 2006G.</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Ali Abdulrahman Al-Gwaiz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>56</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor’s degree in Business Administration, University of Portland, United States of America, 1985G.</td>
</tr>
</tbody>
</table>
| 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 Xfmaa 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 Riyadh 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Moaz Mohamed Al-Zarkane</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>43</td>
</tr>
<tr>
<td>Nationality</td>
<td>Syrian</td>
</tr>
<tr>
<td>Title</td>
<td>Secretary</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor’s degree in Economics and Commerce, University of Damascus, Syria, 1994G.</td>
</tr>
</tbody>
</table>
| 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>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Nationality</th>
<th>Age</th>
<th>Date of Appointment</th>
<th>Share Ownership Pre-Offering</th>
<th>Share Ownership Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohammed Mamoun Al-Najjar</td>
<td>Company CEO</td>
<td>Egyptian</td>
<td>47</td>
<td>2005G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Wael Abdelhamid Al-Ganainy</td>
<td>Company and SGH Jeddah CMO</td>
<td>Egyptian</td>
<td>46</td>
<td>2007G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Alarma Varghese Thomas</td>
<td>Company Chief Financial Officer (&quot;CFO&quot;)</td>
<td>Indian</td>
<td>49</td>
<td>2001G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bandar Abdullah Abu Dawood</td>
<td>HR Manager</td>
<td>Saudi</td>
<td>33</td>
<td>2015G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Abner Hinanay</td>
<td>IT Manager</td>
<td>Filipino</td>
<td>54</td>
<td>1989G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ahmed Shafiq Alwi Ghazi</td>
<td>Procurement Manager</td>
<td>Egyptian</td>
<td>52</td>
<td>2003G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hani Mustafa Abdulsalam</td>
<td>Marketing Manager</td>
<td>Egyptian</td>
<td>51</td>
<td>2005G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mohamed Abdullah Owais</td>
<td>SGH Jeddah CEO</td>
<td>Egyptian</td>
<td>55</td>
<td>2007G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tahir Ayub</td>
<td>SGH Jeddah Finance Manager</td>
<td>Pakistani</td>
<td>47</td>
<td>2010G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Abdulfattah Abdo Hassanein</td>
<td>SGH Riyadh CEO</td>
<td>Egyptian</td>
<td>62</td>
<td>2000G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mohamed Sayed Rashed</td>
<td>SGH Riyadh CMO</td>
<td>Egyptian</td>
<td>65</td>
<td>2012G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hussein Sobhani Allam Ali</td>
<td>SGH Riyadh Finance Manager</td>
<td>Pakistani</td>
<td>36</td>
<td>2011G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ramez Mosaad Al-Awady</td>
<td>SGH Madinah CEO</td>
<td>Egyptian</td>
<td>32</td>
<td>2015G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mahmoud Asaad Maraba</td>
<td>SGH Madinah CMO</td>
<td>Egyptian</td>
<td>34</td>
<td>2014G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rana Karam Khan</td>
<td>SGH Madinah Finance Manager</td>
<td>Pakistani</td>
<td>41</td>
<td>2011G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ahmed Mohamed Shibil Al-Atris</td>
<td>SGH Aseer CEO</td>
<td>Egyptian</td>
<td>46</td>
<td>2005G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ahmed Mahmoud Al-Hakim</td>
<td>SGH Aseer CMO</td>
<td>Egyptian</td>
<td>43</td>
<td>2014G</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adhar Hussein Fzal Hussein</td>
<td>SGH Aseer Finance Manager</td>
<td>Pakistani</td>
<td>48</td>
<td>2014G</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Mohammed Mamoun Al-Najjar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>47</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>Company CEO</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td></td>
</tr>
<tr>
<td>• Mini Master’s degree in Business Administration, IIR Middle East Institute, United Arab Emirates, 2011G.</td>
<td></td>
</tr>
<tr>
<td>• Diploma in Total Quality Management, American University in Cairo, Egypt, 2005G.</td>
<td></td>
</tr>
<tr>
<td>• Diploma in Hospital Management, American University in Cairo, Egypt, 1998G.</td>
<td></td>
</tr>
<tr>
<td>• Master’s degree in Internal Medicine(Part I), Ain Shams University, Egypt, 1995G.</td>
<td></td>
</tr>
<tr>
<td>• Bachelor’s degree in General Medicine, Ain Shams University, Egypt, 1991G.</td>
<td></td>
</tr>
<tr>
<td>Work Experience</td>
<td></td>
</tr>
<tr>
<td>• CEO of the Company, 2013G – present.</td>
<td></td>
</tr>
<tr>
<td>• CEO of SGH Jeddah, 2007G-2013G.</td>
<td></td>
</tr>
<tr>
<td>• Assistant CEO at SGH Jeddah, 2005G-2007G.</td>
<td></td>
</tr>
<tr>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td>• Internships and Internal Department Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 2000G-2002G.</td>
<td></td>
</tr>
<tr>
<td>• Egyptian Fellowship Program Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1998G-2000G.</td>
<td></td>
</tr>
<tr>
<td>• Deputy General Manager at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1996G-1998G.</td>
<td></td>
</tr>
<tr>
<td>• Administrative On-call Doctor at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1994G-1996G.</td>
<td></td>
</tr>
<tr>
<td>• On-call Doctor for Internal Medicine at Nasser Institute Hospital, a public hospital working in the field of healthcare in Egypt, 1993G-1994G.</td>
<td></td>
</tr>
<tr>
<td>• General Practitioner at the Ministry of Health and Population in Egypt, 1991G-1993G.</td>
<td></td>
</tr>
<tr>
<td>• Doctor at Ain Shams University Hospital, a public hospital working in the field of healthcare in Egypt, 1991G.</td>
<td></td>
</tr>
<tr>
<td>Other Positions</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

### Table 100: Biography of Wael Abdelhamid Al-Ganainy

<table>
<thead>
<tr>
<th>Name</th>
<th>Wael Abdelhamid Al-Ganainy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>46</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>Company and SGH Jeddah CMO</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td></td>
</tr>
<tr>
<td>• Mini Master’s degree in Business Administration, IIR Middle East Institute, United Arab Emirates, 2011G.</td>
<td></td>
</tr>
<tr>
<td>• Master’s degree in Hospital Management, George Washington University, United States of America, 2003G.</td>
<td></td>
</tr>
<tr>
<td>• Master’s degree in Internal Medicine, Ain Shams University, Egypt, 2000G.</td>
<td></td>
</tr>
<tr>
<td>• Diploma in Medicine (distance learning), Yale University, United States of America, 1999G.</td>
<td></td>
</tr>
<tr>
<td>• Bachelor’s degree in General Medicine, Mansoura University, Egypt, 1992G.</td>
<td></td>
</tr>
<tr>
<td>Work Experience</td>
<td></td>
</tr>
<tr>
<td>• Medical Affairs Manager of the Company, 2013G – present.</td>
<td></td>
</tr>
<tr>
<td>• SGH Jeddah CMO, 2007G – present.</td>
<td></td>
</tr>
<tr>
<td>• Vice President at Nasser Institute for Research and Therapy, a government institute working in the field of healthcare in Egypt, 2003G-2004G.</td>
<td></td>
</tr>
<tr>
<td>• Assistant to the CEO at Medlink Hospital and Medical Centre, a company established in Egypt working in the field of healthcare, 2003G.</td>
<td></td>
</tr>
<tr>
<td>• Project Coordinator at the Ministry of Health and Population in Egypt, 2000G-2001G.</td>
<td></td>
</tr>
<tr>
<td>• On-call Administrator at Nasser Institute for Research and Therapy, a government institute working in the field of healthcare in Egypt, 1996G-2001G.</td>
<td></td>
</tr>
<tr>
<td>Other Positions</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
### Table 101: Biography of Alarma Varghese Thomas

<table>
<thead>
<tr>
<th>Name</th>
<th>Alarma Varghese Thomas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>49</td>
</tr>
<tr>
<td>Nationality</td>
<td>Indian</td>
</tr>
<tr>
<td>Title</td>
<td>Company CFO</td>
</tr>
</tbody>
</table>
| Academic Qualifications | • Bachelor’s degree in Commerce, University of Bangalore, India, 1986G.  
• Certificate of Fellowship, the Institute of Chartered Accountants, India, 1997G. |
• 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Bandar Abdullah Abu Dawood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>33</td>
</tr>
<tr>
<td>Nationality</td>
<td>Saudi</td>
</tr>
<tr>
<td>Title</td>
<td>Human Resources Manager</td>
</tr>
</tbody>
</table>
| 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 AlAzira, a public joint stock company working in the field of banking, 2005G-2007G.  
• Assistant to the Administrative and Employee Affairs Manager at Bank AlAzira, 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Abner Hinanay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>54</td>
</tr>
<tr>
<td>Nationality</td>
<td>Filipino</td>
</tr>
<tr>
<td>Title</td>
<td>Information Technology Manager</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor’s degree in Electrical Engineering, Manila Institute of Technology, Philippines, 1979G.</td>
</tr>
</tbody>
</table>
| Work Experience | • Information Technology Manager of the Company, 1989G – present.  
• Software Analyst, Designer and Programmer at Computrex Company, a company established in the Philippines working in the field of information technology, 1982G-1989G.  
• Electrical Engineer at the Philippine Refining Company, a company established in the Philippines working in the field of petrochemicals, 1980G-1982G.  
• Equipment Technician at Manila Electric Company, a company established in the Philippines working in the field of electricity and power, 1979G. |
| Other Positions | Not applicable |
Table 104: Biography of Ahmed Shafiq Alwi Ghazi

<table>
<thead>
<tr>
<th>Name</th>
<th>Ahmed Shafiq Alwi Ghazi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>52</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>Procurement Manager</td>
</tr>
</tbody>
</table>
| 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.  |
                          • 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Hani Mustafa Abdul Salam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>51</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>Marketing Manager</td>
</tr>
</tbody>
</table>
| Academic Qualifications | • Diploma in Oral Surgery, Alexandria University, Egypt, 1990G.  
                         • Bachelor’s degree in Dentistry, Alexandria University, Egypt, 1986G.  |
                          • 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Mohamed Abdullah Owais</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>55</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Egyptian</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>SGH Jeddah CEO</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td>• Diploma in Marketing and Sales, American University in Cairo, Egypt, 1991G.</td>
</tr>
<tr>
<td></td>
<td>• Bachelor’s degree in Pharmacy, Cairo University, Egypt, 1982G.</td>
</tr>
<tr>
<td><strong>Work Experience</strong></td>
<td>• COO of SGH Jeddah, 2013G – present.</td>
</tr>
<tr>
<td></td>
<td>• COO of the Company, 2007G-2013G.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• Marketing and Sales Manager at Magrabi Hospitals and Medical Centers, a company established in Egypt working in the field of healthcare, 2002G-2006G.</td>
</tr>
<tr>
<td></td>
<td>• Scientific Office Manager at Novartis Pharma International, a company established in Egypt working in the field of pharmaceuticals, 1999G-2002G.</td>
</tr>
<tr>
<td></td>
<td>• Scientific Office Manager at BioProduct Laboratory, a company established in Egypt working in the field of pharmaceuticals, 1998G-1999G.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• Sales Officer at Bristol-Myers Squibb Middle East, a company established in Egypt working in the field of pharmaceuticals, 1992G-1995G.</td>
</tr>
<tr>
<td></td>
<td>• Hospital Products Consultant at Upjohn Pharmaceuticals, a company established in Egypt working in the field of pharmaceuticals, 1988G-1992G.</td>
</tr>
<tr>
<td></td>
<td>• Salesperson at Upjohn Pharmaceuticals, a company established in Egypt working in the field of pharmaceuticals, 1983G-1988G.</td>
</tr>
<tr>
<td><strong>Other Positions</strong></td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

### Table 107: Biography of Tahir Ayub

<table>
<thead>
<tr>
<th>Name</th>
<th>Tahir Ayub</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>47</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Pakistani</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>SGH Jeddah Finance Manager</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td>• Chartered Certified Accountant, Association of Chartered Certified Accountants, United Kingdom, 2013G.</td>
</tr>
<tr>
<td></td>
<td>• Certificate of Fellowship, the Institute of Chartered Accountants, the Islamic Republic of Pakistan, 1997G.</td>
</tr>
<tr>
<td></td>
<td>• Certificate of Fellowship, Institute of Public Finance Accountants, the Islamic Republic of Pakistan, 1996G.</td>
</tr>
<tr>
<td></td>
<td>• Bachelor’s degree in Commerce, Punjab University, the Islamic Republic of Pakistan, 1989G.</td>
</tr>
<tr>
<td><strong>Work Experience</strong></td>
<td>• Finance Manager of SGH Jeddah, 2010G – present.</td>
</tr>
<tr>
<td></td>
<td>• CFO of Khawaja Group, a company established in the Islamic Republic of Pakistan working in the field of iron and textiles, 1999G-2010G.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• Audit and Tax Manager at Nadeem Youszf &amp; Associates, a company established in the Islamic Republic of Pakistan working in the field of business services, 1993G-1997G.</td>
</tr>
<tr>
<td><strong>Other Positions</strong></td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
### Table 108: Biography of Abdulfattah Abdo Hassanein

<table>
<thead>
<tr>
<th>Name</th>
<th>Abdulfattah Abdo Hassanein</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>62</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Egyptian</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>SGH Riyadh CEO</td>
</tr>
</tbody>
</table>
| **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. |
- 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Mohamed Sayed Rashed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>65</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Egyptian</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>SGH Riyadh CMO</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td>Bachelor’s degree in Medicine and Surgery, Cairo University, Egypt, 1976G.</td>
</tr>
</tbody>
</table>
| **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, 1999G-2001G.  
- Resident Internal Medicine Doctor at SGH Jeddah, 1988G-1999G.  
- 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Hussein Sobhani Allam Ali</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>36</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Pakistani</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>SGH Riyadh Finance Manager</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td></td>
</tr>
<tr>
<td>Certificate in Chartered Certified Accountancy, the Institute of Chartered Accountants, the Islamic Republic of Pakistan, 2007G.</td>
<td></td>
</tr>
<tr>
<td>Certificate in Public Finance Accounting, Institute of Public Finance Accountants, the Islamic Republic of Pakistan, 2005G.</td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree in Commerce, Hailey College of Commerce in Punjab, the Islamic Republic of Pakistan, 1999G.</td>
<td></td>
</tr>
<tr>
<td><strong>Work Experience</strong></td>
<td></td>
</tr>
<tr>
<td>CFO at Diamond Group of Industries, a company registered in the Islamic Republic of Pakistan working in the field of production, 2008G-2011G.</td>
<td></td>
</tr>
<tr>
<td>Financial Manager at Bilal Fibers Limited, a company registered in the Islamic Republic of Pakistan working in the field of production, 2007G-2008G.</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Accountant at Mushtaq &amp; Co. Chartered Accountants, a company registered in the Islamic Republic of Pakistan working in the field of auditing, 2001G-2005G.</td>
<td></td>
</tr>
<tr>
<td><strong>Other Positions</strong></td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Table 111: Biography of Ramez Mosaad Al-Awady

<table>
<thead>
<tr>
<th>Name</th>
<th>Ramez Mosaad Al-Awady</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>32</td>
</tr>
<tr>
<td><strong>Nationality</strong></td>
<td>Egyptian</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>SGH Madinah CEO</td>
</tr>
<tr>
<td><strong>Academic Qualifications</strong></td>
<td></td>
</tr>
<tr>
<td>Master’s degree in Business Administration, Arab Academy of Science &amp; Maritime, Egypt, 2013G.</td>
<td></td>
</tr>
<tr>
<td>Master’s degree in Dermatology, Cairo University, Egypt, 2013G.</td>
<td></td>
</tr>
<tr>
<td>Master’s degree in Gynecology and Obstetrics, Cairo University, Egypt, 2012G.</td>
<td></td>
</tr>
<tr>
<td>Bachelor’s degree in Medicine and Surgery, Cairo University, Egypt, 2006G.</td>
<td></td>
</tr>
<tr>
<td><strong>Work Experience</strong></td>
<td></td>
</tr>
<tr>
<td>CEO of SGH Madinah, 2015G – present.</td>
<td></td>
</tr>
<tr>
<td>Assistant CEO of SGH Madinah, 2013G-2015G.</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Medical Unit Manager of Dar Elfouad Hospital, a private hospital in Egypt, 2009G-2013G.</td>
<td></td>
</tr>
<tr>
<td>Resident in Dar Elshefaa Hospital, a private hospital in Egypt, in 2009G.</td>
<td></td>
</tr>
<tr>
<td>Resident in Misir International Hospital, a private hospital in Egypt, 2008G-2009G.</td>
<td></td>
</tr>
<tr>
<td>House Officer in Elkasr Eleiny Hospital, a private hospital in Egypt, 2007G-2008G.</td>
<td></td>
</tr>
<tr>
<td>Assistant Marketing Manager of Healthcare Insurance Company, a company registered in Egypt working in the field of medical insurance, in 2007G.</td>
<td></td>
</tr>
<tr>
<td><strong>Other Positions</strong></td>
<td>Not applicable</td>
</tr>
</tbody>
</table>
### Table 112: Biography of Mahmoud Asaad Maraba

<table>
<thead>
<tr>
<th>Name</th>
<th>Mahmoud Asaad Maraba</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>34</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>SGH Madinah CMO</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Rana Karam Khan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>40</td>
</tr>
<tr>
<td>Nationality</td>
<td>Pakistani</td>
</tr>
<tr>
<td>Title</td>
<td>SGH Madinah Finance Manager</td>
</tr>
<tr>
<td>Academic Qualifications</td>
<td>Bachelor of Commerce, Hailey College of Commerce in Punjab, the Islamic Republic of Pakistan, 1996G.</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Ahmed Mohamed Shibl Al-Atris</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>46</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>SGH Aseer CEO</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Ahmed Mahmoud Al-Hakim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>43</td>
</tr>
<tr>
<td>Nationality</td>
<td>Egyptian</td>
</tr>
<tr>
<td>Title</td>
<td>SGH Aseer CMO</td>
</tr>
</tbody>
</table>
| 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 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Adhar Hussein Fazal Hussein</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>48</td>
</tr>
<tr>
<td>Nationality</td>
<td>Pakistani</td>
</tr>
<tr>
<td>Title</td>
<td>SGH Aseer Finance Manager</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th></th>
<th>SAR</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior executives, including the CEO and CFO</td>
<td>1,522,419</td>
<td>2,882,883</td>
<td>2,162,740</td>
<td></td>
</tr>
</tbody>
</table>

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- to 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- to conduct all actions to achieve the overall objectives of the Company;
3- to determine the Company’s best capital structure, strategies and financial goals and approve annual budgets;
4- to approve reconciliation, waive engagements, commitments and contract on behalf of the Company; and
5- to 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- to achieve the Company’s overall objectives, and implement its vision, missions and strategies as set out by the Board;
2- to supervise the Company’s daily administrative and technical works;
3- to coordinate the administrative plans within the Company’s different departments and hospitals to implement the Company’s annual business plan;
4- to 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- to 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- to 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>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Start Date of Employment</th>
<th>Employment Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohammed Mamoun Al-Najjar</td>
<td>Chief Executive Officer of the Company</td>
<td>2005G</td>
<td>Three years starting from 20/03/1434H (corresponding to 01/02/2013G)</td>
</tr>
<tr>
<td>Wael Abdelhamid Al-Ganainy</td>
<td>Chief Medical Officer of the Company and SGH Jeddah</td>
<td>2007G</td>
<td>Five years starting from 02/05/1433H (corresponding to 25/03/2012G)</td>
</tr>
<tr>
<td>Alarma Varghese Thomas</td>
<td>Chief Financial Officer of the Company</td>
<td>2001G</td>
<td>Two years starting from 02/12/1436H (corresponding to 15/09/2015G)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sobhi Abduljaleel Batterjee</td>
<td>Chairman</td>
</tr>
<tr>
<td>2 Makarem Sobhi Batterjee</td>
<td>Member</td>
</tr>
<tr>
<td>3 Arumbra Ram Mohan</td>
<td>Member</td>
</tr>
<tr>
<td>4 Mohammed Mamoun Al-Najjar</td>
<td>Member</td>
</tr>
<tr>
<td>5 Sultan Sobhi Batterjee</td>
<td>Member</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Sobhi Abduljaleel Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Chairman</td>
</tr>
<tr>
<td>Biography</td>
<td>Please see sub-section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

Source: The Company

### Table 121: Biography of Makarem Sobhi Batterjee, Executive Committee member

<table>
<thead>
<tr>
<th>Name</th>
<th>Makarem Sobhi Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Member</td>
</tr>
<tr>
<td>Biography</td>
<td>Please see sub-section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

Source: The Company

### Table 122: Biography of Arumbra Ram Mohan, Executive Committee member

<table>
<thead>
<tr>
<th>Name</th>
<th>Arumbra Ram Mohan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>58</td>
</tr>
<tr>
<td>Nationality</td>
<td>Indian</td>
</tr>
<tr>
<td>Title</td>
<td>Member of the Executive Committee and Nomination and Remuneration Committee of the Company</td>
</tr>
</tbody>
</table>
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Mohammed Mamoun Al-Najjar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Member</td>
</tr>
<tr>
<td>Biography</td>
<td>Please see sub-section 5-4-1 “Summary of the Executive Management’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saleh Ahmed Hefni</td>
<td>Chairman</td>
</tr>
<tr>
<td>Ali Abdulrahman Al-Gwaiz</td>
<td>Member</td>
</tr>
<tr>
<td>Waleed Abdulaziz Faqih</td>
<td>Member</td>
</tr>
</tbody>
</table>

Table 125: Members of Audit Committee

The following is a brief overview of the members of Audit Committee:

Table 126: Biography of Saleh Ahmed Hefni, Audit Committee member

<table>
<thead>
<tr>
<th>Name</th>
<th>Saleh Ahmed Hefni</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Chairman</td>
</tr>
</tbody>
</table>

Table 127: Biography of Ali Abdulrahman Al-Gwaiz, Audit Committee member

<table>
<thead>
<tr>
<th>Name</th>
<th>Ali Abdulrahman Al-Gwaiz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Member</td>
</tr>
</tbody>
</table>

Table 128: Biography of Waleed Abdulaziz Faqih, Audit Committee member

<table>
<thead>
<tr>
<th>Name</th>
<th>Waleed Abdulaziz Faqih</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Member</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mohammed Abdulrahman Moumena</td>
<td>Chairman</td>
</tr>
<tr>
<td>2 Saleh Ahmed Hefni</td>
<td>Member</td>
</tr>
<tr>
<td>3 Makarem Sobhi Abduljaleel Batterjee</td>
<td>Member</td>
</tr>
<tr>
<td>4 Arumbra Ram Mohan</td>
<td>Member</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Mohammed Abdulrahman Moumena</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>Chairman</td>
</tr>
<tr>
<td>Biography</td>
<td>Please see sub-section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

Source: The Company

Table 131: Biography of Saleh Ahmed Hefni, member of Nomination and Remuneration Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Saleh Ahmed Hefni</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Member</td>
</tr>
<tr>
<td>Biography</td>
<td>Please see sub-section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

Source: The Company

Table 132: Biography of Makarem Sobhi Batterjee, member of Nomination and Remuneration Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Makarem Sobhi Abduljaleel Batterjee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Chairman</td>
</tr>
<tr>
<td>Biography</td>
<td>Please see sub-section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

Source: The Company

Table 133: Biography of Arumbra Ram Mohan, member of Nomination and Remuneration Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Arumbra Ram Mohan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Member</td>
</tr>
<tr>
<td>Biography</td>
<td>Please refer to sub-section 5-11 “Board committees and their responsibilities” of this Section.</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalid Abduljaleel Ibrahim Batterjee</td>
<td>Chairman</td>
</tr>
<tr>
<td>Wael Abdelhamid Al-Ganainy</td>
<td>Member</td>
</tr>
<tr>
<td>Mohammed Mamoun Al-Najjar</td>
<td>Member</td>
</tr>
<tr>
<td>Makarem Sobhi Abduljaleel Batterjee</td>
<td>Member</td>
</tr>
<tr>
<td>Rudwan Khalid Abduljaleel Batterjee</td>
<td>Member</td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Name</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalid Abduljaleel Ibrahim Batterjee</td>
<td>Please see sub-section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this Section.</td>
</tr>
</tbody>
</table>

**Source:** The Company

**Table 136: Biography of Wael Abdelhamid Al-Ganainy, member of Medical Services Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wael Abdelhamid Al-Ganainy</td>
<td>Please refer to Section 5-4-1 “Summary of the Executive Management’s Biographies” of this section.</td>
</tr>
</tbody>
</table>

**Source:** The Company

**Table 137: Biography of Mohammed Mamoun Al-Najjar, member of Medical Services Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohammed Mamoun Al-Najjar</td>
<td>Please refer to Section 5-4-1 “Summary of the Executive Management’s Biographies” of this section.</td>
</tr>
</tbody>
</table>

**Source:** The Company

**Table 138: Biography of Makarem Sobhi Batterjee, member of Medical Services Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makarem Sobhi Abduljaleel Batterjee</td>
<td>Please refer to Section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this section.</td>
</tr>
</tbody>
</table>

**Source:** The Company

**Table 139: Biography Rudwan Khalid Batterjee, member of Medical Services Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Biography</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rudwan Khalid Abduljaleel Batterjee</td>
<td>Please refer to Section 5-3-1 “Summary of the Board Members and Secretary’s Biographies” of this section.</td>
</tr>
</tbody>
</table>

**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 “Nitaqtat” 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). MoL has developed “Nitaqtat” 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 “Nitaqtat” 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

<table>
<thead>
<tr>
<th>Medical Services</th>
<th>Number of employees</th>
<th>Distribution of categories according to nationalization percentages as announced by MoL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From</td>
<td>To</td>
</tr>
<tr>
<td>10</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>499</td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>2.999</td>
<td></td>
</tr>
<tr>
<td>3,000</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Wholesale and Retail Activity</th>
<th>Number of employees</th>
<th>Distribution of categories according to nationalization percentages as announced by MoL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From</td>
<td>To</td>
</tr>
<tr>
<td>10</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>499</td>
<td></td>
</tr>
<tr>
<td>500</td>
<td>2.999</td>
<td></td>
</tr>
<tr>
<td>3,000</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Number of employees</th>
<th>Saudi Nationals</th>
<th>Non-Saudi Nationals</th>
<th>Percentage of Saudi Nationals</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Healthcare</td>
<td>4,376</td>
<td>1,006</td>
<td>3,340</td>
<td>26.67%</td>
<td>Medium Green</td>
</tr>
<tr>
<td>AJ Sons Retail and trading</td>
<td>13</td>
<td>2</td>
<td>11</td>
<td>15.4%</td>
<td>Medium Green</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Branch/ Subsidiary</th>
<th>Certificate Number</th>
<th>Certificate Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company</td>
<td>19100812</td>
<td>08/05/1437H (corresponding to 15/04/2016G)</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>19100720</td>
<td>08/05/1437H (corresponding to 15/04/2016G)</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>19378560</td>
<td>12/07/1437H (corresponding to 19/04/2016G)</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>19105746</td>
<td>09/05/1437H (corresponding to 16/04/2016G)</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>19017464</td>
<td>24/04/1437H (corresponding to 03/02/2016G)</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>18657880</td>
<td>01/02/1437H (corresponding to 13/11/2015G)</td>
</tr>
</tbody>
</table>

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 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

<table>
<thead>
<tr>
<th>One thousand Saudi Riyals</th>
<th>2012G Audited (before re-classification)</th>
<th>Selling and Marketing Expenses</th>
<th>Salaries</th>
<th>Depreciation</th>
<th>General and Administration Expenses</th>
<th>Hospital Materials and Supplies</th>
<th>Management Fees</th>
<th>Financial Charges</th>
<th>2012G Audited (after re-classification)</th>
<th>One thousand Saudi Riyals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>542,222</td>
<td>68,193</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>474,028</td>
<td>Revenue</td>
</tr>
<tr>
<td></td>
<td>(170,015)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(170,015)</td>
<td>Employees’ Salaries &amp; Benefits</td>
</tr>
<tr>
<td>Cost of Revenue</td>
<td>(293,858)</td>
<td>(121,609)</td>
<td>(31,113)</td>
<td>(16,978)</td>
<td>(124,158)</td>
<td></td>
<td></td>
<td></td>
<td>(128,508)</td>
<td>Cost of Revenue and Materials and Supplies</td>
</tr>
<tr>
<td></td>
<td>(34,936)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(34,936)</td>
<td>Depreciation</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>248,364</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>76,405</td>
<td>Net Operating Profit</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>(84,829)</td>
<td>(68,193)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(397,623)</td>
<td>Total Operating Expenses</td>
</tr>
<tr>
<td>General and Administration Expenses</td>
<td>(83,306)</td>
<td>(48,406)</td>
<td></td>
<td>(16,636)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(64,164)</td>
<td>General and Administration Expenses</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>(168,136)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(397,623)</td>
<td>Total Operating Expenses</td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>80,228</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>76,405</td>
<td>Net Operating Profit</td>
</tr>
<tr>
<td>One thousand Saudi Riyals</td>
<td>2012G Audited (before re-classification)</td>
<td>Selling and Marketing Expenses</td>
<td>Salaries</td>
<td>Depreciation and Amortization</td>
<td>General and Administration Expenses</td>
<td>Hospital Materials and Supplies</td>
<td>Management Fees</td>
<td>Financial Charges</td>
<td>2012G Audited (after re-classification)</td>
<td>One thousand Saudi Riyals</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------------------------</td>
<td>--------------------------------</td>
<td>----------</td>
<td>-------------------------------</td>
<td>------------------------------------</td>
<td>--------------------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>-----------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Other Income</td>
<td>5,758</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,758</td>
<td>Other Income</td>
</tr>
<tr>
<td>Management Fees</td>
<td>(7,121)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(7,121)</td>
<td>Management Fees</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>(7,668)</td>
<td></td>
<td>(3,823)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3,846)</td>
<td>Amortization</td>
</tr>
<tr>
<td>Net Profit before Financial Charges</td>
<td>71,197</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>71,196</td>
<td>Net Profit before Financial Charges</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>Financial Charges</td>
</tr>
<tr>
<td>Net Profit before Zakat &amp; Tax</td>
<td>71,197</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>71,196</td>
<td>Net Profit before Zakat &amp; Tax</td>
</tr>
<tr>
<td>Zakat &amp; Income Tax</td>
<td>(2,504)</td>
<td></td>
<td>(7,123)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,504)</td>
<td>Zakat &amp; Income Tax</td>
</tr>
<tr>
<td>Net Profit before Minority</td>
<td>68,693</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>68,693</td>
<td>Net Profit before Minority</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>(6,699)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(6,699)</td>
<td>Minority Interest</td>
</tr>
<tr>
<td>Net Profit</td>
<td>61,994</td>
<td>0</td>
<td>(170,015)</td>
<td>(34,936)</td>
<td>0</td>
<td>(128,508)</td>
<td>0</td>
<td>0</td>
<td>61,994</td>
<td>Net Profit</td>
</tr>
</tbody>
</table>

Table 145: Reconciliation of items before and after restatements for the year 2013G

<table>
<thead>
<tr>
<th>One thousand Saudi Riyals</th>
<th>2013G Audited (before re-classification)</th>
<th>Selling and Marketing Expenses</th>
<th>Salaries</th>
<th>Depreciation</th>
<th>General and Administration Expenses</th>
<th>Hospital Materials and Supplies</th>
<th>Management Fees</th>
<th>Financial Charges</th>
<th>2013G Audited (after re-classification)</th>
<th>One thousand Saudi Riyals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>828,360</td>
<td>126,338</td>
<td></td>
<td>1,029</td>
<td>700,993</td>
<td>(249,339)</td>
<td></td>
<td></td>
<td>Employees’ Salaries &amp; Benefits</td>
<td>Revenue</td>
</tr>
<tr>
<td>Cost of Revenue</td>
<td>(397,875)</td>
<td>(175,736)</td>
<td>(29,576)</td>
<td>(22,908)</td>
<td>(169,654)</td>
<td>(172,225)</td>
<td></td>
<td></td>
<td>Cost of Revenue and Materials and Supplies</td>
<td>Cost of Revenue</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>430,485</td>
<td>(146,979)</td>
<td>(126,338)</td>
<td>(20,641)</td>
<td>(34,247)</td>
<td>Depreciation</td>
<td></td>
<td></td>
<td>(34,247)</td>
<td>Depreciation</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>(133,505)</td>
<td>(73,603)</td>
<td></td>
<td>(2,571)</td>
<td>(0.161)</td>
<td>(100,719)</td>
<td></td>
<td></td>
<td>General and Administration Expenses</td>
<td>Selling and Marketing Expenses</td>
</tr>
<tr>
<td>General and Administration Expenses</td>
<td>(280,483)</td>
<td>(556,531)</td>
<td></td>
<td></td>
<td>Net Operating Expenses</td>
<td>(144,463)</td>
<td></td>
<td></td>
<td>Net Operating Profit</td>
<td>General and Administration Expenses</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>150,002</td>
<td></td>
<td></td>
<td></td>
<td>Other Income</td>
<td>12,567</td>
<td></td>
<td></td>
<td>Other Income</td>
<td>Total Operating Expenses</td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>140,435</td>
<td></td>
<td></td>
<td></td>
<td>Management Fees</td>
<td>(7,123)</td>
<td></td>
<td></td>
<td>Management Fees</td>
<td>Net Operating Profit</td>
</tr>
<tr>
<td>Other Income</td>
<td>12,567</td>
<td></td>
<td></td>
<td></td>
<td>Depreciation and Amortization</td>
<td>(8,482)</td>
<td></td>
<td></td>
<td>Amortization</td>
<td>Other Income</td>
</tr>
<tr>
<td>Management Fees</td>
<td>(8,152)</td>
<td></td>
<td></td>
<td></td>
<td>(1,029)</td>
<td>(1,302)</td>
<td></td>
<td></td>
<td>Financial Charges</td>
<td>Management Fees</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>(13,153)</td>
<td></td>
<td></td>
<td></td>
<td>(4,671)</td>
<td>(0.161)</td>
<td></td>
<td></td>
<td>Financial Charges</td>
<td>Depreciation and Amortization</td>
</tr>
<tr>
<td>Net Profit before Financial Charges</td>
<td>141,264</td>
<td></td>
<td></td>
<td></td>
<td>141,425</td>
<td>Net Profit before Financial Charges</td>
<td></td>
<td></td>
<td>Net Profit before Zakat &amp; Tax</td>
<td>141,264</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>(1,142)</td>
<td></td>
<td></td>
<td></td>
<td>(1,302)</td>
<td>Financial Charges</td>
<td></td>
<td></td>
<td>Financial Charges</td>
<td>Financial Charges</td>
</tr>
<tr>
<td>Net Profit before Zakat &amp; Tax</td>
<td>140,122</td>
<td></td>
<td></td>
<td></td>
<td>140,122</td>
<td>Net Profit before Zakat &amp; Tax</td>
<td></td>
<td></td>
<td>Net Profit</td>
<td>Net Profit before Zakat &amp; Tax</td>
</tr>
</tbody>
</table>

123
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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of inpatients</td>
<td>39,644</td>
<td>43,558</td>
<td>45,063</td>
<td>9.9%</td>
<td>3.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Number of outpatients</td>
<td>958,514</td>
<td>1,032,178</td>
<td>1,093,816</td>
<td>7.7%</td>
<td>6.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Total number of patients</td>
<td>998,158</td>
<td>1,075,736</td>
<td>1,138,879</td>
<td>7.8%</td>
<td>5.9%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Number of beds</td>
<td>696</td>
<td>740</td>
<td>778</td>
<td>6.3%</td>
<td>5.1%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Number of inpatients / bed</td>
<td>57</td>
<td>59</td>
<td>58</td>
<td>3.3%</td>
<td>(1.6%)</td>
<td>0.8%</td>
</tr>
<tr>
<td>Number of clinics</td>
<td>249</td>
<td>253</td>
<td>264</td>
<td>1.6%</td>
<td>4.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Number of outpatients / clinic</td>
<td>3,849</td>
<td>4,080</td>
<td>4,143</td>
<td>6.0%</td>
<td>1.6%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

#### 6-4-4 Growth in patients

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

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

<table>
<thead>
<tr>
<th></th>
<th>31/12/2012G</th>
<th>31/12/2013G</th>
<th>31/12/2014G</th>
<th>30/06/2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Doctors</td>
<td>Employees</td>
<td>Doctors</td>
<td>Employees</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>226</td>
<td>1,378</td>
<td>225</td>
<td>1,472</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>101</td>
<td>630</td>
<td>108</td>
<td>710</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>94</td>
<td>678</td>
<td>88</td>
<td>833</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>73</td>
<td>514</td>
<td>78</td>
<td>571</td>
</tr>
<tr>
<td>Al Sons</td>
<td>17</td>
<td>20</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>494</td>
<td>3,217</td>
<td>499</td>
<td>3,606</td>
</tr>
</tbody>
</table>

---

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.


6-5-1 CONSOLIDATED STATEMENT OF INCOME

Table 148: Consolidated income statement for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>542,222</td>
<td>828,360</td>
<td>1,398,752</td>
<td>52.8%</td>
<td>68.9%</td>
<td>60.6%</td>
</tr>
<tr>
<td>Cost of Revenues</td>
<td>(293,858)</td>
<td>(397,875)</td>
<td>(648,988)</td>
<td>35.4%</td>
<td>63.1%</td>
<td>48.6%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>248,364</td>
<td>430,485</td>
<td>749,764</td>
<td>73.3%</td>
<td>74.2%</td>
<td>73.7%</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>(84,829)</td>
<td>(146,979)</td>
<td>(189,951)</td>
<td>73.3%</td>
<td>79.2%</td>
<td>49.6%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(83,306)</td>
<td>(133,505)</td>
<td>(239,948)</td>
<td>60.3%</td>
<td>79.7%</td>
<td>69.7%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>(168,136)</td>
<td>(280,483)</td>
<td>(429,899)</td>
<td>66.8%</td>
<td>53.3%</td>
<td>59.9%</td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>80,228</td>
<td>150,002</td>
<td>319,865</td>
<td>87.0%</td>
<td>113.2%</td>
<td>99.7%</td>
</tr>
<tr>
<td>Other Income</td>
<td>5,758</td>
<td>12,567</td>
<td>23,163</td>
<td>118.3%</td>
<td>84.3%</td>
<td>100.6%</td>
</tr>
<tr>
<td>Management Fees</td>
<td>(7,121)</td>
<td>(8,152)</td>
<td>-</td>
<td>14.5%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>(7,668)</td>
<td>(13,153)</td>
<td>(6,688)</td>
<td>71.5%</td>
<td>(49.2%)</td>
<td>(6.6%)</td>
</tr>
<tr>
<td>Net Income for the Year before Finance Charges</td>
<td>71,197</td>
<td>141,264</td>
<td>336,340</td>
<td>98.4%</td>
<td>138.1%</td>
<td>117.3%</td>
</tr>
<tr>
<td>Finance charges</td>
<td>-</td>
<td>(1,142)</td>
<td>(4,129)</td>
<td>-</td>
<td>261.6%</td>
<td>-</td>
</tr>
<tr>
<td>Net Income for the Year before Zakat and Tax</td>
<td>71,197</td>
<td>140,122</td>
<td>332,211</td>
<td>96.8%</td>
<td>137.1%</td>
<td>116.0%</td>
</tr>
<tr>
<td>Subsidiaries’ Zakat</td>
<td>(2,504)</td>
<td>(3,534)</td>
<td>(585)</td>
<td>41.1%</td>
<td>(83.4%)</td>
<td>(51.7%)</td>
</tr>
<tr>
<td>Net Income for the Year before Minority Interest</td>
<td>68,693</td>
<td>136,589</td>
<td>322,311</td>
<td>98.8%</td>
<td>143.2%</td>
<td>119.9%</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>(6,699)</td>
<td>609</td>
<td>343</td>
<td>-</td>
<td>(43.7%)</td>
<td>-</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>61,994</td>
<td>137,198</td>
<td>331,969</td>
<td>121.3%</td>
<td>142.0%</td>
<td>131.4%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>45.8%</td>
<td>52.0%</td>
<td>53.6%</td>
<td>13.5%</td>
<td>3.1%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>11.4%</td>
<td>16.6%</td>
<td>23.7%</td>
<td>44.9%</td>
<td>43.3%</td>
<td>44.1%</td>
</tr>
<tr>
<td>Income per share</td>
<td>1.05</td>
<td>1.79</td>
<td>4.33</td>
<td>70.5%</td>
<td>141.9%</td>
<td>103.1%</td>
</tr>
<tr>
<td>Net profit growth rate</td>
<td>-</td>
<td>121.3%</td>
<td>142.0%</td>
<td>-</td>
<td>17.0%</td>
<td>-</td>
</tr>
<tr>
<td>Revenues growth rate</td>
<td>-</td>
<td>52.77%</td>
<td>68.9%</td>
<td>-</td>
<td>30.5%</td>
<td>-</td>
</tr>
<tr>
<td>Number of inpatients</td>
<td>23,555</td>
<td>31,374</td>
<td>45,063</td>
<td>33.2%</td>
<td>43.6%</td>
<td>38.3%</td>
</tr>
<tr>
<td>number of outpatient visits</td>
<td>458,268</td>
<td>552,796</td>
<td>1,093,816</td>
<td>20.6%</td>
<td>97.9%</td>
<td>54.5%</td>
</tr>
<tr>
<td>No. of beds</td>
<td>696</td>
<td>740</td>
<td>778</td>
<td>6.3%</td>
<td>5.1%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>117,548</td>
<td>493,056</td>
<td>-</td>
<td>319.5%</td>
<td>-</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>232,344</td>
<td>323,708</td>
<td>377,327</td>
<td>39.3%</td>
<td>16.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>175,077</td>
<td>209,455</td>
<td>290,759</td>
<td>19.6%</td>
<td>38.8%</td>
<td>28.9%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>134,801</td>
<td>176,460</td>
<td>227,407</td>
<td>30.9%</td>
<td>28.9%</td>
<td>29.9%</td>
</tr>
<tr>
<td>Hospitals revenues</td>
<td>542,222</td>
<td>827,171</td>
<td>1,388,549</td>
<td>52.6%</td>
<td>67.9%</td>
<td>60.0%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>4,432</td>
<td>14,482</td>
<td>-</td>
<td>226.8%</td>
<td>-</td>
</tr>
<tr>
<td>Revenues from Management Supervision Agreements</td>
<td>-</td>
<td>1,029</td>
<td>8,760</td>
<td>-</td>
<td>751.4%</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>542,222</td>
<td>832,632</td>
<td>1,411,791</td>
<td>53.6%</td>
<td>69.6%</td>
<td>61.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source Type</th>
<th>Eliminations</th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
<th>CAGR 2012G-2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>(4,727)</td>
<td>(13,039)</td>
<td>-</td>
<td>205.2%</td>
</tr>
<tr>
<td>Total</td>
<td>542,222</td>
<td>828,360</td>
<td>1,398,752</td>
<td>52.8%</td>
<td>68.9%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Source Type</th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
<th>Cash</th>
<th>Credit</th>
<th>Cash</th>
<th>Credit</th>
<th>Cash</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28,735</td>
<td>88,812</td>
<td>104,697</td>
<td>388,360</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>25,633</td>
<td>206,711</td>
<td>25,024</td>
<td>58,578</td>
<td>150,877</td>
<td>81,500</td>
<td>209,259</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>54,310</td>
<td>120,767</td>
<td>58,578</td>
<td>150,877</td>
<td>81,500</td>
<td>209,259</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>22,902</td>
<td>111,899</td>
<td>30,354</td>
<td>146,106</td>
<td>42,560</td>
<td>184,846</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>4,418</td>
<td>89</td>
<td>14,394</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>102,845</td>
<td>439,377</td>
<td>142,705</td>
<td>688,897</td>
<td>263,611</td>
<td>1,139,421</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>222,134</td>
<td>356,306</td>
<td>552,476</td>
<td>60.4%</td>
<td>55.1%</td>
<td>57.7%</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>181,582</td>
<td>264,145</td>
<td>428,481</td>
<td>45.5%</td>
<td>62.2%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Cash payment</td>
<td>102,845</td>
<td>145,075</td>
<td>263,522</td>
<td>41.1%</td>
<td>81.6%</td>
<td>60.1%</td>
</tr>
<tr>
<td>Direct Clients</td>
<td>35,661</td>
<td>61,644</td>
<td>144,069</td>
<td>72.9%</td>
<td>133.7%</td>
<td>101.0%</td>
</tr>
<tr>
<td>Net revenues from hospitals</td>
<td>542,222</td>
<td>827,171</td>
<td>1,388,549</td>
<td>52.6%</td>
<td>67.9%</td>
<td>60.0%</td>
</tr>
</tbody>
</table>

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.
### Table 152: Revenues by Department, for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Medicine</td>
<td>83,781</td>
<td>131,414</td>
<td>209,159</td>
<td>56.9%</td>
<td>59.2%</td>
<td>58.0%</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>77,347</td>
<td>126,299</td>
<td>197,706</td>
<td>63.3%</td>
<td>56.5%</td>
<td>59.9%</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>46,659</td>
<td>93,033</td>
<td>176,052</td>
<td>99.4%</td>
<td>89.2%</td>
<td>94.2%</td>
</tr>
<tr>
<td>Obstetrics and Gynecology;</td>
<td>42,137</td>
<td>71,888</td>
<td>112,983</td>
<td>70.6%</td>
<td>57.2%</td>
<td>63.7%</td>
</tr>
<tr>
<td>Surgery</td>
<td>29,623</td>
<td>46,193</td>
<td>89,671</td>
<td>55.9%</td>
<td>94.1%</td>
<td>74.0%</td>
</tr>
<tr>
<td>Cardiology</td>
<td>32,680</td>
<td>53,219</td>
<td>83,703</td>
<td>62.8%</td>
<td>57.3%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Neurology</td>
<td>33,469</td>
<td>53,240</td>
<td>87,884</td>
<td>59.1%</td>
<td>65.1%</td>
<td>62.0%</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>36,827</td>
<td>31,277</td>
<td>72,465</td>
<td>-15.1%</td>
<td>131.7%</td>
<td>40.3%</td>
</tr>
<tr>
<td>Oncology</td>
<td>24,702</td>
<td>34,626</td>
<td>47,073</td>
<td>40.2%</td>
<td>35.9%</td>
<td>38.0%</td>
</tr>
<tr>
<td>Urology Department</td>
<td>18,027</td>
<td>29,626</td>
<td>38,776</td>
<td>64.3%</td>
<td>30.9%</td>
<td>46.7%</td>
</tr>
<tr>
<td>Dentistry and Oral and Maxillo-facial Surgery</td>
<td>20,831</td>
<td>22,983</td>
<td>33,158</td>
<td>10.3%</td>
<td>44.3%</td>
<td>26.2%</td>
</tr>
<tr>
<td>Ear, Nose &amp; Throat</td>
<td>12,314</td>
<td>17,180</td>
<td>33,445</td>
<td>39.5%</td>
<td>94.7%</td>
<td>64.8%</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>10,140</td>
<td>16,175</td>
<td>28,102</td>
<td>59.5%</td>
<td>73.7%</td>
<td>66.5%</td>
</tr>
<tr>
<td>Cardiothoracic Surgery</td>
<td>14,177</td>
<td>20,189</td>
<td>29,138</td>
<td>42.4%</td>
<td>44.3%</td>
<td>43.4%</td>
</tr>
<tr>
<td>Emergency</td>
<td>9,224</td>
<td>14,061</td>
<td>28,481</td>
<td>52.4%</td>
<td>102.6%</td>
<td>75.7%</td>
</tr>
<tr>
<td>Physiotherapy and Rehabilitation</td>
<td>4,426</td>
<td>7,860</td>
<td>16,039</td>
<td>77.6%</td>
<td>104.1%</td>
<td>90.4%</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>4,964</td>
<td>7,044</td>
<td>13,267</td>
<td>41.9%</td>
<td>88.3%</td>
<td>63.5%</td>
</tr>
<tr>
<td>Plastic surgery</td>
<td>7,831</td>
<td>7,100</td>
<td>15,379</td>
<td>-9.3%</td>
<td>116.6%</td>
<td>40.1%</td>
</tr>
<tr>
<td>Others</td>
<td>33,062</td>
<td>43,763</td>
<td>76,071</td>
<td>32.4%</td>
<td>73.8%</td>
<td>51.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>542,222</strong></td>
<td><strong>827,171</strong></td>
<td><strong>1,388,549</strong></td>
<td><strong>52.6%</strong></td>
<td><strong>67.9%</strong></td>
<td><strong>60.0%</strong></td>
</tr>
</tbody>
</table>

*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 to 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

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</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>673,721</td>
<td>992,662</td>
<td>1,686,925</td>
<td>47.3%</td>
<td>69.9%</td>
<td>58.2%</td>
</tr>
<tr>
<td>Discounts</td>
<td>(131,499)</td>
<td>(165,493)</td>
<td>(298,377)</td>
<td>25.9%</td>
<td>80.3%</td>
<td>50.6%</td>
</tr>
<tr>
<td>Net revenues from hospitals</td>
<td>542,222</td>
<td>827,171</td>
<td>1,388,549</td>
<td>52.6%</td>
<td>67.9%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Discounts as a percentage of total revenues</td>
<td>19.5%</td>
<td>16.7%</td>
<td>17.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>55,969</td>
<td>250,845</td>
<td>-</td>
<td>348.2%</td>
<td>-</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>115,245</td>
<td>144,313</td>
<td>159,810</td>
<td>25.2%</td>
<td>10.7%</td>
<td>17.8%</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>102,319</td>
<td>117,150</td>
<td>137,832</td>
<td>14.5%</td>
<td>17.7%</td>
<td>16.1%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>76,294</td>
<td>81,633</td>
<td>104,600</td>
<td>7.0%</td>
<td>28.1%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Hospitals Cost of Revenue</td>
<td>293,858</td>
<td>399,065</td>
<td>653,087</td>
<td>35.8%</td>
<td>63.7%</td>
<td>49.1%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>3,081</td>
<td>8,940</td>
<td>-</td>
<td>190.2%</td>
<td>-</td>
</tr>
<tr>
<td>Cost of Revenue before Eliminations</td>
<td>293,858</td>
<td>402,146</td>
<td>662,027</td>
<td>36.9%</td>
<td>64.6%</td>
<td>50.1%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>-</td>
<td>(4,272)</td>
<td>(13,039)</td>
<td>-</td>
<td>205.2%</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>293,858</td>
<td>397,875</td>
<td>648,988</td>
<td>35.4%</td>
<td>63.1%</td>
<td>48.6%</td>
</tr>
</tbody>
</table>

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

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</thead>
<tbody>
<tr>
<td>Employee Direct Costs</td>
<td>121,609</td>
<td>175,736</td>
<td>277,267</td>
<td>44.5%</td>
<td>57.8%</td>
<td>51.0%</td>
</tr>
<tr>
<td>Hospital materials and supplies</td>
<td>116,957</td>
<td>163,003</td>
<td>285,389</td>
<td>39.4%</td>
<td>75.1%</td>
<td>56.2%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>31,113</td>
<td>29,576</td>
<td>37,857</td>
<td>-4.9%</td>
<td>28.0%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Other direct expenses</td>
<td>24,180</td>
<td>30,750</td>
<td>52,574</td>
<td>27.2%</td>
<td>71.0%</td>
<td>47.5%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>3,081</td>
<td>8,940</td>
<td>190.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost of Revenue before Eliminations</td>
<td>293,858</td>
<td>402,146</td>
<td>662,027</td>
<td>36.9%</td>
<td>64.6%</td>
<td>50.1%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(4,272)</td>
<td>(13,039)</td>
<td>205.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>293,858</td>
<td>397,875</td>
<td>648,988</td>
<td>35.4%</td>
<td>63.1%</td>
<td>48.6%</td>
</tr>
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As a % of Revenue

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</thead>
<tbody>
<tr>
<td>Employee Direct Costs</td>
<td>22.4%</td>
<td>21.2%</td>
<td>19.8%</td>
<td>19%</td>
<td>19%</td>
<td>22%</td>
</tr>
<tr>
<td>Hospital materials and supplies</td>
<td>21.6%</td>
<td>19.7%</td>
<td>20.4%</td>
<td>8%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5.7%</td>
<td>3.6%</td>
<td>2.7%</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Other direct expenses</td>
<td>4.5%</td>
<td>3.7%</td>
<td>3.8%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>54.2%</td>
<td>48.0%</td>
<td>46.4%</td>
<td>32%</td>
<td>37%</td>
<td>34%</td>
</tr>
</tbody>
</table>

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

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<tr>
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<tbody>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>61,579</td>
<td>242,212</td>
<td>-</td>
<td>293.3%</td>
<td>-</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>117,099</td>
<td>179,394</td>
<td>217,516</td>
<td>53.2%</td>
<td>21.3%</td>
<td>36.3%</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>72,758</td>
<td>92,305</td>
<td>152,926</td>
<td>26.9%</td>
<td>65.7%</td>
<td>45.0%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>58,507</td>
<td>94,827</td>
<td>122,807</td>
<td>62.1%</td>
<td>29.5%</td>
<td>44.9%</td>
</tr>
<tr>
<td>Hospitals Gross Profit</td>
<td>248,364</td>
<td>428,105</td>
<td>735,462</td>
<td>72.4%</td>
<td>71.8%</td>
<td>72.1%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>1,351</td>
<td>5,543</td>
<td>-</td>
<td>310.3%</td>
<td>-</td>
</tr>
<tr>
<td>Revenues from Management Supervision Agreements</td>
<td>- 1,029</td>
<td>8,760</td>
<td>- 751.3%</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>248,364</strong></td>
<td><strong>430,485</strong></td>
<td><strong>749,764</strong></td>
<td><strong>73.3%</strong></td>
<td><strong>74.2%</strong></td>
<td><strong>73.7%</strong></td>
</tr>
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Gross Profit Margin

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</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>52.4%</td>
<td>49.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>50.4%</td>
<td>55.4%</td>
<td>57.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>41.6%</td>
<td>44.1%</td>
<td>52.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>43.4%</td>
<td>53.7%</td>
<td>54.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>30.5%</td>
<td>38.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.8%</strong></td>
<td><strong>52.0%</strong></td>
<td><strong>53.6%</strong></td>
<td>-</td>
<td>-</td>
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</tr>
</tbody>
</table>

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.
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

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<tbody>
<tr>
<td>Employee indirect costs</td>
<td>49,142</td>
<td>77,548</td>
<td>141,313</td>
<td>57.8%</td>
<td>82.2%</td>
<td>69.6%</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>7,634</td>
<td>13,159</td>
<td>20,818</td>
<td>72.4%</td>
<td>58.2%</td>
<td>65.1%</td>
</tr>
<tr>
<td>Employee health insurance costs</td>
<td>7,176</td>
<td>9,331</td>
<td>15,293</td>
<td>30.0%</td>
<td>63.9%</td>
<td>46.0%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>19,354</td>
<td>33,467</td>
<td>62,524</td>
<td>72.9%</td>
<td>86.8%</td>
<td>79.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83,306</strong></td>
<td><strong>133,505</strong></td>
<td><strong>239,948</strong></td>
<td><strong>60.3%</strong></td>
<td><strong>79.7%</strong></td>
<td><strong>69.7%</strong></td>
</tr>
</tbody>
</table>

As a % of Revenue

<table>
<thead>
<tr>
<th></th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee indirect costs</td>
<td>9.1%</td>
<td>9.4%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>1.4%</td>
<td>1.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Employee health insurance costs</td>
<td>1.3%</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>3.6%</td>
<td>4.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15.4%</td>
<td>16.1%</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation expenses</td>
<td>5,386</td>
<td>6,822</td>
<td>14,009</td>
<td>26.7%</td>
<td>105.4%</td>
<td>61.3%</td>
</tr>
<tr>
<td>Office supplies</td>
<td>3,930</td>
<td>3,085</td>
<td>8,076</td>
<td>-21.5%</td>
<td>161.8%</td>
<td>43.4%</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>1,437</td>
<td>3,337</td>
<td>6,378</td>
<td>132.2%</td>
<td>91.1%</td>
<td>110.7%</td>
</tr>
<tr>
<td>Mail and phone</td>
<td>1,859</td>
<td>2,153</td>
<td>5,711</td>
<td>15.8%</td>
<td>165.3%</td>
<td>75.3%</td>
</tr>
<tr>
<td>Audit and consultation fees</td>
<td>1,214</td>
<td>2,666</td>
<td>10,732</td>
<td>119.6%</td>
<td>302.6%</td>
<td>197.3%</td>
</tr>
<tr>
<td>Security services</td>
<td>1,925</td>
<td>1,914</td>
<td>3,692</td>
<td>0.6%</td>
<td>92.9%</td>
<td>38.5%</td>
</tr>
<tr>
<td>Insurance costs</td>
<td>270</td>
<td>667</td>
<td>1,299</td>
<td>147.0%</td>
<td>94.8%</td>
<td>119.3%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>3,332</td>
<td>12,822</td>
<td>12,628</td>
<td>449.8%</td>
<td>-1.5%</td>
<td>132.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,354</strong></td>
<td><strong>33,467</strong></td>
<td><strong>62,524</strong></td>
<td><strong>72.9%</strong></td>
<td><strong>86.8%</strong></td>
<td><strong>79.7%</strong></td>
</tr>
</tbody>
</table>

- 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**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Training fees</td>
<td>-</td>
<td>3,228</td>
<td>15,781</td>
<td>-</td>
<td>388.9%</td>
<td>-</td>
</tr>
<tr>
<td>Revenues from general lectures funded and sponsored by pharmaceutical and surgical equipment companies</td>
<td>1,231</td>
<td>2,210</td>
<td>3,332</td>
<td>79.5%</td>
<td>50.8%</td>
<td>64.5%</td>
</tr>
<tr>
<td>Rental income</td>
<td>3,039</td>
<td>2,784</td>
<td>2,524</td>
<td>-8.4%</td>
<td>-9.3%</td>
<td>-8.9%</td>
</tr>
<tr>
<td>Deferred income from selling fixed assets</td>
<td>3</td>
<td>26</td>
<td>160</td>
<td>766.7%</td>
<td>515.4%</td>
<td>630.3%</td>
</tr>
<tr>
<td>Diverse income</td>
<td>1,484</td>
<td>4,320</td>
<td>1,367</td>
<td>191.1%</td>
<td>-68.4%</td>
<td>-4.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,758</strong></td>
<td><strong>12,567</strong></td>
<td><strong>23,163</strong></td>
<td><strong>118.3%</strong></td>
<td><strong>84.3%</strong></td>
<td><strong>100.6%</strong></td>
</tr>
</tbody>
</table>

*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.
## Analysis of Net Income

### Table 161: Analysis of net income for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>65,439</td>
<td>128,697</td>
<td>313,177</td>
<td>96.7%</td>
<td>143.3%</td>
<td>118.8%</td>
</tr>
<tr>
<td>Other income</td>
<td>5,758</td>
<td>12,567</td>
<td>23,163</td>
<td>118.3%</td>
<td>84.3%</td>
<td>100.6%</td>
</tr>
<tr>
<td>Income before interest, taxes and minority interest</td>
<td>71,197</td>
<td>141,264</td>
<td>336,340</td>
<td>98.4%</td>
<td>138.1%</td>
<td>117.3%</td>
</tr>
<tr>
<td>Finance charges</td>
<td>-</td>
<td>(1,142)</td>
<td>(4,129)</td>
<td>-</td>
<td>261.6%</td>
<td>-</td>
</tr>
<tr>
<td>Income before Zakat and minority interest</td>
<td>71,197</td>
<td>140,122</td>
<td>332,211</td>
<td>96.8%</td>
<td>137.1%</td>
<td>116.0%</td>
</tr>
<tr>
<td>Zakat</td>
<td>(2,504)</td>
<td>(3,534)</td>
<td>(585)</td>
<td>41.1%</td>
<td>(83.4%)</td>
<td>(51.7%)</td>
</tr>
<tr>
<td>Income before minority interest</td>
<td>68,693</td>
<td>136,589</td>
<td>331,625</td>
<td>98.8%</td>
<td>142.8%</td>
<td>119.7%</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>(6,699)</td>
<td>609</td>
<td>343</td>
<td>-</td>
<td>(43.7%)</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>61,994</td>
<td>137,198</td>
<td>331,969</td>
<td>121.3%</td>
<td>142.0%</td>
<td>131.4%</td>
</tr>
</tbody>
</table>

**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 DZIT 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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>14,282</td>
<td>43,991</td>
<td>136,226</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>318,800</td>
<td>543,222</td>
<td>600,414</td>
</tr>
<tr>
<td>Inventories</td>
<td>41,511</td>
<td>98,758</td>
<td>75,878</td>
</tr>
<tr>
<td>Prepayments and other assets</td>
<td>15,943</td>
<td>31,122</td>
<td>22,899</td>
</tr>
<tr>
<td>Net Amounts due from Related Parties</td>
<td>10,699</td>
<td>17,081</td>
<td>10,847</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>401,236</strong></td>
<td><strong>734,174</strong></td>
<td><strong>846,265</strong></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>470,121</td>
<td>743,130</td>
<td>808,318</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>9,969</td>
<td>110,278</td>
<td>123,791</td>
</tr>
<tr>
<td>Deferred Charges</td>
<td>8,482</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>488,573</strong></td>
<td><strong>853,409</strong></td>
<td><strong>932,109</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>889,809</strong></td>
<td><strong>1,587,583</strong></td>
<td><strong>1,778,374</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>61,547</td>
<td>171,615</td>
<td>160,444</td>
</tr>
<tr>
<td>Accrued expenses and Other Liabilities</td>
<td>57,115</td>
<td>106,545</td>
<td>93,869</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>14,282</td>
<td>43,991</td>
<td>136,226</td>
</tr>
<tr>
<td>Trade receivables</td>
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<td>17,081</td>
<td>10,847</td>
</tr>
<tr>
<td>Total current assets</td>
<td>401,236</td>
<td>734,174</td>
<td>846,265</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>480,090</td>
<td>853,409</td>
<td>932,109</td>
</tr>
<tr>
<td>Deferred charges</td>
<td>8,482</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>488,573</td>
<td>853,409</td>
<td>932,109</td>
</tr>
<tr>
<td>Total Assets</td>
<td>889,809</td>
<td>1,587,583</td>
<td>1,778,374</td>
</tr>
</tbody>
</table>

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 2012 to SAR 44.0 million as at 31 December 2013, in line with the total growth in cash flows from operating activities from an outflow of SAR 2.4 million as at 31 December 2012 to an inflow of SAR 128.5 million as at 31 December 2013. As at 31 December 2014, 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 2014.

Trade Receivables

The trade receivables increased from SAR 318.8 million as at 31 December 2012 to SAR 543.2 million as at 31 December 2013, 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 2013. The trade receivables increased from SAR 543.2 million as at 31 December 2013 to SAR 600.4 million as at 31 December 2014, 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 2014.

The following table shows the analysis of trade receivables by Company branches:

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>159,514</td>
<td>181,876</td>
<td></td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>122,971</td>
<td>155,093</td>
<td>143,843</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>80,733</td>
<td>87,737</td>
<td>131,214</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>115,096</td>
<td>138,679</td>
<td>141,599</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>2,199</td>
<td>14,199</td>
<td>1,881</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>318,800</td>
<td>543,222</td>
<td>600,414</td>
</tr>
</tbody>
</table>

Source: The Company

The balance of trade receivables reached SAR 600.4 million as at 31 December 2014. 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 2012. 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 2013 to SAR 181.9 million as at 31 December 2014 due to increase in credit revenues.

SGH Riyadh’s trade receivables increased from SAR 123.0 million as at 31 December 2012 to SAR 155.1 million as at 31 December 2013 driven by an increase in credit revenues from SAR 206.7 million as at 31 December 2012 to SAR 298.7 million as at 31 December 2013. SGH Riyadh’s trade receivables decreased to SAR 143.8 million as at 31 December 2014 despite the increase in credit revenues to SAR 342.6 million as at 31 December 2014 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 2012 to SAR 131.2 million as at 31 December 2014 following an increase in credit revenues from SAR 120.8 million as at 31 December 2012 to SAR 209.3 million as at 31 December 2014.

The trade receivables balance of SGH Madinah increased from SAR 115.1 million as at 31 December 2012 to SAR 138.7 million as at 31 December 2013 driven by an increase in credit revenues from SAR 111.9 million as at 31 December 2012 to SAR 146.1 million as at 31 December 2013. The trade receivables balance of SGH Madinah slightly increased to SAR 141.6 million as at 31 December 2014 despite the significant increase in credit revenues to SAR 184.8 million as at 31 December 2014. 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

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>Current Inpatients (0-30 days)</th>
<th>Unbilled Revenues (0-30 days)</th>
<th>0-30 Days</th>
<th>31-360 Days</th>
<th>1-2 Years</th>
<th>2-3 Years</th>
<th>After 3 Years</th>
<th>Total Amount</th>
<th>Provisions</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Madinah</td>
<td>6,318</td>
<td>20,536</td>
<td>12,537</td>
<td>88,467</td>
<td>44,318</td>
<td>22,816</td>
<td>3,644</td>
<td>198,638</td>
<td>(57,039)</td>
<td>141,599</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>14,080</td>
<td>85,206</td>
<td>35,566</td>
<td>69,887</td>
<td>16,563</td>
<td>9,341</td>
<td>21,521</td>
<td>252,163</td>
<td>(70,287)</td>
<td>181,876</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>17,569</td>
<td>34,504</td>
<td>25,236</td>
<td>71,013</td>
<td>20,522</td>
<td>10,542</td>
<td>9,114</td>
<td>188,500</td>
<td>(44,657)</td>
<td>143,843</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>36,168</td>
<td>41,981</td>
<td>18,763</td>
<td>40,801</td>
<td>3,929</td>
<td>1,576</td>
<td>-</td>
<td>143,219</td>
<td>(12,005)</td>
<td>131,214</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,136</strong></td>
<td><strong>182,228</strong></td>
<td><strong>92,102</strong></td>
<td><strong>270,168</strong></td>
<td><strong>85,333</strong></td>
<td><strong>44,275</strong></td>
<td><strong>34,279</strong></td>
<td><strong>782,520</strong></td>
<td>(183,987)</td>
<td><strong>598,533</strong></td>
</tr>
</tbody>
</table>

**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 due 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

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>Current Inpatients</th>
<th>Unbilled Revenues</th>
<th>0-30 Days</th>
<th>31-360 Days</th>
<th>1-2 Years</th>
<th>2-3 Years</th>
<th>After 2 Years</th>
<th>Total Amount</th>
<th>Provisions</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoH</td>
<td>54,834</td>
<td>83,137</td>
<td>33,848</td>
<td>148,624</td>
<td>63,381</td>
<td>37,079</td>
<td>26,120</td>
<td>447,022</td>
<td>(114,833)</td>
<td>332,189</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,641</td>
<td>57,392</td>
<td>43,235</td>
<td>80,738</td>
<td>6,733</td>
<td>1,768</td>
<td>911</td>
<td>198,419</td>
<td>(31,567)</td>
<td>166,852</td>
</tr>
<tr>
<td>Direct and Others</td>
<td>11,662</td>
<td>41,699</td>
<td>15,019</td>
<td>40,805</td>
<td>15,215</td>
<td>5,428</td>
<td>7,247</td>
<td>137,079</td>
<td>(37,587)</td>
<td>99,492</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,136</strong></td>
<td><strong>182,228</strong></td>
<td><strong>92,102</strong></td>
<td><strong>270,168</strong></td>
<td><strong>85,333</strong></td>
<td><strong>44,275</strong></td>
<td><strong>34,279</strong></td>
<td><strong>782,520</strong></td>
<td>(183,987)</td>
<td><strong>598,533</strong></td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>12,281</td>
<td>19,861</td>
<td>77,442</td>
</tr>
<tr>
<td>Provisions during the year</td>
<td>80,739</td>
<td>177,723</td>
<td>181,441</td>
</tr>
<tr>
<td>Gross Provisions</td>
<td>93,021</td>
<td>197,584</td>
<td>258,884</td>
</tr>
<tr>
<td>Adjustments during the year</td>
<td>(73,160)</td>
<td>(120,141)</td>
<td>(74,897)</td>
</tr>
<tr>
<td>Total</td>
<td>19,861</td>
<td>77,442</td>
<td>183,987</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Client/Period</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retail clients</strong></td>
<td></td>
</tr>
<tr>
<td>less than one year</td>
<td>25% of total monthly claims</td>
</tr>
<tr>
<td>Over 1 year</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td><strong>Insurance Companies</strong></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>15% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td><strong>Other government clients</strong></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>12% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td><strong>Direct corporate clients</strong></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>10% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td><strong>MoH</strong></td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>5-25% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25-33% of total outstanding amounts</td>
</tr>
<tr>
<td>2-3 years</td>
<td>50-100% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 3 years</td>
<td>100% of total outstanding amounts</td>
</tr>
</tbody>
</table>

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 2012 to SAR 98.8 million as at 31 December 2013, as SGH Jeddah and AJ Sons were not part of the Company in 2012 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 2014 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 2012, 2013 and 2014

<table>
<thead>
<tr>
<th>Entity</th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>40,340</td>
<td>28,171</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>16,359</td>
<td>16,700</td>
<td>17,108</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>16,644</td>
<td>23,874</td>
<td>15,085</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>8,508</td>
<td>14,767</td>
<td>12,571</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>3,076</td>
<td>2,943</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41,511</strong></td>
<td><strong>98,758</strong></td>
<td><strong>75,878</strong></td>
</tr>
</tbody>
</table>

Source: The Company

SGH Jeddah was not a part of the Company in 2012. 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 2013 to SAR 28.2 million as at 31 December 2014, 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 2012 to SAR 23.9 million and SAR 14.8 million as at 31 December 2013. 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 2014, 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 2014

Table 170: Inventory aging, as at 31 December 2014

<table>
<thead>
<tr>
<th>SAR '000</th>
<th>0-30 Days</th>
<th>31-90 Days</th>
<th>91-180 Days</th>
<th>180-365 Days</th>
<th>1-2 years</th>
<th>After 2 years</th>
<th>Total Amount</th>
<th>Provisions</th>
<th>Net amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacies materials and supplies</td>
<td>47,489</td>
<td>683</td>
<td>211</td>
<td>157</td>
<td>22</td>
<td>-</td>
<td>48,562</td>
<td>(22)</td>
<td>48,540</td>
</tr>
<tr>
<td>Medical materials and supplies</td>
<td>11,817</td>
<td>2,798</td>
<td>2,009</td>
<td>4,272</td>
<td>702</td>
<td>33</td>
<td>21,631</td>
<td>(33)</td>
<td>21,598</td>
</tr>
<tr>
<td>Non-medical materials and supplies</td>
<td>1,647</td>
<td>261</td>
<td>84</td>
<td>296</td>
<td>14</td>
<td>2</td>
<td>2,304</td>
<td>(14)</td>
<td>2,290</td>
</tr>
<tr>
<td>Laboratory and X-ray materials and supplies</td>
<td>300</td>
<td>121</td>
<td>67</td>
<td>19</td>
<td>0</td>
<td>5</td>
<td>511</td>
<td>(5)</td>
<td>507</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,943</td>
<td>-</td>
<td>2,943</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61,253</strong></td>
<td><strong>3,863</strong></td>
<td><strong>2,370</strong></td>
<td><strong>4,745</strong></td>
<td><strong>739</strong></td>
<td><strong>39</strong></td>
<td><strong>75,952</strong></td>
<td><strong>(74)</strong></td>
<td><strong>75,878</strong></td>
</tr>
</tbody>
</table>

Source: The Company

The analysis of inventory aging as at 31 December 2014 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 2014, 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 2014, 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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR ‘000)</th>
<th>2013G Audited (SAR ‘000)</th>
<th>2014G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emirates Healthcare Development Company</td>
<td>-</td>
<td>594</td>
<td>6,722</td>
</tr>
<tr>
<td>Al Batterjee Medical College</td>
<td>17</td>
<td>-</td>
<td>4,879</td>
</tr>
<tr>
<td>Bait al Batterjee Company</td>
<td>5,724</td>
<td>19,845</td>
<td>3,097</td>
</tr>
<tr>
<td>Bait al Batterjee Company for Education and Training</td>
<td>3,433</td>
<td>6,142</td>
<td>777</td>
</tr>
<tr>
<td>Others</td>
<td>1,524</td>
<td>997</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,699</strong></td>
<td><strong>27,578</strong></td>
<td><strong>15,474</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR ‘000)</th>
<th>2013G Audited (SAR ‘000)</th>
<th>2014G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Hospitals Construction Ltd.</td>
<td>-</td>
<td>-</td>
<td>4,626</td>
</tr>
<tr>
<td>BAB Medical Company Ltd.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Al Batterjee College of Medical Science &amp; Technology</td>
<td>-</td>
<td>10,497</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-</strong></td>
<td><strong>10,497</strong></td>
<td><strong>4,626</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total property &amp; equipment</td>
<td>1,054,349</td>
<td>1,618,851</td>
<td>1,713,876</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(584,228)</td>
<td>(875,720)</td>
<td>(905,558)</td>
</tr>
<tr>
<td>Property &amp; equipment, net</td>
<td>470,121</td>
<td>743,130</td>
<td>808,318</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
<td>Audited</td>
</tr>
</tbody>
</table>

| 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

<table>
<thead>
<tr>
<th>Type of assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>33</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>10</td>
</tr>
<tr>
<td>Office equipment</td>
<td>8</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>10</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10</td>
</tr>
<tr>
<td>Vehicles</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>382,661</td>
<td>417,036</td>
<td>430,309</td>
</tr>
<tr>
<td>Lands</td>
<td>33,011</td>
<td>181,244</td>
<td>181,244</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>41,509</td>
<td>115,683</td>
<td>155,191</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3,560</td>
<td>10,367</td>
<td>19,877</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>2,363</td>
<td>6,758</td>
<td>8,139</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>3,307</td>
<td>5,234</td>
<td>2,579</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,425</td>
<td>2,931</td>
<td>3,629</td>
</tr>
<tr>
<td>Others</td>
<td>2,284</td>
<td>3,877</td>
<td>7,349</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>470,121</strong></td>
<td><strong>743,130</strong></td>
<td><strong>808,318</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lands</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vehicles</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119,890</strong></td>
<td><strong>111,496</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Hail</td>
<td></td>
<td>70,747</td>
<td>93,955</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td></td>
<td>23,608</td>
<td>14,519</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>9,969</td>
<td>8,283</td>
<td>10,319</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td></td>
<td>7,640</td>
<td>4,999</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,969</td>
<td><strong>110,278</strong></td>
<td><strong>123,791</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Payables</td>
<td>61,547</td>
<td>171,615</td>
<td>160,444</td>
</tr>
<tr>
<td>Accrued Expenses and Other Liabilities</td>
<td>57,115</td>
<td>106,545</td>
<td>93,869</td>
</tr>
<tr>
<td>Current Portion of Long Term Payables</td>
<td>-</td>
<td>11,780</td>
<td>8,768</td>
</tr>
<tr>
<td>Short Term Loans and Current Portion of Long Term Loans</td>
<td>12,500</td>
<td>73,625</td>
<td>94,297</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>131,161</td>
<td>363,565</td>
<td>357,378</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Loans</td>
<td>52,985</td>
<td>87,278</td>
<td>69,148</td>
</tr>
<tr>
<td>Long Term Payables</td>
<td>27,919</td>
<td>65,621</td>
<td>28,740</td>
</tr>
<tr>
<td>Provision for End of Service Benefits</td>
<td>33,105</td>
<td>116,720</td>
<td>136,200</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>114,009</td>
<td>269,618</td>
<td>234,088</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>245,171</td>
<td>633,183</td>
<td>591,466</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Entity</th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td></td>
<td>91,355</td>
<td>72,872</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>29,684</td>
<td>30,037</td>
<td>31,736</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>21,119</td>
<td>33,799</td>
<td>45,676</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>10,744</td>
<td>25,145</td>
<td>15,907</td>
</tr>
<tr>
<td>AJ Sons</td>
<td></td>
<td>6,710</td>
<td>6,909</td>
</tr>
<tr>
<td>Elimination</td>
<td>-</td>
<td>(15,431)</td>
<td>(12,656)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61,547</strong></td>
<td><strong>171,615</strong></td>
<td><strong>160,444</strong></td>
</tr>
</tbody>
</table>

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 93.5 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 in 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

<table>
<thead>
<tr>
<th>Bank or Government Agency</th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alinma Bank</td>
<td>-</td>
<td>41,500</td>
<td>51,000</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>-</td>
<td>20,000</td>
<td>18,750</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>-</td>
<td>19,500</td>
<td>19,500</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>-</td>
<td>5,500</td>
<td>4,500</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>-</td>
<td>86,500</td>
<td>93,750</td>
</tr>
<tr>
<td>High Commission for Hail Development in 2012G / Ministry of Finance in 2013G and 2014G</td>
<td>-</td>
<td>14,918</td>
<td>24,210</td>
</tr>
<tr>
<td>SGH Hail</td>
<td>-</td>
<td>14,918</td>
<td>24,210</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>28,063</td>
<td>24,938</td>
<td>21,813</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>28,063</td>
<td>24,938</td>
<td>21,813</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>25,000</td>
<td>18,750</td>
<td>15,625</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>-</td>
<td>6,500</td>
<td>5,000</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>25,000</td>
<td>25,250</td>
<td>20,625</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>12,422</td>
<td>9,297</td>
<td>3,047</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>12,422</td>
<td>9,297</td>
<td>3,047</td>
</tr>
<tr>
<td>Total</td>
<td>65,485</td>
<td>160,903</td>
<td>163,445</td>
</tr>
</tbody>
</table>

*Source: The Company*

### Table 182: Credit facilities by lender as at 31 December 2014G

<table>
<thead>
<tr>
<th>SAR '000</th>
<th>Hospital</th>
<th>Type of available facilities</th>
<th>Credit limit of facilities</th>
<th>Utilized facilities</th>
<th>Repaid facilities</th>
<th>Remaining balance</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance</td>
<td>SGH Aseer</td>
<td>Term Loans</td>
<td>50,000</td>
<td>50,000</td>
<td>46,953</td>
<td>3,047</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Madinah</td>
<td>Term Loans</td>
<td>50,000</td>
<td>49,938</td>
<td>28,125</td>
<td>21,813</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Riyadh</td>
<td>Term Loans</td>
<td>50,000</td>
<td>50,000</td>
<td>34,375</td>
<td>15,625</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Hail</td>
<td>Term Loans</td>
<td>69,650</td>
<td>24,210</td>
<td>-</td>
<td>24,210</td>
<td>Free</td>
</tr>
<tr>
<td>Arabian Bank</td>
<td>SGH Riyadh/SGH Jeddah</td>
<td>Tawarruq facilities</td>
<td>25,000</td>
<td>13,500</td>
<td>4,000</td>
<td>9,500</td>
<td>Saudi Interbank Offered Rate +2%</td>
</tr>
<tr>
<td>Alinma Bank</td>
<td>SGH Jeddah</td>
<td>Refinanced facility</td>
<td>60,000</td>
<td>51,000</td>
<td>-</td>
<td>51,000</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Murabaha loan</td>
<td>35,000</td>
<td>19,500</td>
<td>-</td>
<td>19,500</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Murabaha loan</td>
<td>20,000</td>
<td>20,000</td>
<td>1,250</td>
<td>18,750</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Total</td>
<td>359,650</td>
<td>278,148</td>
<td>114,703</td>
<td>163,445</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: The Company*
**Table 183: Analysis of credit facilities by lender**

<table>
<thead>
<tr>
<th>Ministry of Finance</th>
<th>Hospital</th>
<th>Type of available facilities</th>
<th>Payment conditions</th>
<th>Collaterals</th>
<th>Financial conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance</td>
<td>SGH Aseer</td>
<td>Loans to finance the establishment of SGH Aseer</td>
<td>Sixteen equal annual premiums of SAR 3.125 million</td>
<td>Mortgage of the land of SGH Aseer and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Madinah</td>
<td>Loans to finance the establishment of SGH Madinah</td>
<td>Sixteen equal annual premiums of SAR 3.125 million</td>
<td>Mortgage of the land of SGH Madinah, what to be built thereon and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Riyadh</td>
<td>Loans to finance the establishment of SGH Riyadh</td>
<td>Sixteen equal annual premiums of SAR 3.125 million</td>
<td>Mortgage of the land of SGH Riyadh and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Hail</td>
<td>Term loans to finance the establishment of SGH Hail</td>
<td>Twenty equal annual premiums of SAR 3.5 million starting 2018G.</td>
<td>Mortgage of the land of SGH Hail and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>SGH Riyadh</td>
<td>Tawarruq facilities to finance working capital needs</td>
<td>Refinance facilities for one, two, three, or six months as requested</td>
<td>Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million</td>
<td>Leverage ratio should not exceed 1.1x</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>SGH Jeddah</td>
<td>Tawarruq facilities to finance working capital needs</td>
<td>Refinance facilities for one, two, three, or six months as requested</td>
<td>Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million</td>
<td>Dividends should not exceed 20% of the net profit</td>
</tr>
<tr>
<td>Alinma Bank</td>
<td>SGH Jeddah</td>
<td>Refinance facilities to finance 80% of the amounts due from insurance companies.</td>
<td>Refinance facilities - Repayment in 180 days</td>
<td>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)</td>
<td>- Leverage ratio should not exceed 1.1x - Current ratio should exceed 1.25 x - Dividends should not exceed 50% of the net profit</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Murabaha loan on deferred payment basis to finance payables related to SGH Jeddah</td>
<td>Current value of refinanced receivables - Repayment in 180 days</td>
<td>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)</td>
<td>Current ratio should exceed 1x</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Medium-term Murabaha loan to partially finance the acquisition of new residential buildings for the Hospital staff</td>
<td>Sixteen equal quarterly installments of SAR 1.25 million</td>
<td>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)</td>
<td>The current ratio should exceed 1x</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>Samba Bank</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>3,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,750</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Ministry of Finance</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>-</td>
<td>-</td>
<td>15,625</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Ministry of Finance</td>
<td>3,047</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,047</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>Ministry of Finance</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,063</td>
<td>21,813</td>
</tr>
<tr>
<td>SGH Hail</td>
<td>Ministry of Finance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,483</td>
<td>3,483</td>
<td>3,483</td>
<td>13,763</td>
<td>24,210</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>14,297</strong></td>
<td><strong>11,250</strong></td>
<td><strong>11,250</strong></td>
<td><strong>13,483</strong></td>
<td><strong>9,733</strong></td>
<td><strong>6,608</strong></td>
<td><strong>16,826</strong></td>
<td><strong>83,445</strong></td>
</tr>
</tbody>
</table>

*Source: The Company*

The 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**

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Portion of Long Term Payables</td>
<td>-</td>
<td>11,780</td>
<td>8,768</td>
</tr>
<tr>
<td>Short Term Loans and Current Portion of Term Loans</td>
<td>12,500</td>
<td>73,625</td>
<td>94,297</td>
</tr>
<tr>
<td><strong>Total short term loans</strong></td>
<td><strong>12,500</strong></td>
<td><strong>85,405</strong></td>
<td><strong>103,065</strong></td>
</tr>
<tr>
<td>Long Term Loans</td>
<td>52,985</td>
<td>87,278</td>
<td>69,148</td>
</tr>
<tr>
<td>Long Term Payables</td>
<td>27,919</td>
<td>65,621</td>
<td>28,740</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR '000)</th>
<th>2013G Audited (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>590,000</td>
<td>767,000</td>
<td>767,000</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>2,692</td>
<td>16,411</td>
<td>49,608</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>19,769</td>
<td>122,684</td>
<td>323,144</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>612,460</td>
<td>906,096</td>
<td>1,139,753</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>32,177</td>
<td>48,305</td>
<td>122,684</td>
</tr>
<tr>
<td>Total Shareholders’ Equity and Minority Interest</td>
<td>644,638</td>
<td>954,390</td>
<td>1,162,038</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>10.1%</td>
<td>15.1%</td>
<td>29.1%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Audited (SAR ‘000)</th>
<th>2013G Audited (SAR ‘000)</th>
<th>2014G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income for Year</td>
<td>61,994</td>
<td>137,198</td>
<td>331,969</td>
</tr>
<tr>
<td>Adjustments for non-cash items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>38,782</td>
<td>42,729</td>
<td>44,546</td>
</tr>
<tr>
<td>End of Service benefits</td>
<td>7,996</td>
<td>13,806</td>
<td>19,481</td>
</tr>
<tr>
<td>Adjusted net income</td>
<td>108,772</td>
<td>193,733</td>
<td>395,996</td>
</tr>
<tr>
<td>Change in current assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(62,714)</td>
<td>(57,347)</td>
<td>(57,192)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(5,030)</td>
<td>(16,691)</td>
<td>22,880</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>1,033</td>
<td>83</td>
<td>8,223</td>
</tr>
<tr>
<td>Net Related parties</td>
<td>(45,581)</td>
<td>(41,614)</td>
<td>6,234</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(14,455)</td>
<td>29,838</td>
<td>(14,183)</td>
</tr>
<tr>
<td>Accrued expenses and other payables</td>
<td>15,544</td>
<td>20,502</td>
<td>(12,676)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>(2,431)</td>
<td>128,505</td>
<td>349,282</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment – net</td>
<td>(10,764)</td>
<td>(82,164)</td>
<td>(109,733)</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment</td>
<td>342</td>
<td>3,946</td>
<td>-</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>(1,940)</td>
<td>(79,866)</td>
<td>(13,513)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(12,363)</td>
<td>(158,084)</td>
<td>(123,246)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Increase</td>
<td>-</td>
<td>55,339</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>(6,250)</td>
<td>6,348</td>
<td>2,543</td>
</tr>
<tr>
<td>Long term payables</td>
<td>24,200</td>
<td>2,199</td>
<td>(36,881)</td>
</tr>
<tr>
<td></td>
<td>2012G Audited (SAR '000)</td>
<td>2013G Audited (SAR '000)</td>
<td>2014G Audited (SAR '000)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------</td>
<td>-------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Previous years adjustments</td>
<td>-</td>
<td>3,433</td>
<td>799</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>(19,769)</td>
<td>(92,040)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>4,849</td>
<td>15,965</td>
<td>(1,149)</td>
</tr>
<tr>
<td>Zakat and Tax Payable</td>
<td>(4,456)</td>
<td>(4,227)</td>
<td>(7,071)</td>
</tr>
<tr>
<td><strong>Net cash (used in) financing activities</strong></td>
<td><strong>18,342</strong></td>
<td><strong>59,288</strong></td>
<td><strong>(133,800)</strong></td>
</tr>
<tr>
<td>Net increase in cash</td>
<td>3,549</td>
<td>29,709</td>
<td>92,236</td>
</tr>
<tr>
<td>Cash balance at the beginning of the year</td>
<td>10,733</td>
<td>14,282</td>
<td>43,991</td>
</tr>
<tr>
<td><strong>Cash balance at the end of the year</strong></td>
<td><strong>14,282</strong></td>
<td><strong>43,991</strong></td>
<td><strong>136,226</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>930,583</td>
<td>1,157,828</td>
<td>1,398,752</td>
<td>24.4%</td>
<td>20.8%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Cost of Revenues</td>
<td>(498,119)</td>
<td>(569,460)</td>
<td>(648,988)</td>
<td>14.3%</td>
<td>10.4%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>432,464</td>
<td>588,368</td>
<td>749,764</td>
<td>36.1%</td>
<td>27.4%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>(130,213)</td>
<td>(187,492)</td>
<td>(189,951)</td>
<td>44.0%</td>
<td>1.3%</td>
<td>20.8%</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>(164,464)</td>
<td>(206,018)</td>
<td>(239,948)</td>
<td>25.3%</td>
<td>16.5%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>(294,677)</td>
<td>(393,511)</td>
<td>(429,899)</td>
<td>33.5%</td>
<td>9.2%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Operating Net Profit</td>
<td>137,787</td>
<td>194,857</td>
<td>319,865</td>
<td>41.4%</td>
<td>64.2%</td>
<td>52.4%</td>
</tr>
<tr>
<td>Other Income</td>
<td>11,311</td>
<td>21,397</td>
<td>23,163</td>
<td>89.2%</td>
<td>8.3%</td>
<td>43.1%</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>(9,693)</td>
<td>(15,273)</td>
<td>(6,688)</td>
<td>57.6%</td>
<td>(56.2%)</td>
<td>(16.9%)</td>
</tr>
<tr>
<td>Net Income for the Year before Finance Charges</td>
<td>139,405</td>
<td>200,981</td>
<td>336,340</td>
<td>44.2%</td>
<td>67.3%</td>
<td>55.3%</td>
</tr>
<tr>
<td>Finance Charges</td>
<td>(15)</td>
<td>(1,281)</td>
<td>(4,129)</td>
<td>8440.0%</td>
<td>222.3%</td>
<td>1559.1%</td>
</tr>
<tr>
<td>Net Income for the Year before Zakat and Taxes</td>
<td>139,390</td>
<td>199,700</td>
<td>332,211</td>
<td>43.3%</td>
<td>66.4%</td>
<td>54.4%</td>
</tr>
<tr>
<td>Zakat of Subsidiaries</td>
<td>(7,140)</td>
<td>(7,760)</td>
<td>(585)</td>
<td>8.7%</td>
<td>(92.5%)</td>
<td>(71.4%)</td>
</tr>
<tr>
<td>Net Income for the Year before Minority Interest</td>
<td>132,250</td>
<td>191,940</td>
<td>331,626</td>
<td>45.1%</td>
<td>72.8%</td>
<td>58.4%</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>140</td>
<td>609</td>
<td>343</td>
<td>335.0%</td>
<td>(43.7%)</td>
<td>56.5%</td>
</tr>
<tr>
<td>Net Income for the Year</td>
<td>132,390</td>
<td>192,549</td>
<td>331,969</td>
<td>45.4%</td>
<td>72.4%</td>
<td>58.4%</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>46.5%</td>
<td>50.8%</td>
<td>53.6%</td>
<td>9.3%</td>
<td>5.5%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>14.2%</td>
<td>16.6%</td>
<td>23.7%</td>
<td>16.9%</td>
<td>42.7%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Earning per Share (SAR)</td>
<td>1.44</td>
<td>2.09</td>
<td>3.61</td>
<td>41.8%</td>
<td>72.5%</td>
<td>56.4%</td>
</tr>
<tr>
<td>Net Profit Growth Rate</td>
<td>-</td>
<td>45.4%</td>
<td>72.4%</td>
<td>-</td>
<td>59.5%</td>
<td>-</td>
</tr>
<tr>
<td>Revenues Growth Rate</td>
<td>-</td>
<td>24.4%</td>
<td>20.8%</td>
<td>-</td>
<td>(14.8%)</td>
<td>-</td>
</tr>
<tr>
<td>Number of Inpatients</td>
<td>39,644</td>
<td>43,558</td>
<td>45,063</td>
<td>9.9%</td>
<td>3.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Number of Outpatient Visits</td>
<td>958,514</td>
<td>1,032,178</td>
<td>1,093,816</td>
<td>7.7%</td>
<td>6.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Number of Beds</td>
<td>696</td>
<td>740</td>
<td>778</td>
<td>6.3%</td>
<td>5.1%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

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

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>386,566</td>
<td>446,016</td>
<td>493,057</td>
<td>15.4%</td>
<td>10.5%</td>
<td>12.9%</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>232,344</td>
<td>323,708</td>
<td>377,327</td>
<td>39.3%</td>
<td>16.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>175,077</td>
<td>209,455</td>
<td>290,759</td>
<td>19.6%</td>
<td>38.8%</td>
<td>28.9%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>134,801</td>
<td>176,460</td>
<td>227,407</td>
<td>30.9%</td>
<td>28.9%</td>
<td>29.9%</td>
</tr>
<tr>
<td>Net Revenues from Hospitals</td>
<td>928,788</td>
<td>1,155,639</td>
<td>1,388,549</td>
<td>24.4%</td>
<td>20.2%</td>
<td>22.3%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>8,423</td>
<td>13,706</td>
<td>14,482</td>
<td>62.7%</td>
<td>5.7%</td>
<td>31.1%</td>
</tr>
<tr>
<td>Revenues from Management Supervision Agreements</td>
<td>-</td>
<td>1,029</td>
<td>8,760</td>
<td>751.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>937,211</td>
<td>1,170,374</td>
<td>1,411,791</td>
<td>24.9%</td>
<td>20.6%</td>
<td>22.7%</td>
</tr>
</tbody>
</table>
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

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Inpatients</td>
<td>146,469</td>
<td>191,973</td>
<td>220,028</td>
<td>31.1%</td>
<td>14.6%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Outpatients</td>
<td>147,666</td>
<td>152,844</td>
<td>169,379</td>
<td>3.5%</td>
<td>10.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Patient revenues</td>
<td>294,135</td>
<td>344,818</td>
<td>389,407</td>
<td>17.2%</td>
<td>12.9%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>92,431</td>
<td>101,199</td>
<td>103,650</td>
<td>9.5%</td>
<td>2.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Total</td>
<td>386,566</td>
<td>446,016</td>
<td>493,057</td>
<td>15.4%</td>
<td>10.5%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

KPIs

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of inpatients</td>
<td>16,089</td>
<td>16,640</td>
<td>17,079</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of outpatient visits</td>
<td>500,246</td>
<td>529,266</td>
<td>527,180</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of beds</td>
<td>191</td>
<td>191</td>
<td>191</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of prescriptions</td>
<td>737,385</td>
<td>788,332</td>
<td>760,901</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average inpatient revenue per inpatient (SAR)</td>
<td>9,104</td>
<td>11,537</td>
<td>12,883</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average outpatient revenue per outpatient visit (SAR)</td>
<td>295</td>
<td>289</td>
<td>321</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average pharmacy revenue per prescription (SAR)</td>
<td>125</td>
<td>128</td>
<td>136</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatients</td>
<td>126,526</td>
<td>190,793</td>
<td>240,485</td>
<td>50.8%</td>
<td>26.0%</td>
<td>37.9%</td>
</tr>
<tr>
<td>Outpatients</td>
<td>52,422</td>
<td>64,072</td>
<td>63,778</td>
<td>22.2%</td>
<td>0.5%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Patient revenues</td>
<td>178,948</td>
<td>254,865</td>
<td>304,263</td>
<td>42.4%</td>
<td>19.4%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>53,396</td>
<td>68,842</td>
<td>73,063</td>
<td>28.9%</td>
<td>6.1%</td>
<td>17.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>232,344</strong></td>
<td><strong>323,708</strong></td>
<td><strong>377,327</strong></td>
<td><strong>39.3%</strong></td>
<td><strong>16.6%</strong></td>
<td><strong>27.4%</strong></td>
</tr>
</tbody>
</table>

**KPIs**

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</tr>
</thead>
<tbody>
<tr>
<td>Number of inpatients</td>
<td>8,198</td>
<td>9,255</td>
<td>9,462</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of outpatient visits</td>
<td>177,478</td>
<td>185,788</td>
<td>202,517</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of beds</td>
<td>184</td>
<td>212</td>
<td>219</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of prescriptions</td>
<td>184,938</td>
<td>223,277</td>
<td>233,740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average inpatient revenue per inpatient (SAR)</td>
<td>15,434</td>
<td>20,615</td>
<td>25,416</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average outpatient revenue per outpatient visit (SAR)</td>
<td>295</td>
<td>345</td>
<td>315</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average pharmacy revenue per prescription (SAR)</td>
<td>289</td>
<td>308</td>
<td>313</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 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

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Inpatients</td>
<td>96,056</td>
<td>111,814</td>
<td>190,324</td>
<td>16.4%</td>
<td>70.2%</td>
<td>40.8%</td>
</tr>
<tr>
<td>Outpatients</td>
<td>45,075</td>
<td>57,388</td>
<td>54,430</td>
<td>27.3%</td>
<td>(5.2%)</td>
<td>9.9%</td>
</tr>
<tr>
<td>Patient revenues</td>
<td>141,131</td>
<td>169,202</td>
<td>244,754</td>
<td>19.9%</td>
<td>44.7%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>33,945</td>
<td>40,253</td>
<td>46,005</td>
<td>18.6%</td>
<td>14.3%</td>
<td>16.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>175,077</strong></td>
<td><strong>209,455</strong></td>
<td><strong>290,759</strong></td>
<td><strong>19.6%</strong></td>
<td><strong>38.8%</strong></td>
<td><strong>28.9%</strong></td>
</tr>
</tbody>
</table>

**KPIs**
### Service Type

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</tr>
</thead>
<tbody>
<tr>
<td>Number of inpatients</td>
<td>9,035</td>
<td>10,160</td>
<td>10,368</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of outpatient visits</td>
<td>162,018</td>
<td>181,936</td>
<td>211,064</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of beds</td>
<td>181</td>
<td>183</td>
<td>184</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of prescriptions</td>
<td>263,814</td>
<td>279,967</td>
<td>258,086</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average inpatient revenue per inpatient (SAR)</td>
<td>10,632</td>
<td>11,005</td>
<td>18,357</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average outpatient revenue per outpatient visit (SAR)</td>
<td>278</td>
<td>315</td>
<td>258</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average pharmacy revenue per prescription (SAR)</td>
<td>129</td>
<td>144</td>
<td>178</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 to 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 315G 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

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatients</td>
<td>89,641</td>
<td>123,067</td>
<td>157,083</td>
<td>37.3%</td>
<td>27.6%</td>
<td>32.4%</td>
</tr>
<tr>
<td>Outpatients</td>
<td>26,245</td>
<td>29,074</td>
<td>35,720</td>
<td>10.8%</td>
<td>22.9%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Patient revenues</td>
<td>115,886</td>
<td>152,141</td>
<td>192,804</td>
<td>31.3%</td>
<td>26.7%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>18,915</td>
<td>24,319</td>
<td>34,603</td>
<td>28.6%</td>
<td>42.3%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Total</td>
<td>134,801</td>
<td>176,460</td>
<td>227,407</td>
<td>30.9%</td>
<td>28.9%</td>
<td>29.9%</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Client Type</th>
<th>2012G Proforma (SAR ’000)</th>
<th>2013G Proforma (SAR ’000)</th>
<th>2014G Audited (SAR ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash Revenues</td>
<td>Credit Revenues</td>
<td>Cash Revenues</td>
</tr>
<tr>
<td>SGH Jeddah (Branch)</td>
<td>98,340</td>
<td>288,226</td>
<td>122,962</td>
</tr>
<tr>
<td>SGH Riyadh (Branch)</td>
<td>25,633</td>
<td>206,711</td>
<td>25,024</td>
</tr>
<tr>
<td>SGH Aseer (Branch)</td>
<td>54,310</td>
<td>120,767</td>
<td>58,578</td>
</tr>
<tr>
<td>SGH Madinah (Branch)</td>
<td>22,902</td>
<td>111,899</td>
<td>30,354</td>
</tr>
<tr>
<td>Abduljalil Ibrahim Batterjee Sons Development Company Ltd. (Branch)</td>
<td>81</td>
<td>8,343</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>201,266</td>
<td>735,946</td>
<td>236,936</td>
</tr>
</tbody>
</table>

**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**

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</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>419,224</td>
<td>516,445</td>
<td>552,476</td>
<td>23.2%</td>
<td>7.0%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>212,061</td>
<td>284,926</td>
<td>428,481</td>
<td>34.4%</td>
<td>50.4%</td>
<td>42.1%</td>
</tr>
<tr>
<td>Cash Clients</td>
<td>201,186</td>
<td>236,918</td>
<td>263,522</td>
<td>17.8%</td>
<td>11.2%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Direct Clients</td>
<td>96,318</td>
<td>117,350</td>
<td>144,069</td>
<td>21.8%</td>
<td>22.8%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Net revenues from hospitals</td>
<td>928,788</td>
<td>1,155,639</td>
<td>1,388,549</td>
<td>24.4%</td>
<td>20.2%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

**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

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</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>1,169,584</td>
<td>1,399,924</td>
<td>1,686,925</td>
<td>19.7%</td>
<td>20.5%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Discounts</td>
<td>(240,795)</td>
<td>(244,286)</td>
<td>(298,377)</td>
<td>1.4%</td>
<td>22.1%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Net Revenues from Hospitals</td>
<td>928,788</td>
<td>1,155,639</td>
<td>1,388,549</td>
<td>24.4%</td>
<td>20.2%</td>
<td>22.3%</td>
</tr>
<tr>
<td>The Percentage of Discounts to Total Revenues</td>
<td>20.6%</td>
<td>17.4%</td>
<td>17.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Medicine</td>
<td>155,480</td>
<td>191,704</td>
<td>209,159</td>
<td>23.3%</td>
<td>9.1%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>107,370</td>
<td>143,998</td>
<td>176,052</td>
<td>37.8%</td>
<td>22.3%</td>
<td>35.7%</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>104,496</td>
<td>143,998</td>
<td>176,052</td>
<td>37.8%</td>
<td>22.3%</td>
<td>35.7%</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
<td>65,114</td>
<td>95,266</td>
<td>112,983</td>
<td>46.3%</td>
<td>18.6%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Surgery</td>
<td>51,123</td>
<td>70,443</td>
<td>89,671</td>
<td>37.8%</td>
<td>27.3%</td>
<td>32.4%</td>
</tr>
<tr>
<td>Cardiology</td>
<td>53,547</td>
<td>68,746</td>
<td>83,703</td>
<td>28.4%</td>
<td>21.8%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Neurology</td>
<td>55,342</td>
<td>70,931</td>
<td>87,884</td>
<td>28.2%</td>
<td>23.9%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>51,764</td>
<td>39,102</td>
<td>72,465 (24.5%)</td>
<td>85.3%</td>
<td>18.3%</td>
<td></td>
</tr>
<tr>
<td>Oncology</td>
<td>34,894</td>
<td>44,006</td>
<td>47,073</td>
<td>26.1%</td>
<td>7.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Urology</td>
<td>27,336</td>
<td>40,276</td>
<td>38,776</td>
<td>47.3%</td>
<td>(3.7%)</td>
<td>19.1%</td>
</tr>
<tr>
<td>Dentistry and Oral and Maxillo-facial Surgery</td>
<td>29,510</td>
<td>29,604</td>
<td>33,158</td>
<td>0.3%</td>
<td>12.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Ear, Nose &amp; Throat</td>
<td>24,884</td>
<td>28,473</td>
<td>33,445</td>
<td>14.4%</td>
<td>17.5%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>23,353</td>
<td>26,908</td>
<td>28,102</td>
<td>15.2%</td>
<td>4.4%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Cardiothoracic Surgery</td>
<td>17,709</td>
<td>24,599</td>
<td>29,138</td>
<td>38.9%</td>
<td>18.5%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Emergency</td>
<td>21,747</td>
<td>22,940</td>
<td>28,481</td>
<td>5.5%</td>
<td>24.2%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Physiotherapy and Rehabilitation</td>
<td>11,969</td>
<td>13,659</td>
<td>16,039</td>
<td>14.1%</td>
<td>17.4%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>11,655</td>
<td>13,172</td>
<td>13,267</td>
<td>13.0%</td>
<td>0.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>9,588</td>
<td>9,264</td>
<td>15,739 (3%)</td>
<td>66.0%</td>
<td>26.6%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>71,907</td>
<td>72,783</td>
<td>76,071</td>
<td>1.2%</td>
<td>4.5%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Total</td>
<td>928,788</td>
<td>1,155,640</td>
<td>1,388,550</td>
<td>24.4%</td>
<td>20.2%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

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

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</tr>
</thead>
<tbody>
<tr>
<td>Employee direct costs</td>
<td>201,829</td>
<td>242,998</td>
<td>277,267</td>
<td>20.4%</td>
<td>14.1%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Hospital materials and supplies</td>
<td>221,219</td>
<td>251,203</td>
<td>285,389</td>
<td>13.6%</td>
<td>13.6%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>38,336</td>
<td>34,743</td>
<td>37,857</td>
<td>(9.4%)</td>
<td>9.0%</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Other direct expenses</td>
<td>38,149</td>
<td>43,974</td>
<td>52,574</td>
<td>15.3%</td>
<td>19.6%</td>
<td>17.4%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>5,215</td>
<td>9,088</td>
<td>8,940</td>
<td>74.3%</td>
<td>(1.6%)</td>
<td>30.9%</td>
</tr>
<tr>
<td>Cost of Revenues including intercompany revenues</td>
<td>504,748</td>
<td>582,007</td>
<td>662,027</td>
<td>15.3%</td>
<td>13.7%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(6,628)</td>
<td>(12,547)</td>
<td>(13,039)</td>
<td>89.3%</td>
<td>3.9%</td>
<td>40.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>498,119</strong></td>
<td><strong>569,460</strong></td>
<td><strong>648,988</strong></td>
<td><strong>14.3%</strong></td>
<td><strong>14.0%</strong></td>
<td><strong>14.1%</strong></td>
</tr>
</tbody>
</table>

As a % of revenues

<table>
<thead>
<tr>
<th></th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee direct costs</td>
<td>21.7%</td>
<td>21.0%</td>
<td>19.8%</td>
</tr>
<tr>
<td>Hospital Materials and Supplies</td>
<td>23.8%</td>
<td>21.7%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4.1%</td>
<td>3.0%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other direct expenses</td>
<td>4.1%</td>
<td>3.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>0.6%</td>
<td>0.8%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53.5%</strong></td>
<td><strong>49.2%</strong></td>
<td><strong>46.4%</strong></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>180,891</td>
<td>216,195</td>
<td>242,212</td>
<td>19.5%</td>
<td>12.0%</td>
<td>15.7%</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>117,099</td>
<td>179,394</td>
<td>217,516</td>
<td>53.2%</td>
<td>21.3%</td>
<td>36.3%</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>72,758</td>
<td>92,305</td>
<td>152,926</td>
<td>26.9%</td>
<td>65.7%</td>
<td>45.0%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>58,507</td>
<td>94,827</td>
<td>122,807</td>
<td>62.1%</td>
<td>29.5%</td>
<td>44.9%</td>
</tr>
<tr>
<td>Hospital gross profit</td>
<td>429,255</td>
<td>582,721</td>
<td>735,462</td>
<td>35.8%</td>
<td>26.2%</td>
<td>30.9%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>3,209</td>
<td>4,618</td>
<td>5,543</td>
<td>43.9%</td>
<td>20.0%</td>
<td>31.4%</td>
</tr>
<tr>
<td>Management supervision agreement revenues</td>
<td>-</td>
<td>1,029</td>
<td>8,760</td>
<td>0.0%</td>
<td>751.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>432,464</td>
<td>588,368</td>
<td>749,764</td>
<td>36.1%</td>
<td>27.4%</td>
<td>31.7%</td>
</tr>
</tbody>
</table>

**Gross profit margin**

<table>
<thead>
<tr>
<th></th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>46.8%</td>
<td>48.5%</td>
<td>49.1%</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>50.4%</td>
<td>55.4%</td>
<td>57.6%</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>41.6%</td>
<td>44.1%</td>
<td>52.6%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>43.4%</td>
<td>53.7%</td>
<td>54.0%</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>38.1%</td>
<td>33.7%</td>
<td>38.3%</td>
</tr>
<tr>
<td>Total</td>
<td>46.5%</td>
<td>50.8%</td>
<td>53.6%</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Rejections</td>
<td>109,342</td>
<td>163,779</td>
<td>145,676</td>
<td>49.8%</td>
<td>(11.1)%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>14,646</td>
<td>16,265</td>
<td>35,765</td>
<td>11.1%</td>
<td>119.9%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Advertisements and marketing expenses</td>
<td>6,225</td>
<td>7,448</td>
<td>8,509</td>
<td>19.6%</td>
<td>14.2%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Total</td>
<td>130,213</td>
<td>187,492</td>
<td>189,951</td>
<td>44.0%</td>
<td>1.3%</td>
<td>20.8%</td>
</tr>
<tr>
<td>As a % of revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rejections</td>
<td>11.7%</td>
<td>14.1%</td>
<td>10.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>1.6%</td>
<td>1.4%</td>
<td>2.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertisement and marketing expenses</td>
<td>0.7%</td>
<td>0.6%</td>
<td>0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>14.0%</td>
<td>16.2%</td>
<td>13.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 booths 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

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee indirect costs</td>
<td>104,379</td>
<td>128,551</td>
<td>141,313</td>
<td>23.2%</td>
<td>9.9%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>12,391</td>
<td>18,274</td>
<td>20,818</td>
<td>47.5%</td>
<td>13.9%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Employee health insurance costs</td>
<td>12,131</td>
<td>12,949</td>
<td>15,293</td>
<td>6.7%</td>
<td>18.1%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>35,563</td>
<td>46,244</td>
<td>62,524</td>
<td>30.0%</td>
<td>35.2%</td>
<td>32.6%</td>
</tr>
<tr>
<td>Total</td>
<td>164,464</td>
<td>206,018</td>
<td>239,948</td>
<td>25.3%</td>
<td>16.5%</td>
<td>20.8%</td>
</tr>
</tbody>
</table>

As % of total revenues

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee indirect costs</td>
<td>11.2%</td>
<td>11.1%</td>
<td>10.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>1.3%</td>
<td>1.6%</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee health insurance costs</td>
<td>1.3%</td>
<td>1.1%</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>3.8%</td>
<td>4.0%</td>
<td>4.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17.7%</td>
<td>17.8%</td>
<td>17.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation expenses</td>
<td>9,712</td>
<td>10,445</td>
<td>14,009</td>
<td>7.5%</td>
<td>34.1%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Office supplies</td>
<td>6,199</td>
<td>5,197</td>
<td>8,076</td>
<td>(16.2%)</td>
<td>55.4%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>1,857</td>
<td>3,816</td>
<td>6,378</td>
<td>105.5%</td>
<td>67.1%</td>
<td>85.3%</td>
</tr>
<tr>
<td>Mail and phone</td>
<td>3,344</td>
<td>3,941</td>
<td>5,711</td>
<td>17.9%</td>
<td>44.9%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Audit and consultation fees</td>
<td>4,930</td>
<td>6,152</td>
<td>10,732</td>
<td>24.8%</td>
<td>74.4%</td>
<td>47.5%</td>
</tr>
</tbody>
</table>
• 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.

Other Income

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

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>128,095</td>
<td>179,585</td>
<td>313,176</td>
<td>40.2%</td>
<td>74.4%</td>
<td>56.4%</td>
</tr>
<tr>
<td>Other income</td>
<td>11,311</td>
<td>21,397</td>
<td>23,163</td>
<td>89.2%</td>
<td>8.3%</td>
<td>43.1%</td>
</tr>
<tr>
<td>Finance charges</td>
<td>(15)</td>
<td>(1,281)</td>
<td>(4,129)</td>
<td>8440.0%</td>
<td>222.3%</td>
<td>1559.1%</td>
</tr>
<tr>
<td>Income before Zakat and minority interest</td>
<td>139,390</td>
<td>199,791</td>
<td>322,211</td>
<td>43.3%</td>
<td>66.4%</td>
<td>54.4%</td>
</tr>
<tr>
<td>Zakat</td>
<td>(7,140)</td>
<td>(7,760)</td>
<td>(585)</td>
<td>8.7%</td>
<td>(92.5%)</td>
<td>(71.4%)</td>
</tr>
<tr>
<td>Income before minority interest</td>
<td>132,250</td>
<td>192,031</td>
<td>331,626</td>
<td>45.1%</td>
<td>72.8%</td>
<td>58.4%</td>
</tr>
<tr>
<td>Minority interest</td>
<td>140</td>
<td>609</td>
<td>343</td>
<td>335.0%</td>
<td>(43.7%)</td>
<td>56.5%</td>
</tr>
<tr>
<td>Net profit</td>
<td>132,390</td>
<td>192,549</td>
<td>331,969</td>
<td>45.4%</td>
<td>72.4%</td>
<td>58.4%</td>
</tr>
</tbody>
</table>

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 2000G 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 DZIT 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%\textsuperscript{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

<table>
<thead>
<tr>
<th>Assets</th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Bank Balances</td>
<td>16,493</td>
<td>34,487</td>
<td>136,226</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>452,895</td>
<td>543,222</td>
<td>600,414</td>
</tr>
<tr>
<td>Inventory</td>
<td>77,070</td>
<td>98,758</td>
<td>75,878</td>
</tr>
<tr>
<td>Prepayments and Other Assets</td>
<td>31,554</td>
<td>31,122</td>
<td>22,899</td>
</tr>
<tr>
<td>Amounts Due from Related Parties</td>
<td>3,329</td>
<td>17,081</td>
<td>10,847</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>581,341</td>
<td>724,671</td>
<td>846,265</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>643,773</td>
<td>743,130</td>
<td>808,318</td>
</tr>
<tr>
<td>Work in Progress</td>
<td>89,709</td>
<td>110,278</td>
<td>123,791</td>
</tr>
<tr>
<td>Deferred Charges</td>
<td>8,482</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>741,964</td>
<td>853,409</td>
<td>932,109</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,323,305</td>
<td>1,578,080</td>
<td>1,778,374</td>
</tr>
<tr>
<td>Liabilities and Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Payables</td>
<td>120,457</td>
<td>183,395</td>
<td>160,444</td>
</tr>
<tr>
<td>Accrued Expenses and Other Liabilities</td>
<td>86,229</td>
<td>106,545</td>
<td>93,869</td>
</tr>
</tbody>
</table>

\textsuperscript{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.
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 437.090 million as at 31 December 2012G to SAR 633.183 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 225.533 million as at 31 December 2012G to SAR 363.565 million as at 31 December 2013G primarily driven by an increase in trade payables from SAR 18,477 million as at 31 December 2012G to SAR 73,625 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 591,466 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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR ‘000)</th>
<th>2013G Proforma (SAR ‘000)</th>
<th>2014G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Bank Balances</td>
<td>16,493</td>
<td>34,487</td>
<td>136,226</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>452,895</td>
<td>543,222</td>
<td>600,414</td>
</tr>
<tr>
<td>Inventory</td>
<td>77,070</td>
<td>98,758</td>
<td>75,878</td>
</tr>
<tr>
<td>Prepayments and Other Assets</td>
<td>31,554</td>
<td>31,122</td>
<td>22,899</td>
</tr>
<tr>
<td>Amounts Due from Related Parties</td>
<td>3,329</td>
<td>17,081</td>
<td>10,847</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>581,341</strong></td>
<td><strong>724,671</strong></td>
<td><strong>846,265</strong></td>
</tr>
<tr>
<td>Trade Payables</td>
<td>120,457</td>
<td>183,395</td>
<td>160,444</td>
</tr>
<tr>
<td>Accrued Expenses and Other Liabilities</td>
<td>86,229</td>
<td>106,545</td>
<td>93,869</td>
</tr>
<tr>
<td>Current Portion of Long Term Payables</td>
<td>-</td>
<td>-</td>
<td>8,768</td>
</tr>
<tr>
<td>Short Term Loans and Current Portion of Long Term Loans</td>
<td>18,847</td>
<td>73,625</td>
<td>94,297</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>225,533</strong></td>
<td><strong>363,565</strong></td>
<td><strong>357,378</strong></td>
</tr>
<tr>
<td><strong>Net Working Capital</strong></td>
<td><strong>355,808</strong></td>
<td><strong>361,107</strong></td>
<td><strong>488,887</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>380,272</td>
<td>456,630</td>
<td>526,155</td>
</tr>
<tr>
<td>Unbilled Revenues</td>
<td>109,836</td>
<td>148,338</td>
<td>182,228</td>
</tr>
<tr>
<td>Current Inpatients</td>
<td>19,519</td>
<td>13,498</td>
<td>8,608</td>
</tr>
<tr>
<td>Trade Receivables of AJ Sons</td>
<td>2,926</td>
<td>2,199</td>
<td>1,881</td>
</tr>
<tr>
<td>Gross Trade Receivables</td>
<td>512,552</td>
<td>620,665</td>
<td>784,401</td>
</tr>
<tr>
<td>Provision for Doubtful Debts and Rejections</td>
<td>(59,657)</td>
<td>(77,442)</td>
<td>(183,987)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>452,895</strong></td>
<td><strong>543,222</strong></td>
<td><strong>600,414</strong></td>
</tr>
<tr>
<td>Days Receivables Outstanding</td>
<td>204</td>
<td>195</td>
<td>183</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Entity</th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>131,169</td>
<td>159,514</td>
<td>181,876</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>122,971</td>
<td>155,093</td>
<td>143,843</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>80,733</td>
<td>87,737</td>
<td>131,214</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>115,096</td>
<td>138,679</td>
<td>141,599</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>2,926</td>
<td>2,199</td>
<td>1,881</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>452,895</strong></td>
<td><strong>543,222</strong></td>
<td><strong>600,414</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Days Receivables Outstanding (DSO)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>155</td>
<td>162</td>
<td>158</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>205</td>
<td>168</td>
<td>157</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>215</td>
<td>201</td>
<td>188</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>314</td>
<td>313</td>
<td>272</td>
</tr>
<tr>
<td><strong>DSO of the Company’s hospitals</strong></td>
<td><strong>204</strong></td>
<td><strong>195</strong></td>
<td><strong>183</strong></td>
</tr>
</tbody>
</table>

*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.
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.

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the Beginning of the Year</td>
<td>28,309</td>
<td>59,657</td>
<td>77,442</td>
</tr>
<tr>
<td>Provisions during the Year</td>
<td>123,988</td>
<td>180,044</td>
<td>181,441</td>
</tr>
<tr>
<td>Total</td>
<td>152,297</td>
<td>239,701</td>
<td>258,884</td>
</tr>
<tr>
<td>Adjustments during the Year</td>
<td>(92,640)</td>
<td>(162,259)</td>
<td>(74,897)</td>
</tr>
<tr>
<td>Total</td>
<td>59,657</td>
<td>77,442</td>
<td>183,987</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Client/Period</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail clients</td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>25% of total monthly claims</td>
</tr>
<tr>
<td>More than 1 year</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td>Insurance companies</td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>15% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td>Other government clients</td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>12% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td>Direct corporate clients</td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>10% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25% of total outstanding amounts</td>
</tr>
<tr>
<td>More than 2 years</td>
<td>100% of total outstanding amounts</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td></td>
</tr>
<tr>
<td>Less than one year</td>
<td>5-25% of total monthly claims</td>
</tr>
<tr>
<td>1-2 years</td>
<td>25-33% of total outstanding amounts</td>
</tr>
<tr>
<td>2-3 years</td>
<td>50-100% of the total outstanding amounts</td>
</tr>
<tr>
<td>More than 3 years</td>
<td>100% of total outstanding amounts</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy supplies</td>
<td>36,993</td>
<td>50,957</td>
<td>48,562</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>29,895</td>
<td>40,276</td>
<td>21,631</td>
</tr>
<tr>
<td>Other supplies</td>
<td>10,181</td>
<td>9,971</td>
<td>5,759</td>
</tr>
<tr>
<td>Inventory balance</td>
<td>77,070</td>
<td>101,204</td>
<td>75,952</td>
</tr>
<tr>
<td>Provision for slow moving and obsolete inventories</td>
<td>-</td>
<td>(2,446)</td>
<td>(74)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,070</strong></td>
<td><strong>98,758</strong></td>
<td><strong>75,878</strong></td>
</tr>
<tr>
<td>Days inventory outstanding (DIO)</td>
<td>115</td>
<td>128</td>
<td>112</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Entity</th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>32,905</td>
<td>40,340</td>
<td>28,171</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>16,359</td>
<td>16,700</td>
<td>17,108</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>16,644</td>
<td>23,874</td>
<td>15,085</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>8,508</td>
<td>14,767</td>
<td>12,571</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>2,654</td>
<td>3,076</td>
<td>2,943</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,070</strong></td>
<td><strong>98,758</strong></td>
<td><strong>75,878</strong></td>
</tr>
</tbody>
</table>

Days Inventory Outstanding (DIO)

<table>
<thead>
<tr>
<th>Entity</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>100</td>
<td>118</td>
<td>108</td>
</tr>
</tbody>
</table>
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.

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

### Analysis of Inventory Aging

**Table 215: Inventory aging, as at 31 December 2014G**

<table>
<thead>
<tr>
<th>SAR '000</th>
<th>0-30 days</th>
<th>31-90 days</th>
<th>91-180 days</th>
<th>180-365 days</th>
<th>3-2 years</th>
<th>More than two years</th>
<th>Total amount</th>
<th>Provisions</th>
<th>Net amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy materials and supplies</td>
<td>47,489</td>
<td>683</td>
<td>211</td>
<td>157</td>
<td>22</td>
<td>-</td>
<td>48,562</td>
<td>(22)</td>
<td>48,540</td>
</tr>
<tr>
<td>Medical materials and supplies</td>
<td>11,817</td>
<td>2,798</td>
<td>2,009</td>
<td>4,272</td>
<td>702</td>
<td>33</td>
<td>21,631</td>
<td>(33)</td>
<td>21,598</td>
</tr>
<tr>
<td>Non-medical materials and supplies</td>
<td>1,647</td>
<td>261</td>
<td>84</td>
<td>296</td>
<td>14</td>
<td>2</td>
<td>2,304</td>
<td>(14)</td>
<td>2,290</td>
</tr>
<tr>
<td>Laboratory and X-ray materials and supplies</td>
<td>300</td>
<td>121</td>
<td>67</td>
<td>19</td>
<td>0</td>
<td>5</td>
<td>511</td>
<td>(5)</td>
<td>507</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,943</td>
<td>-</td>
<td>2,943</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61,253</strong></td>
<td><strong>3,863</strong></td>
<td><strong>2,370</strong></td>
<td><strong>4,745</strong></td>
<td><strong>739</strong></td>
<td><strong>39</strong></td>
<td><strong>75,952</strong></td>
<td><strong>(74)</strong></td>
<td><strong>75,878</strong></td>
</tr>
</tbody>
</table>

*Source: The Company*
(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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid Expenses</td>
<td>7,629</td>
<td>11,999</td>
<td>7,860</td>
</tr>
<tr>
<td>Prepayments to Employees</td>
<td>12,828</td>
<td>13,710</td>
<td>3,728</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>11,097</td>
<td>5,413</td>
<td>11,312</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,554</strong></td>
<td><strong>31,122</strong></td>
<td><strong>22,899</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emirates Company</td>
<td>-</td>
<td>594</td>
<td>6,722</td>
</tr>
<tr>
<td>Al Batterjee Medical College</td>
<td>18</td>
<td>-</td>
<td>4,879</td>
</tr>
<tr>
<td>BAB Company</td>
<td>-</td>
<td>19,845</td>
<td>3,097</td>
</tr>
<tr>
<td>Bait al Batterjee Company for Education</td>
<td>4,130</td>
<td>6,142</td>
<td>777</td>
</tr>
<tr>
<td>Other</td>
<td>1,065</td>
<td>997</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,212</strong></td>
<td><strong>27,578</strong></td>
<td><strong>15,474</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Company Branch</th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>66,059</td>
<td>91,355</td>
<td>72,872</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>21,119</td>
<td>33,799</td>
<td>45,676</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>29,684</td>
<td>30,037</td>
<td>31,736</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>10,744</td>
<td>25,145</td>
<td>15,907</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>4,659</td>
<td>6,710</td>
<td>6,909</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(11,808)</td>
<td>(15,431)</td>
<td>(12,656)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120,457</strong></td>
<td><strong>171,615</strong></td>
<td><strong>160,444</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Days Payable Outstanding (DPO)</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>274</td>
<td>253</td>
<td>267</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>180</td>
<td>211</td>
<td>247</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>203</td>
<td>158</td>
<td>155</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>254</td>
<td>265</td>
<td>209</td>
</tr>
<tr>
<td><strong>Total –DPO of the Company’s hospital</strong></td>
<td><strong>228</strong></td>
<td><strong>209</strong></td>
<td><strong>220</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Salaries</td>
<td>12,592</td>
<td>25,999</td>
<td>28,876</td>
</tr>
<tr>
<td>Leave Allowance Provision</td>
<td>16,942</td>
<td>20,336</td>
<td>21,471</td>
</tr>
<tr>
<td>Accrued Expenses Provision</td>
<td>15,968</td>
<td>12,691</td>
<td>10,532</td>
</tr>
<tr>
<td>Vacation Tickets Provision</td>
<td>9,416</td>
<td>10,184</td>
<td>10,323</td>
</tr>
<tr>
<td>Accrued fees and Other Payables</td>
<td>10,499</td>
<td>7,722</td>
<td>8,962</td>
</tr>
<tr>
<td>Education, Training and Scientific Seminars</td>
<td>4,001</td>
<td>5,555</td>
<td>4,042</td>
</tr>
<tr>
<td>Zakat Provision</td>
<td>14,145</td>
<td>21,902</td>
<td>7,631</td>
</tr>
<tr>
<td>Other</td>
<td>2,666</td>
<td>2,155</td>
<td>2,033</td>
</tr>
<tr>
<td>Total</td>
<td>86,229</td>
<td>106,545</td>
<td>93,869</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Hospitals Construction Ltd.</td>
<td>-</td>
<td>-</td>
<td>4,626</td>
</tr>
<tr>
<td>BAB Medical Company Ltd.</td>
<td>1,883</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Al Batterjee College of Medical Science &amp; Technology</td>
<td>-</td>
<td>10,497</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,883</td>
<td>10,497</td>
<td>4,626</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and Equipment</td>
<td>643,773</td>
<td>743,130</td>
<td>808,318</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>89,709</td>
<td>110,278</td>
<td>123,791</td>
</tr>
<tr>
<td>Deferred Charges</td>
<td>8,482</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>741,964</td>
<td>853,409</td>
<td>932,109</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Property &amp; Equipment</td>
<td>1,520,092</td>
<td>1,618,851</td>
<td>1,713,876</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(876,319)</td>
<td>(875,720)</td>
<td>(905,558)</td>
</tr>
<tr>
<td>New Property &amp; Equipment</td>
<td>643,773</td>
<td>743,130</td>
<td>808,318</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SGH Jeddah</td>
<td>SGH Riyadh</td>
<td>SGH Aseer</td>
<td>SGH Madinah</td>
</tr>
<tr>
<td>Total property &amp; equipment</td>
<td>533,063</td>
<td>367,007</td>
<td>449,054</td>
<td>317,462</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(298,889)</td>
<td>(199,727)</td>
<td>(250,118)</td>
<td>(156,554)</td>
</tr>
<tr>
<td>Property &amp; equipment, net</td>
<td>234,174</td>
<td>167,280</td>
<td>198,936</td>
<td>160,908</td>
</tr>
<tr>
<td>Property &amp; equipment, net as a % of total property and equipment</td>
<td>43.9%</td>
<td>45.6%</td>
<td>44.3%</td>
<td>50.7%</td>
</tr>
</tbody>
</table>

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 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

<table>
<thead>
<tr>
<th>Type of assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>33</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>10</td>
</tr>
<tr>
<td>Office equipment</td>
<td>8</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>10</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10</td>
</tr>
<tr>
<td>Vehicles</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>422,378</td>
<td>417,036</td>
<td>430,309</td>
</tr>
<tr>
<td>Lands</td>
<td>127,996</td>
<td>181,244</td>
<td>181,244</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>68,438</td>
<td>115,683</td>
<td>155,191</td>
</tr>
<tr>
<td>Office equipment</td>
<td>8,930</td>
<td>10,367</td>
<td>19,877</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>5,332</td>
<td>6,758</td>
<td>8,139</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5,095</td>
<td>5,234</td>
<td>2,579</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2,259</td>
<td>2,931</td>
<td>3,629</td>
</tr>
<tr>
<td>Other</td>
<td>3,344</td>
<td>3,877</td>
<td>7,349</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>643,773</strong></td>
<td><strong>743,130</strong></td>
<td><strong>808,318</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>14,369</td>
<td>32,973</td>
<td>-</td>
</tr>
<tr>
<td>Lands</td>
<td>53,248</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>64,975</td>
<td>59,197</td>
<td>-</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3,780</td>
<td>8,214</td>
<td>-</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>2,467</td>
<td>2,464</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>2,217</td>
<td>1,728</td>
<td>-</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,099</td>
<td>1,224</td>
<td>-</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR ‘000)</th>
<th>2013G Proforma (SAR ‘000)</th>
<th>2014G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Hail</td>
<td>65,131</td>
<td>70,747</td>
<td>93,955</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>14,609</td>
<td>23,608</td>
<td>14,519</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>9,969</td>
<td>8,283</td>
<td>10,319</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>-</td>
<td>7,640</td>
<td>4,999</td>
</tr>
<tr>
<td>Total</td>
<td>89,709</td>
<td>110,278</td>
<td>123,791</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR ‘000)</th>
<th>2013G Proforma (SAR ‘000)</th>
<th>2014G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Loans</td>
<td>58,485</td>
<td>87,278</td>
<td>69,148</td>
</tr>
<tr>
<td>Long Term Payables</td>
<td>61,153</td>
<td>65,621</td>
<td>28,740</td>
</tr>
<tr>
<td>Provision for End of Service Benefits</td>
<td>91,667</td>
<td>116,720</td>
<td>136,200</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>252</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>211,557</td>
<td>269,618</td>
<td>234,088</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Loans and Current Portion of Long Term Loans</td>
<td>18,847</td>
<td>73,625</td>
<td>94,297</td>
</tr>
<tr>
<td>Long Term Loans</td>
<td>58,485</td>
<td>87,278</td>
<td>69,148</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77,333</strong></td>
<td><strong>160,903</strong></td>
<td><strong>163,445</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alinma Bank</td>
<td>-</td>
<td>41,500</td>
<td>51,000</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>-</td>
<td>20,000</td>
<td>18,750</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>-</td>
<td>19,500</td>
<td>19,500</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>6,500</td>
<td>5,500</td>
<td>4,500</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>6,500</td>
<td>86,500</td>
<td>93,750</td>
</tr>
<tr>
<td>High Commission for Hail Development in 2012G / Ministry of Finance in 2013G and 2014G</td>
<td>5,347</td>
<td>14,918</td>
<td>24,210</td>
</tr>
<tr>
<td>SGH Hail</td>
<td>5,347</td>
<td>14,918</td>
<td>24,210</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>28,063</td>
<td>24,938</td>
<td>21,813</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>28,063</td>
<td>24,938</td>
<td>21,813</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------</td>
<td>--------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Aseer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Madinah</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Hail</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arab National Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alinma Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samba Bank</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 231: Details of credit facilities by lender

<table>
<thead>
<tr>
<th>SAR '000</th>
<th>Hospital</th>
<th>Type of available facilities</th>
<th>Payment conditions</th>
<th>Collaterals</th>
<th>Financial positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>SGH Aseer</td>
<td>Loans to finance the establishment of SGH Aseer</td>
<td>Sixteen equal annual premiums of SAR 3.125 million</td>
<td>Mortgage of the land of SGH Aseer and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>SGH Madinah</td>
<td>Loans to finance the establishment of SGH Madinah</td>
<td>Sixteen equal annual premiums of SAR 3.125 million</td>
<td>Mortgage of the land of SGH Madinah, what to be built thereon and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>SGH Riyadh</td>
<td>Loans to finance the establishment of SGH Riyadh</td>
<td>Sixteen equal annual premiums of SAR 3.125 million</td>
<td>Mortgage of the land of SGH Riyadh and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>SGH Hail</td>
<td>Term loans to finance the establishment of SGH Hail</td>
<td>Twenty equal annual premiums from 3.5 SAR million starting 2018G.</td>
<td>Mortgage of the land of SGH Hail and all of its buildings</td>
<td>N/A</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>SGH Riyadh</td>
<td>Tawarruq facilities to finance working capital needs</td>
<td>Refinance facilities for one, two, three, or six months as requested</td>
<td>Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million</td>
<td>Leverage ratio should not exceed 1.1x</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>SGH Jeddah</td>
<td>Tawarruq facilities to finance working capital needs</td>
<td>Refinance facilities for one, two, three, or six months as requested</td>
<td>Personal guarantees from Sobhi Abduljalil Batterjee of SAR 72.5 million</td>
<td>Dividends should not exceed 20% of the net profit</td>
</tr>
<tr>
<td>Alinma Bank</td>
<td>SGH Jeddah</td>
<td>Refinance facilities to finance 80% of the amounts due from insurance companies.</td>
<td>Refinance facilities - Repayment in 180 days</td>
<td>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)</td>
<td>- Leverage ratio should not exceed 1.1x - Current ratio should exceed 1.25 x - Dividends should not exceed 50% of the net profit</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Murabaha loan on deferred payment basis to finance payables related to SGH Jeddah</td>
<td>Current value of refinanced receivables - Repayment in 180 days</td>
<td>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)</td>
<td>Current ratio should exceed 1x</td>
</tr>
</tbody>
</table>
### Table 232: Credit facilities by lender as at 31 December 2014G

<table>
<thead>
<tr>
<th>SAR ’000</th>
<th>Hospital</th>
<th>Type of available facilities</th>
<th>Credit limit of facilities</th>
<th>Utilized facilities</th>
<th>Repaid facilities</th>
<th>Remaining balance</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>Aseer Hospital</td>
<td>Term Loans</td>
<td>50,000</td>
<td>50,000</td>
<td>46,953</td>
<td>3,047</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>Madinah Hospital</td>
<td>Term Loans</td>
<td>50,000</td>
<td>49,938</td>
<td>28,125</td>
<td>21,813</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>Riyadh Hospital</td>
<td>Term Loans</td>
<td>50,000</td>
<td>50,000</td>
<td>34,375</td>
<td>15,625</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>Jeddah Hospital</td>
<td>Tawarruq facilities</td>
<td>25,000</td>
<td>13,500</td>
<td>4,000</td>
<td>9,500</td>
<td>Saudi Interbank Offered Rate +2%</td>
</tr>
<tr>
<td>Alinma Bank</td>
<td>Jeddah Hospital</td>
<td>Refinanced facility</td>
<td>60,000</td>
<td>51,000</td>
<td>0</td>
<td>51,000</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>Jeddah Hospital</td>
<td>Murabaha loan</td>
<td>35,000</td>
<td>19,500</td>
<td>0</td>
<td>19,500</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>Jeddah Hospital</td>
<td>Murabaha loan</td>
<td>20,000</td>
<td>20,000</td>
<td>1,250</td>
<td>18,750</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>359,650</td>
<td>278,148</td>
<td>114,703</td>
<td>163,445</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>Samba Bank</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>3,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,750</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Ministry of Finance (MoF)</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>-</td>
<td>-</td>
<td>15,625</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Ministry of Finance (MoF)</td>
<td>3,047</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,047</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>Ministry of Finance (MoF)</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,063</td>
<td>21,813</td>
</tr>
<tr>
<td>SGH Hail</td>
<td>Ministry of Finance (MoF)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,483</td>
<td>3,483</td>
<td>3,483</td>
<td>13,763</td>
<td>24,210</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>14,297</strong></td>
<td><strong>11,250</strong></td>
<td><strong>11,250</strong></td>
<td><strong>13,483</strong></td>
<td><strong>9,733</strong></td>
<td><strong>6,608</strong></td>
<td><strong>16,826</strong></td>
<td><strong>83,445</strong></td>
</tr>
</tbody>
</table>

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.
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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>748,687</td>
<td>767,000</td>
<td>767,000</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>2,692</td>
<td>16,411</td>
<td>49,608</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>91,095</td>
<td>113,181</td>
<td>323,144</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>842,473</td>
<td>896,592</td>
<td>1,139,753</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>43,742</td>
<td>48,305</td>
<td>47,155</td>
</tr>
<tr>
<td>Total Shareholders’ Equity and Minority Interest</td>
<td>886,215</td>
<td>944,897</td>
<td>1,186,908</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G Proforma (SAR '000)</th>
<th>2013G Proforma (SAR '000)</th>
<th>2014G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income for the Year</td>
<td>132,390</td>
<td>192,549</td>
<td>331,969</td>
</tr>
<tr>
<td><strong>Adjustments for non-cash items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>44,183</td>
<td>41,533</td>
<td>44,546</td>
</tr>
<tr>
<td>Amortization</td>
<td>3,846</td>
<td>8,482</td>
<td>-</td>
</tr>
<tr>
<td>End of Service benefits</td>
<td>18,178</td>
<td>25,053</td>
<td>19,481</td>
</tr>
<tr>
<td><strong>Adjusted net income</strong></td>
<td>198,596</td>
<td>267,617</td>
<td>395,996</td>
</tr>
<tr>
<td>Inventories</td>
<td>(77,667)</td>
<td>(90,327)</td>
<td>(57,192)</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>(6,179)</td>
<td>432</td>
<td>8,223</td>
</tr>
<tr>
<td>Net Related parties</td>
<td>(3,329)</td>
<td>(13,752)</td>
<td>6,234</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(37,565)</td>
<td>62,938</td>
<td>(14,183)</td>
</tr>
<tr>
<td><strong>Net cash flow available from operating activities</strong></td>
<td>71,811</td>
<td>225,535</td>
<td>349,282</td>
</tr>
<tr>
<td><strong>Cash flows from investment activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPE - net</td>
<td>(15,339)</td>
<td>(140,890)</td>
<td>(109,733)</td>
</tr>
<tr>
<td>Capital works in progress</td>
<td>(10,724)</td>
<td>(20,569)</td>
<td>(13,512)</td>
</tr>
<tr>
<td><strong>Net cash (used in) investing activities</strong></td>
<td>(26,063)</td>
<td>(161,460)</td>
<td>(123,246)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>850</td>
<td>83,570</td>
<td>2,543</td>
</tr>
<tr>
<td>Long term payables</td>
<td>57,434</td>
<td>4,468</td>
<td>(36,881)</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>226</td>
<td>(252)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>(19,769)</td>
<td>(92,040)</td>
</tr>
<tr>
<td>Due to related parties &amp; Shareholders’ current account</td>
<td>(54,546)</td>
<td>18,313</td>
<td>(7,071)</td>
</tr>
<tr>
<td>Adjustments in retained earnings</td>
<td>(56,062)</td>
<td>(136,974)</td>
<td>799</td>
</tr>
<tr>
<td>Minority interest</td>
<td>3,911</td>
<td>4,563</td>
<td>(1,149)</td>
</tr>
<tr>
<td><strong>Net cash (used in) financing activities</strong></td>
<td>(48,188)</td>
<td>(46,080)</td>
<td>(133,800)</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>(2,440)</td>
<td>17,995</td>
<td>92,236</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>18,932</td>
<td>16,493</td>
<td>43,991</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>16,492</td>
<td>34,487</td>
<td>136,226</td>
</tr>
</tbody>
</table>

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.


6-7-1  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

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>706,253</th>
<th>763,646</th>
<th>8.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Revenues</td>
<td>(320,986)</td>
<td>(350,779)</td>
<td>9.3%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>385,267</td>
<td>412,867</td>
<td>7.2%</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>(98,040)</td>
<td>(86,720)</td>
<td>(11.5)%</td>
</tr>
<tr>
<td>G&amp;A Expenses</td>
<td>(120,791)</td>
<td>(130,151)</td>
<td>7.7%</td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>166,436</td>
<td>195,996</td>
<td>17.8%</td>
</tr>
<tr>
<td>Other income</td>
<td>11,092</td>
<td>7,534</td>
<td>(32.1)%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(3,163)</td>
<td>(3,861)</td>
<td>22.1%</td>
</tr>
<tr>
<td>Net Income for the Period before Finance Charges</td>
<td>174,365</td>
<td>199,668</td>
<td>14.5%</td>
</tr>
<tr>
<td>Finance Charges</td>
<td>(1,391)</td>
<td>(2,620)</td>
<td>88.4%</td>
</tr>
<tr>
<td>Net Income for the Period before Zakat and Tax</td>
<td>172,974</td>
<td>197,048</td>
<td>13.9%</td>
</tr>
<tr>
<td>Payable Zakat and Tax</td>
<td>(197)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Net Income for the Period before Minority Interest

<table>
<thead>
<tr>
<th>Source Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income for the Period before</td>
<td>172,777</td>
<td>197,048</td>
<td>14.0%</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>183</td>
<td>132</td>
<td>(27.9%)</td>
</tr>
</tbody>
</table>

### Net Income for the Period

<table>
<thead>
<tr>
<th>Source Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income for the Period</td>
<td>172,960</td>
<td>197,180</td>
<td>14.0%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>54.6%</td>
<td>54.1%</td>
<td></td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>24.5%</td>
<td>25.8%</td>
<td></td>
</tr>
</tbody>
</table>

### 6-7-1-1 Revenue Analysis

#### (A) Revenues by Entity

<table>
<thead>
<tr>
<th>Source Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>250,845</td>
<td>272,811</td>
<td>8.8%</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>189,240</td>
<td>183,307</td>
<td>(3.1%)</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>137,860</td>
<td>166,864</td>
<td>21.0%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>123,634</td>
<td>132,556</td>
<td>7.2%</td>
</tr>
<tr>
<td>Net Revenues from Hospitals</td>
<td>701,578</td>
<td>755,538</td>
<td>7.7%</td>
</tr>
<tr>
<td>Al Sons</td>
<td>4,184</td>
<td>8,986</td>
<td>39.1%</td>
</tr>
<tr>
<td>Management Supervision Agreement Revenues</td>
<td>4,184</td>
<td>6,866</td>
<td>64.1%</td>
</tr>
<tr>
<td>Total</td>
<td>712,223</td>
<td>771,390</td>
<td>8.3%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(5,971)</td>
<td>(7,744)</td>
<td>29.7%</td>
</tr>
<tr>
<td>Total</td>
<td>706,253</td>
<td>763,646</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

### SGH Jeddah

<table>
<thead>
<tr>
<th>Service Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Revenue</td>
<td>112,214</td>
<td>119,761</td>
<td>6.7%</td>
</tr>
<tr>
<td>Outpatient Revenue</td>
<td>85,646</td>
<td>97,712</td>
<td>14.1%</td>
</tr>
<tr>
<td>Patient Revenues</td>
<td>197,860</td>
<td>217,473</td>
<td>9.9%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>52,985</td>
<td>55,338</td>
<td>4.4%</td>
</tr>
<tr>
<td>Total</td>
<td>250,845</td>
<td>272,811</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

### KPIs

<table>
<thead>
<tr>
<th>KPIs</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Inpatients</td>
<td>8,998</td>
<td>8,645</td>
</tr>
<tr>
<td>Number of Outpatient Visits</td>
<td>270,324</td>
<td>273,221</td>
</tr>
<tr>
<td>Number of Beds</td>
<td>191</td>
<td>191</td>
</tr>
<tr>
<td>Number of Pharmacy Prescriptions</td>
<td>250,619</td>
<td>253,436</td>
</tr>
<tr>
<td>Average Inpatient Revenue per Inpatient (SAR)</td>
<td>12,471</td>
<td>13,853</td>
</tr>
<tr>
<td>Average Outpatient Revenue per Visit (SAR)</td>
<td>317</td>
<td>358</td>
</tr>
<tr>
<td>Average Pharmacy Revenue per Prescription (SAR)</td>
<td>211</td>
<td>218</td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Revenue</td>
<td>119,354</td>
<td>111,200</td>
<td>(6.8%)</td>
</tr>
<tr>
<td>Outpatient Revenue</td>
<td>32,274</td>
<td>34,285</td>
<td>6.2%</td>
</tr>
<tr>
<td>Pharmacy Revenues</td>
<td>151,627</td>
<td>145,485</td>
<td>(4.1%)</td>
</tr>
<tr>
<td>Total</td>
<td>189,240</td>
<td>183,307</td>
<td>(3.1%)</td>
</tr>
</tbody>
</table>

**KPIs**

- Number of Inpatients: 4,769 (30 June 2014G) vs. 4,977 (30 June 2015G)
- Number of Outpatient Visits: 103,704 (30 June 2014G) vs. 108,319 (30 June 2015G)
- Number of Beds: 213 (30 June 2014G) vs. 219 (30 June 2015G)
- Number of Pharmacy Prescriptions: 118,789 (30 June 2014G) vs. 120,893 (30 June 2015G)
- Average Inpatient Revenue per Inpatient (SAR): 25,027 (30 June 2014G) vs. 22,343 (30 June 2015G)
- Average Outpatient Revenue per Visit (SAR): 311 (30 June 2014G) vs. 317 (30 June 2015G)
- Average Pharmacy Revenue per Prescription (SAR): 317 (30 June 2014G) vs. 313 (30 June 2015G)

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

<table>
<thead>
<tr>
<th>Service Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Revenue</td>
<td>87,879</td>
<td>114,027</td>
<td>29.8%</td>
</tr>
<tr>
<td>Outpatient Revenue</td>
<td>26,385</td>
<td>27,566</td>
<td>4.5%</td>
</tr>
<tr>
<td>Patient Revenues</td>
<td>114,264</td>
<td>141,593</td>
<td>23.9%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>23,596</td>
<td>25,271</td>
<td>7.1%</td>
</tr>
<tr>
<td>Total</td>
<td>137,660</td>
<td>166,864</td>
<td>21.0%</td>
</tr>
</tbody>
</table>

KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Inpatients</td>
<td>5,279</td>
<td>5,247</td>
<td></td>
</tr>
<tr>
<td>Number of Outpatient Visits</td>
<td>104,584</td>
<td>113,647</td>
<td></td>
</tr>
<tr>
<td>Number of Beds</td>
<td>184</td>
<td>194</td>
<td></td>
</tr>
<tr>
<td>Number of Pharmacy Prescriptions</td>
<td>128,504</td>
<td>134,355</td>
<td></td>
</tr>
<tr>
<td>Average Inpatient Revenue per Inpatient (SAR)</td>
<td>16,647</td>
<td>21,732</td>
<td></td>
</tr>
<tr>
<td>Average Outpatient Revenue per Visit (SAR)</td>
<td>252</td>
<td>243</td>
<td></td>
</tr>
<tr>
<td>Average Pharmacy Revenue per Prescription (SAR)</td>
<td>184</td>
<td>188</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Service Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Revenue</td>
<td>88,122</td>
<td>91,414</td>
<td>3.7%</td>
</tr>
<tr>
<td>Outpatient Revenue</td>
<td>18,105</td>
<td>19,032</td>
<td>5.1%</td>
</tr>
<tr>
<td>Patient Revenues</td>
<td>106,228</td>
<td>110,446</td>
<td>4.0%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>17,406</td>
<td>22,110</td>
<td>27.0%</td>
</tr>
<tr>
<td>Total</td>
<td>123,634</td>
<td>132,556</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Inpatients</td>
<td>4,178</td>
<td>4,162</td>
<td></td>
</tr>
<tr>
<td>Number of Outpatient Visits</td>
<td>75,716</td>
<td>82,297</td>
<td></td>
</tr>
<tr>
<td>Number of Beds</td>
<td>183</td>
<td>184</td>
<td></td>
</tr>
<tr>
<td>Number of Pharmacy Prescriptions</td>
<td>150,136</td>
<td>144,516</td>
<td></td>
</tr>
<tr>
<td>Average Inpatient Revenue per Inpatient (SAR)</td>
<td>21,092</td>
<td>21,964</td>
<td></td>
</tr>
<tr>
<td>Average Outpatient Revenue per Visit (SAR)</td>
<td>239</td>
<td>231</td>
<td></td>
</tr>
<tr>
<td>Average Pharmacy Revenue per Prescription (SAR)</td>
<td>116</td>
<td>153</td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Client Type</th>
<th>30 June 2014G Unaudited (SAR ‘000)</th>
<th>30 June 2015G Audited (SAR ‘000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>269,698</td>
<td>292,344</td>
<td>8.4%</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>224,607</td>
<td>251,102</td>
<td>11.8%</td>
</tr>
<tr>
<td>Cash Clients</td>
<td>127,418</td>
<td>129,547</td>
<td>1.7%</td>
</tr>
<tr>
<td>Direct Clients</td>
<td>79,855</td>
<td>82,544</td>
<td>3.4%</td>
</tr>
<tr>
<td>Net Revenues from Hospitals</td>
<td>701,578</td>
<td>755,538</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>849,533</td>
<td>942,629</td>
<td>11.0%</td>
</tr>
<tr>
<td>Discounts</td>
<td>(147,955)</td>
<td>(187,092)</td>
<td>26.5%</td>
</tr>
<tr>
<td>Net Revenues from Hospitals</td>
<td>701,578</td>
<td>755,537</td>
<td>7.7%</td>
</tr>
<tr>
<td>Discounts as a percentage of total revenues</td>
<td>17.4%</td>
<td>19.8%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Department</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Medicine</td>
<td>106,148</td>
<td>128,077</td>
<td>20.7%</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>101,016</td>
<td>82,435</td>
<td>(18.4%)</td>
</tr>
<tr>
<td>Orthopedics</td>
<td>89,810</td>
<td>109,398</td>
<td>21.8%</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
<td>54,595</td>
<td>52,050</td>
<td>(4.7%)</td>
</tr>
<tr>
<td>Surgery</td>
<td>39,306</td>
<td>46,170</td>
<td>17.5%</td>
</tr>
<tr>
<td>Cardiology</td>
<td>48,409</td>
<td>49,063</td>
<td>1.4%</td>
</tr>
<tr>
<td>Neurology</td>
<td>40,095</td>
<td>36,694</td>
<td>(8.5%)</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>39,020</td>
<td>57,835</td>
<td>48.2%</td>
</tr>
<tr>
<td>Oncology</td>
<td>22,713</td>
<td>27,766</td>
<td>22.2%</td>
</tr>
<tr>
<td>Urology</td>
<td>19,402</td>
<td>19,053</td>
<td>(1.8%)</td>
</tr>
<tr>
<td>Dentistry and Oral and Maxillo-facial Surgery</td>
<td>16,089</td>
<td>18,673</td>
<td>16.1%</td>
</tr>
<tr>
<td>Ear, Nose &amp; Throat</td>
<td>18,473</td>
<td>18,075</td>
<td>(2.2%)</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>14,360</td>
<td>14,962</td>
<td>4.2%</td>
</tr>
<tr>
<td>Cardiothoracic Surgery</td>
<td>16,190</td>
<td>13,305</td>
<td>(17.8%)</td>
</tr>
<tr>
<td>Emergency</td>
<td>12,680</td>
<td>17,451</td>
<td>37.6%</td>
</tr>
<tr>
<td>Physiotherapy and Rehabilitation</td>
<td>5,056</td>
<td>5,811</td>
<td>15.0%</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>6,693</td>
<td>6,690</td>
<td>0.0%</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>11,293</td>
<td>13,002</td>
<td>15.1%</td>
</tr>
<tr>
<td>Other</td>
<td>40,232</td>
<td>39,029</td>
<td>(3.0%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>701,578</strong></td>
<td><strong>755,538</strong></td>
<td><strong>7.7%</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Type</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Direct Costs</td>
<td>134,067</td>
<td>152,131</td>
<td>13.5%</td>
</tr>
<tr>
<td>Hospital Materials and Supplies</td>
<td>142,756</td>
<td>151,119</td>
<td>5.9%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,963</td>
<td>21,493</td>
<td>19.7%</td>
</tr>
<tr>
<td>Other Direct Expenses</td>
<td>26,201</td>
<td>26,037</td>
<td>(0.6%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>320,986</strong></td>
<td><strong>350,779</strong></td>
<td><strong>9.3%</strong></td>
</tr>
</tbody>
</table>

**As a % of revenues**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Direct Costs</td>
<td>19.0%</td>
<td>19.9%</td>
<td></td>
</tr>
<tr>
<td>Hospital Materials and Supplies</td>
<td>20.2%</td>
<td>19.8%</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>2.5%</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Other Direct Expenses</td>
<td>3.7%</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.4%</strong></td>
<td><strong>45.9%</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Hospital</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>125,994</td>
<td>138,172</td>
<td>9.7%</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>108,633</td>
<td>103,048</td>
<td>(5.1%)</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>70,967</td>
<td>89,852</td>
<td>26.6%</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>72,882</td>
<td>71,838</td>
<td>(1.4%)</td>
</tr>
<tr>
<td>Hospital Gross Profit</td>
<td>378,476</td>
<td>402,911</td>
<td>6.5%</td>
</tr>
<tr>
<td>AI Sons</td>
<td>2,607</td>
<td>3,090</td>
<td>18.5%</td>
</tr>
<tr>
<td>Revenues from Management Supervision Agreements</td>
<td>4,184</td>
<td>6,866</td>
<td>64.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>385,267</strong></td>
<td><strong>412,867</strong></td>
<td><strong>7.2%</strong></td>
</tr>
</tbody>
</table>

**Gross Profit Margin**
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

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
<th>Change % 30 June 2014G - 30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Indirect Costs</td>
<td>72,713</td>
<td>75,711</td>
<td>4.1%</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>11,270</td>
<td>11,610</td>
<td>3.0%</td>
</tr>
<tr>
<td>Employee Health Insurance Costs</td>
<td>7,608</td>
<td>9,098</td>
<td>19.6%</td>
</tr>
<tr>
<td>Accommodation expenses</td>
<td>6,474</td>
<td>7,510</td>
<td>16.0%</td>
</tr>
<tr>
<td>Other fixtures</td>
<td>4,184</td>
<td>4,633</td>
<td>10.7%</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>2,178</td>
<td>2,969</td>
<td>36.3%</td>
</tr>
<tr>
<td>Mail and phone</td>
<td>2,810</td>
<td>2,154</td>
<td>(23.3%)</td>
</tr>
<tr>
<td>Audit / consultation fees etc.</td>
<td>5,572</td>
<td>5,455</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Security services</td>
<td>1,672</td>
<td>2,355</td>
<td>40.8%</td>
</tr>
<tr>
<td>Insurance costs</td>
<td>561</td>
<td>499</td>
<td>(11.1%)</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>5,748</td>
<td>8,156</td>
<td>41.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>120,790</td>
<td>130,150</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

As % of total revenues

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G</th>
<th>30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Indirect Costs</td>
<td>10.3%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Traveling expenses</td>
<td>1.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Employee Health Insurance Costs</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Accommodation expenses</td>
<td>0.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other fixtures</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>0.3%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Mail and phone</td>
<td>0.4%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Audit / consultation fees etc.</td>
<td>0.8%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Security services</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Insurance costs</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>0.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17.1%</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G</th>
<th>30 June 2015G</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited (SAR '000)</td>
<td>Audited (SAR '000)</td>
<td>30 June 2014G - 30 June 2015G</td>
</tr>
<tr>
<td>Training fees</td>
<td>8,040</td>
<td>4,750</td>
<td>(40.9%)</td>
</tr>
<tr>
<td>Revenues from general lectures funded and sponsored by pharmaceutical and surgical equipment companies</td>
<td>815</td>
<td>1,189</td>
<td>45.9%</td>
</tr>
<tr>
<td>Rental income</td>
<td>1,408</td>
<td>724</td>
<td>(48.6%)</td>
</tr>
<tr>
<td>Deferred income from selling fixed assets</td>
<td>96</td>
<td>17</td>
<td>(82.3%)</td>
</tr>
<tr>
<td>Diverse income</td>
<td>733</td>
<td>854</td>
<td>16.5%</td>
</tr>
<tr>
<td>Total</td>
<td>11,092</td>
<td>7,534</td>
<td>(32.1%)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G</th>
<th>30 June 2015G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited (SAR '000)</td>
<td>Audited (SAR '000)</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>38,651</td>
<td>57,966</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>597,360</td>
<td>754,577</td>
</tr>
<tr>
<td>Inventories</td>
<td>115,056</td>
<td>83,377</td>
</tr>
<tr>
<td>Prepayments and other assets</td>
<td>25,556</td>
<td>29,715</td>
</tr>
<tr>
<td>Net Amounts due from related parties</td>
<td>123,483</td>
<td>4,588</td>
</tr>
<tr>
<td>Total current assets</td>
<td>900,106</td>
<td>930,224</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>125,673</td>
<td>158,826</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>754,213</td>
<td>811,388</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>879,886</td>
<td>970,214</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,779,992</td>
<td>1,900,438</td>
</tr>
</tbody>
</table>

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         |  |
<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current portion of long term loans</strong></td>
<td>74,500</td>
<td>126,631</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>390,693</td>
<td>414,717</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term payables</td>
<td>51,197</td>
<td>27,984</td>
</tr>
<tr>
<td>Provision for end of service benefits</td>
<td>127,189</td>
<td>144,423</td>
</tr>
<tr>
<td>Long term loans</td>
<td>87,278</td>
<td>90,377</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>265,664</td>
<td>262,783</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>656,357</td>
<td>677,500</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>767,000</td>
<td>920,400</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>16,411</td>
<td>49,608</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>292,908</td>
<td>196,273</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>1,076,319</td>
<td>1,166,281</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>47,316</td>
<td>56,657</td>
</tr>
<tr>
<td><strong>Total Liabilities and Shareholders’ Equity</strong></td>
<td>1,779,992</td>
<td>1,900,438</td>
</tr>
</tbody>
</table>

**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
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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>543,751</td>
<td>723,283</td>
</tr>
<tr>
<td>Unbilled Revenues</td>
<td>91,849</td>
<td>175,219</td>
</tr>
<tr>
<td>Current Inpatients</td>
<td>85,870</td>
<td>74,544</td>
</tr>
<tr>
<td>AJ Sons Trade Receivables</td>
<td>1,970</td>
<td>2,476</td>
</tr>
<tr>
<td><strong>Total Trade Receivables</strong></td>
<td><strong>723,439</strong></td>
<td><strong>975,521</strong></td>
</tr>
<tr>
<td>Provision for Doubtful Debts and Rejections</td>
<td>(126,079)</td>
<td>(220,944)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>597,360</td>
<td>754,577</td>
</tr>
<tr>
<td>Days Receivables Outstanding (DSO)</td>
<td>188</td>
<td>194</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>31 December 2014G Audited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Trade Receivables</td>
<td>526,155</td>
<td>723,283</td>
</tr>
<tr>
<td>Unbilled Revenue</td>
<td>182,228</td>
<td>175,219</td>
</tr>
<tr>
<td>Current Inpatients</td>
<td>74,136</td>
<td>74,544</td>
</tr>
<tr>
<td>AJ Sons Trade Receivables</td>
<td>1,881</td>
<td>2,476</td>
</tr>
<tr>
<td><strong>Total Trade Receivables</strong></td>
<td><strong>784,401</strong></td>
<td><strong>975,521</strong></td>
</tr>
<tr>
<td>Net Trade Receivables</td>
<td>600,414</td>
<td>754,577</td>
</tr>
<tr>
<td>Days Receivables Outstanding - Total</td>
<td>183</td>
<td>194</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Client</th>
<th>Current Inpatients</th>
<th>Unbilled Revenues</th>
<th>0-30 days</th>
<th>31-360 days</th>
<th>1-2 years</th>
<th>2-3 years</th>
<th>More than three years</th>
<th>Total amount</th>
<th>Provisions</th>
<th>Net amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Health</td>
<td>50,483</td>
<td>59,174</td>
<td>38,608</td>
<td>309,599</td>
<td>63,847</td>
<td>45,051</td>
<td>31,842</td>
<td>598,604</td>
<td>(151,641)</td>
<td>446,963</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,234</td>
<td>56,485</td>
<td>48,896</td>
<td>83,455</td>
<td>16,897</td>
<td>1,589</td>
<td>1,010</td>
<td>215,350</td>
<td>(35,162)</td>
<td>180,493</td>
</tr>
<tr>
<td>Direct and Other</td>
<td>16,826</td>
<td>59,560</td>
<td>22,155</td>
<td>31,922</td>
<td>13,122</td>
<td>7,381</td>
<td>7,820</td>
<td>159,786</td>
<td>(34,141)</td>
<td>124,645</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,544</strong></td>
<td><strong>175,219</strong></td>
<td><strong>109,659</strong></td>
<td><strong>425,066</strong></td>
<td><strong>93,867</strong></td>
<td><strong>53,018</strong></td>
<td><strong>40,672</strong></td>
<td><strong>973,045</strong></td>
<td><strong>(220,944)</strong></td>
<td><strong>752,101</strong></td>
</tr>
<tr>
<td>AJ Sons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,476</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,544</strong></td>
<td><strong>175,219</strong></td>
<td><strong>109,661</strong></td>
<td><strong>425,066</strong></td>
<td><strong>93,867</strong></td>
<td><strong>54,108</strong></td>
<td><strong>40,672</strong></td>
<td><strong>973,045</strong></td>
<td><strong>(220,944)</strong></td>
<td><strong>754,577</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the Beginning of the Year</td>
<td>77,442</td>
<td>183,987</td>
</tr>
<tr>
<td>Provisions during the Year</td>
<td>94,431</td>
<td>82,200</td>
</tr>
<tr>
<td>Total</td>
<td>171,873</td>
<td>266,187</td>
</tr>
<tr>
<td>Adjustments during the Year</td>
<td>(43,805)</td>
<td>(45,243)</td>
</tr>
<tr>
<td>Total</td>
<td>128,068</td>
<td>220,944</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Client</th>
<th>Current Inpatients</th>
<th>Unbilled Revenues</th>
<th>0-30 day</th>
<th>31-360 day</th>
<th>1-2 years</th>
<th>2-3 years</th>
<th>More than three years</th>
<th>Total amount</th>
<th>Provisions</th>
<th>Net amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>16,748</td>
<td>94,292</td>
<td>51,712</td>
<td>58,899</td>
<td>24,194</td>
<td>7,189</td>
<td>21,811</td>
<td>274,845</td>
<td>(66,021)</td>
<td>208,825</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>12,443</td>
<td>26,019</td>
<td>23,566</td>
<td>124,313</td>
<td>16,748</td>
<td>22,980</td>
<td>10,364</td>
<td>236,432</td>
<td>(64,110)</td>
<td>172,323</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>32,537</td>
<td>38,915</td>
<td>16,732</td>
<td>111,998</td>
<td>3,304</td>
<td>4,271</td>
<td>327</td>
<td>208,084</td>
<td>(17,806)</td>
<td>190,278</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>12,814</td>
<td>15,991</td>
<td>17,651</td>
<td>13,825</td>
<td>49,622</td>
<td>19,579</td>
<td>7,199</td>
<td>253,683</td>
<td>(73,007)</td>
<td>180,676</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,542</strong></td>
<td><strong>175,217</strong></td>
<td><strong>109,661</strong></td>
<td><strong>309,035</strong></td>
<td><strong>93,868</strong></td>
<td><strong>54,019</strong></td>
<td><strong>39,701</strong></td>
<td><strong>973,044</strong></td>
<td><strong>(220,944)</strong></td>
<td><strong>752,102</strong></td>
</tr>
<tr>
<td>AJ Sons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,476</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,542</strong></td>
<td><strong>175,217</strong></td>
<td><strong>109,661</strong></td>
<td><strong>309,035</strong></td>
<td><strong>93,868</strong></td>
<td><strong>54,019</strong></td>
<td><strong>39,701</strong></td>
<td><strong>973,044</strong></td>
<td><strong>(220,944)</strong></td>
<td><strong>754,577</strong></td>
</tr>
</tbody>
</table>
(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

<table>
<thead>
<tr>
<th>Inventories nature</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy supplies</td>
<td>72,243</td>
<td>54,183</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>34,933</td>
<td>22,783</td>
</tr>
<tr>
<td>Other supplies</td>
<td>10,327</td>
<td>6,918</td>
</tr>
<tr>
<td>Inventory balance</td>
<td>117,503</td>
<td>83,884</td>
</tr>
<tr>
<td>Provision for slow moving and obsolete inventories</td>
<td>(2,446)</td>
<td>(507)</td>
</tr>
<tr>
<td>Total</td>
<td>115,056</td>
<td>83,377</td>
</tr>
<tr>
<td>Days inventory outstanding (DIO)</td>
<td>120</td>
<td>95</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>12,675</td>
<td>13,635</td>
</tr>
<tr>
<td>Prepayments to Employees</td>
<td>4,136</td>
<td>2,387</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>8,745</td>
<td>13,693</td>
</tr>
<tr>
<td>Total</td>
<td>25,556</td>
<td>29,715</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emirates Company</td>
<td>5,351</td>
<td>10,326</td>
</tr>
<tr>
<td>BAB.</td>
<td>115,810</td>
<td>-</td>
</tr>
<tr>
<td>Bait al Batterjee Company for Education</td>
<td>6,286</td>
<td>769</td>
</tr>
<tr>
<td>Total</td>
<td>127,447</td>
<td>11,095</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>The Company’s Branches</th>
<th>30 June 2014G Unaudited (SAR ’000)</th>
<th>30 June 2015G Audited (SAR ‘000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>84,909</td>
<td>81,601</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>46,246</td>
<td>60,430</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>44,276</td>
<td>34,507</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>30,497</td>
<td>23,566</td>
</tr>
<tr>
<td>AJ Sons</td>
<td>6,222</td>
<td>4,388</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(16,793)</td>
<td>(13,923)</td>
</tr>
<tr>
<td>Total</td>
<td>195,357</td>
<td>190,571</td>
</tr>
<tr>
<td>Total Days Payable Outstanding (DPO)</td>
<td>224</td>
<td>209</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued salaries</td>
<td>26,412</td>
<td>29,025</td>
</tr>
<tr>
<td>Leave Allowance Provision</td>
<td>23,600</td>
<td>22,718</td>
</tr>
<tr>
<td>Accrued Expenses Provision</td>
<td>18,458</td>
<td>9,756</td>
</tr>
<tr>
<td>Vacation Tickets Provision</td>
<td>10,384</td>
<td>10,683</td>
</tr>
<tr>
<td>Accrued fees and Other Payables</td>
<td>8,566</td>
<td>9,156</td>
</tr>
<tr>
<td>Education, Training and Scientific Seminars</td>
<td>7,121</td>
<td>3,229</td>
</tr>
<tr>
<td>Zakat Provision</td>
<td>17,406</td>
<td>4,088</td>
</tr>
<tr>
<td>Other</td>
<td>2,172</td>
<td>2,431</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114,120</strong></td>
<td><strong>91,086</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Hospitals Construction Ltd.</td>
<td>1,822</td>
<td>6,100</td>
</tr>
<tr>
<td>Al Batterjee College of Medical Science &amp; Technology</td>
<td>2,142</td>
<td>407</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,964</strong></td>
<td><strong>6,507</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and Equipment</td>
<td>754,213</td>
<td>811,388</td>
</tr>
<tr>
<td>Work in Progress</td>
<td>125,673</td>
<td>158,826</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>879,886</strong></td>
<td><strong>970,214</strong></td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Property &amp; Equipment</td>
<td>1,646,451</td>
<td>1,719,412</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>(892,238)</td>
<td>(908,024)</td>
</tr>
<tr>
<td><strong>Net Property &amp; Equipment</strong></td>
<td><strong>754,213</strong></td>
<td><strong>811,388</strong></td>
</tr>
</tbody>
</table>
### Table 266: Net property and equipment for the unaudited 6 months ended 30 June 2014G and the audited 6 months ended 30 June 2015G

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>407,288</td>
<td>421,541</td>
</tr>
<tr>
<td>Lands</td>
<td>181,244</td>
<td>181,244</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>133,732</td>
<td>163,980</td>
</tr>
<tr>
<td>Office equipment</td>
<td>11,120</td>
<td>13,183</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>6,572</td>
<td>8,720</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5,973</td>
<td>7,920</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,202</td>
<td>4,167</td>
</tr>
<tr>
<td>Other</td>
<td>5,081</td>
<td>10,632</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>754,213</strong></td>
<td><strong>811,388</strong></td>
</tr>
</tbody>
</table>

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 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**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical equipment</td>
<td>20,370</td>
</tr>
<tr>
<td>Office equipment</td>
<td>2,194</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,644</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>1,274</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1,202</td>
</tr>
<tr>
<td>Other</td>
<td>2,527</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>29,210</strong></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Hail</td>
<td>76,565</td>
<td>112,730</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>26,375</td>
<td>25,395</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>8,806</td>
<td>11,489</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>13,927</td>
<td>9,212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125,673</strong></td>
<td><strong>158,826</strong></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term loans</td>
<td>87,278</td>
<td>90,377</td>
</tr>
<tr>
<td>Long term payables</td>
<td>51,197</td>
<td>27,984</td>
</tr>
<tr>
<td>Provision for end of service benefits</td>
<td>127,189</td>
<td>144,422</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>265,664</strong></td>
<td><strong>262,782</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Loans and Current Portion of Long Term Loans</td>
<td>74,500</td>
<td>126,631</td>
</tr>
<tr>
<td>Long Term Loans</td>
<td>87,278</td>
<td>90,377</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>161,778</strong></td>
<td><strong>217,007</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(Bank)</th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Unaudited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alinma Bank</td>
<td>49,000</td>
<td>52,000</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>20,000</td>
<td>16,250</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>17,500</td>
<td>27,000</td>
</tr>
<tr>
<td>Arab National Bank</td>
<td>5,000</td>
<td>-</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>91,500</td>
<td>95,250</td>
</tr>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>14,918</td>
<td>39,605</td>
</tr>
<tr>
<td>SGH Hail</td>
<td>14,918</td>
<td>39,605</td>
</tr>
<tr>
<td>Bank</td>
<td>Hospital</td>
<td>Type of available facilities</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------</td>
<td>-------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Aseer</td>
<td>Loans to finance the establishment of SGH Aseer</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Madinah</td>
<td>Loans to finance the establishment of SGH Madinah</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Riyadh</td>
<td>Loans to finance the establishment of SGH Riyadh</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Hail</td>
<td>Term loans to finance the establishment of SGH Hail</td>
</tr>
</tbody>
</table>
| 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 |

Table 272: Details of credit facilities by lender

Source: The Company
Financial positions
Collaterals
Payment conditions
Type of available facilities

<table>
<thead>
<tr>
<th>Bank</th>
<th>Hospital</th>
<th>Type of available facilities</th>
<th>Payment conditions</th>
<th>Collaterals</th>
<th>Financial positions</th>
</tr>
</thead>
</table>
| 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

<table>
<thead>
<tr>
<th>Bank</th>
<th>Hospital</th>
<th>Type of available facilities</th>
<th>Credit limit of facilities (SAR '000)</th>
<th>Utilized facilities (SAR '000)</th>
<th>Repaid facilities (SAR '000)</th>
<th>Remaining balance (SAR '000)</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance</td>
<td>SGH Aseer</td>
<td>Term Loans</td>
<td>50,000</td>
<td>49,938</td>
<td>28,125</td>
<td>21,813</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Madinah</td>
<td>Term Loans</td>
<td>50,000</td>
<td>50,000</td>
<td>34,375</td>
<td>15,625</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Riyadh</td>
<td>Term Loans</td>
<td>69,650</td>
<td>39,605</td>
<td>-</td>
<td>39,605</td>
<td>Free</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>SGH Hail</td>
<td>Term Loans</td>
<td>50,000</td>
<td>50,000</td>
<td>46,952</td>
<td>3,047</td>
<td>Free</td>
</tr>
<tr>
<td>Alinma Bank</td>
<td>SGH Jeddah</td>
<td>Refinanced facility</td>
<td>60,000</td>
<td>52,000</td>
<td>-</td>
<td>52,000</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Murabaha loan</td>
<td>20,000</td>
<td>20,000</td>
<td>3,750</td>
<td>16,250</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>SGH Jeddah</td>
<td>Murabaha loan</td>
<td>35,000</td>
<td>27,000</td>
<td>-</td>
<td>27,000</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td>Samba Bank</td>
<td>Head Office</td>
<td>Murabaha loan</td>
<td>100,000</td>
<td>50,000</td>
<td>8,333</td>
<td>41,667</td>
<td>Saudi Interbank Offered Rate +2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>434,650</strong></td>
<td><strong>314,648</strong></td>
<td><strong>121,535</strong></td>
<td><strong>217,007</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>The Company</th>
<th>2015G (SAR '000)</th>
<th>2016G (SAR '000)</th>
<th>2017G (SAR '000)</th>
<th>2018G (SAR '000)</th>
<th>2019G (SAR '000)</th>
<th>2020G (SAR '000)</th>
<th>2021G (SAR '000)</th>
<th>2021G and beyond (SAR '000)</th>
<th>Total (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Head Office</td>
<td>16,667</td>
<td>25,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,667</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>2,500</td>
<td>5,000</td>
<td>5,000</td>
<td>3,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16,250</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,625</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>3,047</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,047</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,125</td>
<td>3,063</td>
<td>-</td>
<td>-</td>
<td>21,813</td>
</tr>
<tr>
<td>SGH Hail</td>
<td>-</td>
<td>3,483</td>
<td>3,483</td>
<td>3,483</td>
<td>3,483</td>
<td>25,675</td>
<td>39,605</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28,464</strong></td>
<td><strong>36,250</strong></td>
<td><strong>11,250</strong></td>
<td><strong>13,483</strong></td>
<td><strong>9,733</strong></td>
<td><strong>6,608</strong></td>
<td><strong>6,546</strong></td>
<td><strong>25,675</strong></td>
<td><strong>138,007</strong></td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G (SAR '000)</th>
<th>30 June 2015G (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Portion of long term payables</td>
<td>6,716</td>
<td>6,430</td>
</tr>
<tr>
<td>Current portion of long term loans</td>
<td>74,500</td>
<td>126,631</td>
</tr>
<tr>
<td>Total short term loans</td>
<td>81,216</td>
<td>133,061</td>
</tr>
<tr>
<td>Long term loans</td>
<td>87,278</td>
<td>90,377</td>
</tr>
<tr>
<td>Long term payables</td>
<td>51,197</td>
<td>27,984</td>
</tr>
</tbody>
</table>

211
<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total long term loans</td>
<td>138,475</td>
<td>118,361</td>
</tr>
<tr>
<td>Total loans</td>
<td>219,691</td>
<td>251,422</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>1,076,319</td>
<td>1,166,281</td>
</tr>
<tr>
<td>Total loans as percentage of Shareholders’ Equity</td>
<td>20.4%</td>
<td>21.6%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td>767,000</td>
<td>920,400</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>16,411</td>
<td>49,608</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>292,908</td>
<td>196,273</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>1,076,319</td>
<td>1,166,281</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>47,316</td>
<td>56,657</td>
</tr>
<tr>
<td>Total Shareholders’ Equity and Minority interest</td>
<td>1,123,635</td>
<td>1,222,938</td>
</tr>
<tr>
<td>Return on Shareholders’ Equity</td>
<td>16.1%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income of the Period</td>
<td>172,960</td>
<td>197,180</td>
</tr>
<tr>
<td>Adjustments for non-cash items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>21,126</td>
<td>25,355</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>10,469</td>
<td>8,222</td>
</tr>
<tr>
<td>Adjusted net income</td>
<td>204,555</td>
<td>230,757</td>
</tr>
<tr>
<td>Change in current assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(54,138)</td>
<td>(154,163)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(16,298)</td>
<td>(7,499)</td>
</tr>
<tr>
<td>Prepaid expenses and other receivable balances</td>
<td>5,566</td>
<td>(6,815)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>18,679</td>
<td>27,789</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR ’000)</th>
<th>30 June 2015G Audited (SAR ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>250,845</td>
<td>272,811</td>
</tr>
<tr>
<td>Cost of Revenues</td>
<td>(124,851)</td>
<td>(134,639)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>125,994</td>
<td>138,172</td>
</tr>
<tr>
<td>Sales and Marketing Expenses</td>
<td>(28,757)</td>
<td>(29,847)</td>
</tr>
<tr>
<td>G&amp;A expenses</td>
<td>(51,346)</td>
<td>(56,600)</td>
</tr>
<tr>
<td>Operating income</td>
<td>45,891</td>
<td>51,725</td>
</tr>
<tr>
<td>Net profit</td>
<td>53,740</td>
<td>55,189</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR ’000)</th>
<th>30 June 2015G Audited (SAR ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>254,372</td>
<td>260,046</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>226,330</td>
<td>263,373</td>
</tr>
<tr>
<td>Total assets</td>
<td>480,702</td>
<td>523,418</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>201,550</td>
<td>205,783</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>123,789</td>
<td>106,279</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>325,340</td>
<td>312,062</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>155,362</td>
<td>211,356</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>480,702</td>
<td>523,418</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR ’000)</th>
<th>30 June 2015G Audited (SAR ’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>189,240</td>
<td>183,307</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(80,607)</td>
<td>(80,258)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>108,633</td>
<td>103,048</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(26,786)</td>
<td>(22,268)</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(20,824)</td>
<td>(22,830)</td>
</tr>
<tr>
<td>Operating income</td>
<td>61,023</td>
<td>57,950</td>
</tr>
<tr>
<td>Net profit</td>
<td>61,944</td>
<td>59,145</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>178,637</td>
<td>197,590</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>177,945</td>
<td>179,847</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>356,582</td>
<td>377,437</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>86,271</td>
<td>55,084</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td>40,966</td>
<td>35,067</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>127,238</td>
<td>90,151</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>229,345</td>
<td>287,286</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>356,582</td>
<td>377,437</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>137,860</td>
<td>166,864</td>
</tr>
<tr>
<td><strong>Cost of revenues</strong></td>
<td>(66,893)</td>
<td>(77,012)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>70,967</td>
<td>89,852</td>
</tr>
<tr>
<td><strong>Selling and marketing expenses</strong></td>
<td>(10,679)</td>
<td>(15,083)</td>
</tr>
<tr>
<td><strong>General &amp; administrative expenses</strong></td>
<td>(27,340)</td>
<td>(27,788)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>32,949</td>
<td>46,981</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>33,536</td>
<td>47,650</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>300,369</td>
<td>218,183</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>192,295</td>
<td>207,628</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>492,664</td>
<td>425,810</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>65,148</td>
<td>81,567</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td>39,025</td>
<td>26,359</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>104,173</td>
<td>107,926</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>388,491</td>
<td>317,884</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>492,664</td>
<td>425,810</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>123,634</td>
<td>132,556</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(50,752)</td>
<td>(60,718)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>72,882</td>
<td>71,839</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(31,736)</td>
<td>(19,448)</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(16,339)</td>
<td>(18,896)</td>
</tr>
<tr>
<td>Operating income</td>
<td>24,806</td>
<td>33,495</td>
</tr>
<tr>
<td>Net profit</td>
<td>25,142</td>
<td>33,815</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014G Unaudited (SAR '000)</th>
<th>30 June 2015G Audited (SAR '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>189,583</td>
<td>209,279</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>159,920</td>
<td>159,920</td>
</tr>
<tr>
<td>Total assets</td>
<td>349,503</td>
<td>368,865</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>78,980</td>
<td>43,392</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>46,285</td>
<td>46,551</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>125,265</td>
<td>89,943</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>224,238</td>
<td>278,921</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>349,503</td>
<td>368,865</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>386,566</td>
<td>446,016</td>
<td>493,057</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(205,675)</td>
<td>(229,822)</td>
<td>(250,845)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>180,891</td>
<td>216,194</td>
<td>242,212</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(45,303)</td>
<td>(57,218)</td>
<td>(56,571)</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(72,515)</td>
<td>(88,768)</td>
<td>(100,046)</td>
</tr>
<tr>
<td>Operating income</td>
<td>63,073</td>
<td>70,208</td>
<td>85,595</td>
</tr>
<tr>
<td>Net profit</td>
<td>68,474</td>
<td>83,446</td>
<td>98,044</td>
</tr>
</tbody>
</table>

Source: The Company
Table 287: Summary of SGH Jeddah balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>183,878</td>
<td>232,325</td>
<td>228,656</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>183,630</td>
<td>221,441</td>
<td>248,693</td>
</tr>
<tr>
<td>Total Assets</td>
<td>367,508</td>
<td>453,766</td>
<td>477,349</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>94,662</td>
<td>201,777</td>
<td>193,950</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>97,145</td>
<td>121,770</td>
<td>104,872</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>191,807</td>
<td>323,547</td>
<td>298,822</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>175,701</td>
<td>130,219</td>
<td>178,527</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>367,508</td>
<td>453,766</td>
<td>477,349</td>
</tr>
</tbody>
</table>

Source: The Company

Table 288: Summary of SGH Riyadh income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>232,344</td>
<td>323,708</td>
<td>377,327</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(115,245)</td>
<td>(144,313)</td>
<td>(159,810)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>117,099</td>
<td>179,394</td>
<td>217,516</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(48,445)</td>
<td>(70,297)</td>
<td>(47,705)</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(31,059)</td>
<td>(37,962)</td>
<td>(41,987)</td>
</tr>
<tr>
<td>Operating income</td>
<td>37,595</td>
<td>71,135</td>
<td>127,824</td>
</tr>
<tr>
<td>Net profit</td>
<td>37,090</td>
<td>70,112</td>
<td>129,203</td>
</tr>
</tbody>
</table>

Source: The Company

Table 289: Summary of SGH Riyadh balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>158,315</td>
<td>197,378</td>
<td>200,788</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>157,038</td>
<td>176,514</td>
<td>177,599</td>
</tr>
<tr>
<td>Total Assets</td>
<td>315,352</td>
<td>373,892</td>
<td>378,387</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>58,795</td>
<td>63,584</td>
<td>60,546</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>89,706</td>
<td>73,339</td>
<td>33,962</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>148,500</td>
<td>136,923</td>
<td>94,508</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>166,852</td>
<td>236,969</td>
<td>283,879</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>315,352</td>
<td>373,892</td>
<td>378,387</td>
</tr>
</tbody>
</table>

Source: The Company

Table 290: Summary of SGH Aseer income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>175,077</td>
<td>209,455</td>
<td>290,759</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(102,319)</td>
<td>(117,150)</td>
<td>(137,832)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>72,758</td>
<td>92,305</td>
<td>152,926</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(13,562)</td>
<td>(16,679)</td>
<td>(26,633)</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(34,117)</td>
<td>(48,349)</td>
<td>(53,853)</td>
</tr>
<tr>
<td>Operating income</td>
<td>25,078</td>
<td>27,277</td>
<td>72,440</td>
</tr>
<tr>
<td>Net profit</td>
<td>26,891</td>
<td>29,549</td>
<td>73,720</td>
</tr>
</tbody>
</table>

Source: The Company
Table 291: Summary of SGH Aseer balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>110,365</td>
<td>121,183</td>
<td>154,713</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>174,088</td>
<td>176,773</td>
<td>203,934</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>284,453</td>
<td>297,956</td>
<td>358,648</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>41,448</td>
<td>53,337</td>
<td>65,330</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>31,151</td>
<td>33,408</td>
<td>25,919</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>72,599</td>
<td>86,745</td>
<td>91,249</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>211,854</td>
<td>211,212</td>
<td>267,399</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>284,453</td>
<td>297,956</td>
<td>358,648</td>
</tr>
</tbody>
</table>

Source: The Company

Table 292: Summary of SGH Madinah income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>134,801</td>
<td>176,460</td>
<td>227,407</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(76,294)</td>
<td>(81,633)</td>
<td>(104,600)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>58,507</td>
<td>94,827</td>
<td>122,807</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(22,822)</td>
<td>(43,211)</td>
<td>(58,906)</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(25,722)</td>
<td>(30,484)</td>
<td>(34,769)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>9,964</td>
<td>21,132</td>
<td>29,132</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>11,842</td>
<td>22,315</td>
<td>32,627</td>
</tr>
</tbody>
</table>

Source: The Company

Table 293: Summary of SGH Madinah balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>129,700</td>
<td>162,907</td>
<td>177,825</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>157,448</td>
<td>161,116</td>
<td>160,909</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>287,148</td>
<td>324,024</td>
<td>338,733</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>25,914</td>
<td>43,782</td>
<td>34,621</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>46,237</td>
<td>48,523</td>
<td>47,359</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>72,151</td>
<td>92,305</td>
<td>81,979</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>214,997</td>
<td>231,719</td>
<td>256,754</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>287,148</td>
<td>324,024</td>
<td>338,733</td>
</tr>
</tbody>
</table>

Source: The Company

Table 294: Summary of SGH Hail income statements for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General &amp; administrative expenses</td>
<td>(278,825)</td>
<td>(1,318,806)</td>
<td>(527,531)</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>(278,825)</td>
<td>(1,318,806)</td>
<td>(527,531)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>(278,825)</td>
<td>(1,318,806)</td>
<td>(578,469)</td>
</tr>
</tbody>
</table>

Source: The Company
Table 295: Summary of SGH Hail balance sheet for the audited financial years ended 31 December 2012G, 2013G and 2014G

<table>
<thead>
<tr>
<th>SAR in 000s</th>
<th>2012G</th>
<th>2013G</th>
<th>2014G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>3,229</td>
<td>10,185</td>
<td>865</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>69,605</td>
<td>75,221</td>
<td>98,429</td>
</tr>
<tr>
<td>Total Assets</td>
<td>72,834</td>
<td>85,406</td>
<td>99,294</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>6,919</td>
<td>545</td>
<td>5,716</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>-</td>
<td>14,917,500</td>
<td>24,210,000</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>6,919</td>
<td>15,462</td>
<td>29,926</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>65,916</td>
<td>69,944</td>
<td>69,368</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>72,834</td>
<td>85,406</td>
<td>99,294</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>SAR in 000's</th>
<th>2012G Audited</th>
<th>2013G Audited</th>
<th>2014G Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>131,161</td>
<td>363,565</td>
<td>357,378</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>114,009</td>
<td>269,618</td>
<td>234,088</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>245,171</td>
<td>633,183</td>
<td>591,466</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>590,000</td>
<td>767,000</td>
<td>767,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>2,692</td>
<td>16,411</td>
<td>49,608</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>19,769</td>
<td>122,684</td>
<td>323,144</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>612,460</td>
<td>906,096</td>
<td>1,139,753</td>
</tr>
<tr>
<td>Minority interest</td>
<td>32,117</td>
<td>48,305</td>
<td>47,155</td>
</tr>
<tr>
<td><strong>Total capitalization</strong></td>
<td>644,637</td>
<td>954,401</td>
<td>1,186,908</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Declared dividends</td>
<td>19,768,770</td>
<td>92,040,000</td>
<td>165,672,000</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid during the year</td>
<td>-</td>
<td>19,768,770</td>
<td>92,040,000</td>
<td>165,672,000</td>
</tr>
<tr>
<td>Net Income for the period</td>
<td>61,994,012</td>
<td>137,197,859</td>
<td>331,969,205</td>
<td>197,180,249</td>
</tr>
<tr>
<td>Ratio of declared dividends to net income</td>
<td>31.89%</td>
<td>67.09%</td>
<td>49.90%</td>
<td>-</td>
</tr>
</tbody>
</table>

*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**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Declared dividends</td>
<td>19,768,770</td>
<td>92,040,000</td>
<td>165,672,000</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid during the year</td>
<td>-</td>
<td>19,768,770</td>
<td>92,040,000</td>
<td>165,672,000</td>
</tr>
<tr>
<td>Net Income for the period</td>
<td>132,389,824</td>
<td>192,548,988</td>
<td>331,969,205</td>
<td>197,180,249</td>
</tr>
<tr>
<td>Ratio of declared dividends to net income</td>
<td>14.93%</td>
<td>47.80%</td>
<td>49.90%</td>
<td>-</td>
</tr>
</tbody>
</table>

*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

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
One of the law firms licensed to provide legal services and legal and regulatory consulting in the Kingdom.

Financial Due Diligence Advisor

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 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 (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>
<thead>
<tr>
<th>Shareholders</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>BAB*</td>
<td>71,911,610</td>
<td>719,116,100</td>
</tr>
<tr>
<td>IFC</td>
<td>11,081,616</td>
<td>110,816,160</td>
</tr>
<tr>
<td>Zuhair Ahmed Al-Sebai</td>
<td>4,290,958</td>
<td>42,909,580</td>
</tr>
<tr>
<td>IDB</td>
<td>1,910,765</td>
<td>19,107,650</td>
</tr>
<tr>
<td>Arab Fund</td>
<td>1,496,162</td>
<td>14,961,620</td>
</tr>
<tr>
<td>Sobhi Abduljaleel Batterjee</td>
<td>1,267,180</td>
<td>12,671,800</td>
</tr>
<tr>
<td>SAMC</td>
<td>34,554</td>
<td>345,540</td>
</tr>
<tr>
<td>KAMIC</td>
<td>34,554</td>
<td>345,540</td>
</tr>
<tr>
<td>Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Makarim Sobhi Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Sultan Sobhi Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Pre-Offering</td>
<td>Post-Offering</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>--------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Nominal Value (SAR)</td>
</tr>
<tr>
<td></td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>Rudwan Khalid Abduljaleel Batterjee</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Saleh Ahmed Hefni</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Ali Abdulrahman Al-Gwaiz</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Mohammed Abdulrahman Moumena</td>
<td>1,430</td>
<td>14,300</td>
</tr>
<tr>
<td>Huda Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Sabah Abduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Abduljaleel Khalid Abbuduljaleel Batterjee</td>
<td>740</td>
<td>7,400</td>
</tr>
<tr>
<td>Saud Abdulwahab Al-Fadel</td>
<td>371</td>
<td>3,710</td>
</tr>
<tr>
<td>Public</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>92,040,000</td>
<td>920,400,000</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>#</th>
<th>Branch Name</th>
<th>Commercial Registration Number</th>
<th>Commercial Registration Certificate Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SGH Jeddah</td>
<td>4030124187</td>
<td>05/02/1419H (corresponding to 31/05/1998G)</td>
</tr>
<tr>
<td>2</td>
<td>SGH Aseer</td>
<td>5855019364</td>
<td>28/12/1420H (corresponding to 03/04/2000G)</td>
</tr>
<tr>
<td>3</td>
<td>SGH Madinah</td>
<td>4650032396</td>
<td>18/02/1423H (corresponding to 01/05/2002G)</td>
</tr>
<tr>
<td>4</td>
<td>SGH Riyadh</td>
<td>1010162269</td>
<td>24/07/1421H (corresponding to 21/10/2000G)</td>
</tr>
<tr>
<td>5</td>
<td>SGH Dammam</td>
<td>2050105713</td>
<td>18/07/1436H (corresponding to 07/05/2015G)</td>
</tr>
<tr>
<td>6</td>
<td>SGH Hail*</td>
<td>3350043739</td>
<td>23/12/1436H (corresponding to 07/10/2015G)</td>
</tr>
<tr>
<td>7</td>
<td>AJ Sons</td>
<td>4030181710</td>
<td>27/11/1429H (corresponding to 25/11/2008G)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>#</th>
<th>Company’s Name</th>
<th>Commercial Registration No</th>
<th>Commercial Registration Certificate Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>National Hail Company</td>
<td>3350019735</td>
<td>02/07/1428H (corresponding to 16/07/2007G)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>License Type</th>
<th>Purpose</th>
<th>License Number</th>
<th>Expiry Date</th>
<th>Renewal</th>
<th>Status</th>
<th>Issuing Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration Certificate of a Joint Stock Company</td>
<td>Registering the Company with the commercial registration</td>
<td>4030149460</td>
<td>05/04/1440H (corresponding to 12/12/2018G)</td>
<td>Five years Valid</td>
<td>MOCI</td>
<td></td>
</tr>
<tr>
<td>Foreign Investment License</td>
<td>Company’s foreign investment license issued by SAGIA</td>
<td>10217351148402</td>
<td>27/11/1437H (corresponding to 30/08/2016G)</td>
<td>Annual Valid</td>
<td>SAGIA</td>
<td></td>
</tr>
<tr>
<td>Medical License</td>
<td>License of SGH Jeddah</td>
<td>026-101-010-010-0020</td>
<td>25/04/1437H (corresponding to 04/02/2016G)</td>
<td>Two years Valid</td>
<td>MOH</td>
<td></td>
</tr>
<tr>
<td>Civil Defense License</td>
<td>Safety license for SGH Jeddah</td>
<td>DF/690/1/31</td>
<td>26/04/1436H (corresponding to 15/02/2015G)</td>
<td>Annual Under Renewal</td>
<td>General Directorate of Civil Defense</td>
<td></td>
</tr>
<tr>
<td>Accreditation Certificate</td>
<td>Accreditation in implementing the national hospital standards of quality</td>
<td>JED-PRV-HOS-117-0031-1015</td>
<td>08/02/1440H (corresponding to 19/10/2018G)</td>
<td>Three years Valid</td>
<td>CBAHI</td>
<td></td>
</tr>
<tr>
<td>Commercial Registration Certificate of a Branch</td>
<td>Branch registration of SGH Aseer</td>
<td>5855019364</td>
<td>11/05/1440H (corresponding to 17/01/2019G)</td>
<td>Five years Valid</td>
<td>MOCI</td>
<td></td>
</tr>
<tr>
<td>Medical License</td>
<td>License of SGH Aseer</td>
<td>072-102-010-012-10006</td>
<td>26/05/1441H (corresponding to 21/01/2020G)</td>
<td>Five years Valid</td>
<td>MOH</td>
<td></td>
</tr>
<tr>
<td>License Type</td>
<td>Purpose</td>
<td>License Number</td>
<td>Expiry Date</td>
<td>Renewal</td>
<td>Status</td>
<td>Issuing Authority</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------------------------------------</td>
<td>----------------</td>
<td>-------------------------------------------------</td>
<td>---------</td>
<td>----------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>Civil Defense License</td>
<td>Safety license of SGH Aseer</td>
<td>B/115</td>
<td>17/11/1436H (corresponding to 01/09/2015G)</td>
<td>Six months</td>
<td>Under Renewal</td>
<td>General Directorate of Civil Defense</td>
</tr>
<tr>
<td>Commercial Registration Certificate of a Branch</td>
<td>Branch registration of SGH Madinah</td>
<td>4650032396</td>
<td>11/05/1440H (corresponding to 17/01/2019G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOCI</td>
</tr>
<tr>
<td>Medical License</td>
<td>License of SGH Madinah</td>
<td>048-102-010-012-10006</td>
<td>22/12/1441H (corresponding to 12/08/2020G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOH</td>
</tr>
<tr>
<td>Civil Defense License</td>
<td>Safety license of SGH Madinah</td>
<td>9222056</td>
<td>20/05/1437H (corresponding to 29/02/2016G)</td>
<td>Annual</td>
<td>Valid</td>
<td>General Directorate of Civil Defense</td>
</tr>
<tr>
<td>Commercial Registration Certificate of a Branch</td>
<td>Branch registration of SGH Riyadh</td>
<td>1010162269</td>
<td>24/07/1439H (corresponding to 10/04/2018G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOCI</td>
</tr>
<tr>
<td>Medical License</td>
<td>License of SGH Riyadh</td>
<td>014-101-010-012-00019</td>
<td>10/02/1440H (corresponding to 19/10/2018G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOH</td>
</tr>
<tr>
<td>Civil Defense License</td>
<td>Safety license of SGH Riyadh</td>
<td>DF/23/11/2/15</td>
<td>N/A</td>
<td>N/A</td>
<td>Valid</td>
<td>General Directorate of Civil Defense</td>
</tr>
<tr>
<td>Commercial Registration Certificate of a Branch</td>
<td>Registration of the Company’s branch in Dammam</td>
<td>2050105713</td>
<td>17/07/1441H (corresponding to 20/03/2020G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOCI</td>
</tr>
<tr>
<td>Initial Approval</td>
<td>Approval of first stage requirements in order to establish SGH Dammam</td>
<td>038-103-010-012-10011</td>
<td>03/05/1437H (corresponding to 12/02/2016G)</td>
<td>Six months</td>
<td>Valid</td>
<td>MOH</td>
</tr>
<tr>
<td>Commercial Registration Certificate of a Branch</td>
<td>Registration of AJ Sons</td>
<td>4030181710</td>
<td>04/08/1439H (corresponding to 20/04/2018G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOCI</td>
</tr>
<tr>
<td>Commercial Registration Certificate of a Branch</td>
<td>Branch registration of SGH Hail</td>
<td>3350043739</td>
<td>23/12/1441H (corresponding to 13/08/2020G)</td>
<td>Five years</td>
<td>Valid</td>
<td>MOCI</td>
</tr>
</tbody>
</table>

**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

*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 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/her 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:

- Neither the Directors nor the CEO can participate in voting with respect to a contract or proposal in which they have a material interest.
- 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.
- 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

<table>
<thead>
<tr>
<th></th>
<th>Party</th>
<th>Effective Date</th>
<th>Term</th>
<th>Renewal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Arabian Shield Cooperative Insurance Company (the agreement includes SGH Jeddah, Riyadh, Aseer, Madinah)</td>
<td>29/07/1432H (corresponding to 01/07/2011G)</td>
<td>One year</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>2</td>
<td>Medgulf</td>
<td>08/11/1420H (corresponding to 14/02/2000G)</td>
<td>One year</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>3</td>
<td>Bupa</td>
<td>05/12/1432H (corresponding to 01/11/2011G)</td>
<td>Two years</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>4</td>
<td>Tawuniya</td>
<td>12/01/1421H (corresponding to 17/04/2000G)</td>
<td>One year</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>5</td>
<td>AXA Insurance Company</td>
<td>25/12/1431H (corresponding to 01/12/2010G)</td>
<td>One year</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>6</td>
<td>GlobeMed Saudi</td>
<td>08/01/1436H (corresponding to 01/11/2014G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
</tbody>
</table>

Medical Insurance Agreements related to SGH Aseer

<table>
<thead>
<tr>
<th></th>
<th>Party</th>
<th>Effective Date</th>
<th>Term</th>
<th>Renewal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Al-Rajhi Company for Cooperative Insurance</td>
<td>03/09/1435H (corresponding to 01/06/2014G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Under renewal, yet the Company is still working under its provisions</td>
</tr>
<tr>
<td>8</td>
<td>Bupa</td>
<td>03/11/1432H (corresponding to 01/10/2011G)</td>
<td>Two years</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>9</td>
<td>Gulf Union Cooperative Insurance Company</td>
<td>17/11/1436H (corresponding to 01/09/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>10</td>
<td>Malath Insurance Company</td>
<td>10/03/1436H (corresponding to 01/01/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>11</td>
<td>Medgulf</td>
<td>19/02/1434H (corresponding to 01/01/2013G)</td>
<td>Three years</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>12</td>
<td>MedNet Saudi Arabia</td>
<td>10/03/1436H (corresponding to 01/01/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>13</td>
<td>Saudi Arabian Cooperative Insurance Company</td>
<td>14/09/1436H (corresponding to 01/07/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>14</td>
<td>Sanad Insurance &amp; Reinsurance Cooperative Company</td>
<td>10/03/1436H (corresponding to 01/01/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Party</td>
<td>Effective Date</td>
<td>Term</td>
<td>Renewal</td>
<td>Status</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------</td>
<td>--------------------------------------------</td>
<td>-----------------</td>
<td>------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>15</td>
<td>Saudi Enaya Cooperative Insurance Company</td>
<td>14/09/1436H (corresponding to 01/07/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>16</td>
<td>Saudi Nextcare Insurance Company</td>
<td>12/07/1436H (corresponding to 01/05/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>17</td>
<td>Tawuniya</td>
<td>10/05/1436H (corresponding to 01/03/2015G)</td>
<td>Three years</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>18</td>
<td>Saudi Total Care Company for Insurance Claim Management</td>
<td>10/05/1436H (corresponding to 01/03/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>19</td>
<td>GlobeMed Saudi</td>
<td>13/03/1436H (corresponding to 04/01/2015G)</td>
<td>Ending on 20/03/1437H (corresponding to 31/12/2015G)</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
</tbody>
</table>

**Medical Insurance Contracts related to SGH Madinah**

<table>
<thead>
<tr>
<th></th>
<th>Party</th>
<th>Effective Date</th>
<th>Term</th>
<th>Renewal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Bupa</td>
<td>03/11/1432H (corresponding to 01/10/2011G)</td>
<td>Two years</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>21</td>
<td>Medgulf</td>
<td>29/02/1435H (corresponding to 01/02/2014G)</td>
<td>Three years</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>22</td>
<td>Tawuniya</td>
<td>29/02/1435H (corresponding to 01/02/2014G)</td>
<td>Four years</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
<tr>
<td>23</td>
<td>GlobeMed Saudi</td>
<td>13/03/1436H (corresponding to 04/01/2015G)</td>
<td>One year</td>
<td>Renewable by mutual agreement</td>
<td>Valid</td>
</tr>
</tbody>
</table>

**Medical Insurance Contracts related to SGH Riyadh**

<table>
<thead>
<tr>
<th></th>
<th>Party</th>
<th>Effective Date</th>
<th>Term</th>
<th>Renewal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>Arabian Projects &amp; Trading Ltd. Co</td>
<td>20/11/1422H (corresponding to 03/02/2002G)</td>
<td>One year</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>25</td>
<td>Bupa</td>
<td>05/12/1432H (corresponding to 01/11/2011G)</td>
<td>Two years</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>26</td>
<td>Medgulf</td>
<td>16/08/1423H (corresponding to 22/10/2002G)</td>
<td>Three years</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>27</td>
<td>Tawuniya</td>
<td>20/04/1423H (corresponding to 01/07/2002G)</td>
<td>Four years</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
<tr>
<td>28</td>
<td>GlobeMed Saudi</td>
<td>22/06/1436H (corresponding to 11/02/2015G)</td>
<td>One year</td>
<td>Automatically renewable</td>
<td>Valid</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Governmental Authority</th>
<th>Hospital</th>
<th>Expiry Date</th>
<th>Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOH</td>
<td>SGH Aseer</td>
<td>20/03/1437H (corresponding to 31/12/2015G)</td>
<td>Upon end of term pursuant to a new agreement.</td>
</tr>
<tr>
<td>MOH</td>
<td>SGH Riyadh</td>
<td>08/02/1438H (corresponding to 08/11/2016G)</td>
<td>Upon end of term pursuant to a new agreement.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Hospital</th>
<th>Expiry Date</th>
<th>Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOSI</td>
<td>SGH Madinah</td>
<td>20/08/1437H (corresponding to 27/05/2016G)</td>
<td>Annually by written mutual agreement.</td>
</tr>
<tr>
<td>GOSI</td>
<td>SGH Aseer</td>
<td>14/05/1437H (corresponding to 23/02/2016G)</td>
<td>Annually by written mutual agreement.</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>SGH Jeddah</td>
<td>09/12/1438H (corresponding to 31/08/2017G)</td>
<td>Upon end of term by mutual agreement.</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>SGH Madinah</td>
<td>18/02/1437H (corresponding to 30/11/2015G)</td>
<td>Upon end of term by mutual agreement.</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>SGH Aseer</td>
<td>01/01/1441H (corresponding to 31/08/2019G)</td>
<td>Upon end of term by mutual agreement.</td>
</tr>
</tbody>
</table>

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 MEAHC 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.
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>
<thead>
<tr>
<th>Company Name</th>
<th>Hospital Location</th>
<th>Date of Agreement</th>
<th>Term</th>
<th>Management Supervision Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>EHDC</td>
<td>Dubai, UAE</td>
<td>14/07/1436H (corresponding to 03/05/2015G)</td>
<td>25 Years</td>
<td>10% of hospitals profits prior to calculating interests and taxes</td>
</tr>
<tr>
<td>ESHCO</td>
<td>Cairo, Arab Republic of Egypt</td>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>25 Years</td>
<td>10% of hospital net income</td>
</tr>
<tr>
<td>SYH</td>
<td>Sana’a, Republic of Yemen</td>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>10 years</td>
<td>10% of hospitals profits prior to calculating interests and taxes</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement title</td>
<td>Comprehensive Maintenance Agreement</td>
</tr>
<tr>
<td>Parties</td>
<td>The Company, Siemens Ltd. Medical Solutions</td>
</tr>
<tr>
<td>Term</td>
<td>Three years from 17/09/1433H (corresponding to 05/08/2012G) to 19/10/1436H (corresponding to 04/08/2015G) renewable by written agreement*</td>
</tr>
<tr>
<td>Subject Matter</td>
<td>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.</td>
</tr>
<tr>
<td>Value of the Agreement</td>
<td>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.</td>
</tr>
<tr>
<td>Obligations</td>
<td>The Company shall:</td>
</tr>
<tr>
<td></td>
<td>• make equipment available to Siemens staff.</td>
</tr>
<tr>
<td></td>
<td>• pay attention to equipment location and environment.</td>
</tr>
<tr>
<td></td>
<td>• provide and maintain appropriate telephone lines at the site to enable Siemens staff to use remote control services</td>
</tr>
<tr>
<td></td>
<td>• undertake full responsibility for providing appropriate training and qualification for its employees operating the equipment.</td>
</tr>
<tr>
<td>Termination</td>
<td>Either parties shall be entitled to terminate the agreement prior to the end of its term upon any of the following events:</td>
</tr>
<tr>
<td></td>
<td>• a material breach from either parties unless corrective action is taken within (30) thirty days from being so notified.</td>
</tr>
<tr>
<td></td>
<td>• either parties bankruptcy, insolvency or inability to repay its debts or conduct its business.</td>
</tr>
<tr>
<td></td>
<td>• either parties responsibility for willful negligence or default.</td>
</tr>
<tr>
<td></td>
<td>• force majeure events making either parties unable to implement its obligations for 3 months.</td>
</tr>
<tr>
<td>Assignment</td>
<td>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.</td>
</tr>
<tr>
<td>Applicable Law and Jurisdiction</td>
<td>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.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>#</th>
<th>Service provider</th>
<th>Scope of Agreement</th>
<th>Date of Agreement</th>
<th>Term</th>
<th>Renewal</th>
<th>Value of Agreement (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Madinah Maintenance Agreements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>GE El Seif</td>
<td>Maintenance of the medical equipment specified in the agreement</td>
<td>29/04/1435H (corresponding to 01/03/2014G)</td>
<td>Three years ending on 12/05/1438H (corresponding to 28/02/2017G)</td>
<td>Automatically renewable for one year</td>
<td>1,455,000</td>
</tr>
<tr>
<td>2</td>
<td>GE El Seif</td>
<td>Maintenance of the medical equipment specified in the agreement</td>
<td>29/04/1435H (corresponding to 01/03/2014G)</td>
<td>Three years, ending on 12/05/1438H (corresponding to 28/02/2017G)</td>
<td>Automatically renewable for one year</td>
<td>2,157,150</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>#</th>
<th>Lessor</th>
<th>Date of Agreement</th>
<th>Leased Property</th>
<th>Term</th>
<th>Status</th>
<th>Annual Rent (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Agreements related to SGH Riyadh</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Al Tamimi Real Estate</td>
<td>01/11/1433H (corresponding to 17/09/2010G)</td>
<td>Residential apartments in Al-Sahafa District, Riyadh</td>
<td>Three years, automatically renewable</td>
<td>Ongoing</td>
<td>192,000</td>
</tr>
<tr>
<td>2</td>
<td>Mohammed Ali Al-Muzaini</td>
<td>12/10/1430H (corresponding to 01/10/2009G)</td>
<td>Residential building in Al Malqa street, Riyadh</td>
<td>Two years, automatically renewable</td>
<td>Ongoing</td>
<td>200,000</td>
</tr>
<tr>
<td>3</td>
<td>Assaf Hussein Al-Assaf</td>
<td>14/05/1435H (corresponding to 15/03/2014G)</td>
<td>Five apartments in Al-Sahafa District, Riyadh</td>
<td>Three years end on 14/03/2017G</td>
<td>Ongoing</td>
<td>165,000</td>
</tr>
</tbody>
</table>

Lease Agreements related to SGH Madinah

<table>
<thead>
<tr>
<th>#</th>
<th>Lessor</th>
<th>Date of Agreement</th>
<th>Leased Property</th>
<th>Term</th>
<th>Status</th>
<th>Annual Rent (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Ahmed Omar Al-Attas</td>
<td>29/01/1432H (corresponding to 04/01/2011G)</td>
<td>Eighteen residential units in Madinah</td>
<td>Nine years, automatically renewable</td>
<td>Ongoing</td>
<td>270,000</td>
</tr>
<tr>
<td>5</td>
<td>Hassan Hamed Al-Bakri</td>
<td>01/01/1436H (corresponding to 25/10/2014G)</td>
<td>Residential building in Madinah</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>250,000</td>
</tr>
<tr>
<td>6</td>
<td>Mohammed Ahmed Al-Omari</td>
<td>29/02/1435H (corresponding to 01/01/2014G)</td>
<td>Residential building in Da‘athya district, Madinah</td>
<td>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.</td>
<td>Ongoing</td>
<td>165,000</td>
</tr>
</tbody>
</table>

Lease Agreements related to SGH Aseer

<table>
<thead>
<tr>
<th>#</th>
<th>Lessor</th>
<th>Date of Agreement</th>
<th>Leased Property</th>
<th>Term</th>
<th>Status</th>
<th>Annual Rent (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Ahmed Hassan Al-Qahtani</td>
<td>17/02/1431H (corresponding to 01/02/2010G)</td>
<td>Entire residential complex for hospital staff accommodation in Khamis Mushait</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>Increases from 170,000 in the first year to 204,000 in the fifth year</td>
</tr>
<tr>
<td>#</td>
<td>Lessor</td>
<td>Date of Agreement</td>
<td>Leased Property</td>
<td>Term</td>
<td>Status</td>
<td>Annual Rent (SAR)</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>-------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>8</td>
<td>Ahmed Hassan Al-Qahtani</td>
<td>17/02/1431H (corresponding to 01/02/2010G)</td>
<td>Entire residential complex for hospital staff accommodation in Khamis Mushait</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>Increases from 170,000 in the first year to 204,000 in the fifth year</td>
</tr>
<tr>
<td>9</td>
<td>Hussein Al-Ghamdi</td>
<td>22/08/1434H (corresponding to 01/07/2013G)</td>
<td>Residential building for hospital staff accommodation in Khamis Mushait</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>234,000</td>
</tr>
<tr>
<td>10</td>
<td>Gibran Hadi Al-Qahtani</td>
<td>20/02/1430H (corresponding to 15/02/2009G)</td>
<td>Residential building for hospital staff accommodation in Khamis Mushait</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>Increases from 130,000 in the first year to 160,000 in the fifth</td>
</tr>
<tr>
<td>11</td>
<td>Abdulaziz Abdullah Al-Qahtani</td>
<td>05/10/1435H (corresponding to 01/08/2014G)</td>
<td>Residential building for hospital staff accommodation in Khamis Mushait</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>158,400</td>
</tr>
<tr>
<td>12</td>
<td>Abdullah Mohammed Al-Qadi</td>
<td>17/01/1434H (corresponding to 01/12/2012G)</td>
<td>Residential building for hospital staff accommodation in Khamis Mushait</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>Increases from 140,000 in the first year to 160,000 in the fifth</td>
</tr>
</tbody>
</table>

Lease Agreements related to SGH Jeddah

<table>
<thead>
<tr>
<th>#</th>
<th>Lessor</th>
<th>Date of Agreement</th>
<th>Leased Property</th>
<th>Term</th>
<th>Status</th>
<th>Annual Rent (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Khaled Al-Shahrani Establishment</td>
<td>01/03/1435H (corresponding to 02/01/2014G)</td>
<td>Residential building in Al-Salamah in Jeddah</td>
<td>Seven years, automatically renewable</td>
<td>Ongoing</td>
<td>580,000</td>
</tr>
<tr>
<td>14</td>
<td>Saud and Sarah Al-Qahtani</td>
<td>16/09/1435H (corresponding to 13/07/2014G)</td>
<td>Residential building in Al-Salamah in Jeddah</td>
<td>Five years, automatically renewable</td>
<td>Ongoing</td>
<td>800,000</td>
</tr>
<tr>
<td>15</td>
<td>Nasser Mohammed Al-Sharif</td>
<td>01/09/1431H (corresponding to 11/08/2010G)</td>
<td>Residential building in Al-Salamah in Jeddah</td>
<td>Ten years, automatically renewable</td>
<td>Ongoing</td>
<td>250,000</td>
</tr>
<tr>
<td>16</td>
<td>Najla Abdulkadir Abdulaleem</td>
<td>18/12/2009G</td>
<td>Residential building in Al-Salamah in Jeddah</td>
<td>One year, automatically renewable</td>
<td>Ongoing</td>
<td>210,000</td>
</tr>
</tbody>
</table>

Lease Agreements related to AJ Sons

<table>
<thead>
<tr>
<th>#</th>
<th>Lessor</th>
<th>Date of Agreement</th>
<th>Leased Property</th>
<th>Term</th>
<th>Status</th>
<th>Annual Rent (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Abdulaziz Abdulrahman Al-Hamdan Establishment</td>
<td>01/07/1436H (corresponding to 20/04/2015G)</td>
<td>Warehouse in Al-Khomra in Jeddah</td>
<td>Three years, automatically renewable</td>
<td>Ongoing</td>
<td>150,000</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Title</th>
<th>SGH Hail Project Construction Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>20/08/1426H (corresponding to 24/09/2005G)</td>
</tr>
<tr>
<td>Parties</td>
<td>NHC and IHCC</td>
</tr>
<tr>
<td>Subject Matter</td>
<td>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.</td>
</tr>
<tr>
<td>Completion Term</td>
<td>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.</td>
</tr>
<tr>
<td>Value</td>
<td>(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.</td>
</tr>
<tr>
<td>Payments</td>
<td>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.</td>
</tr>
</tbody>
</table>
| 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.
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

<table>
<thead>
<tr>
<th>Subject Matter</th>
<th>Hospital</th>
<th>Effective date</th>
<th>Scope of work</th>
<th>Value of contract (SAR)</th>
<th>Date of Completion</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moving furniture to the second and third floor</td>
<td>SGH Aseer</td>
<td>06/10/1435H (corresponding to 02/08/2014G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>2,016,060</td>
<td>December 2015G</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Restoration of the fifth floor</td>
<td>SGH Jeddah</td>
<td>24/04/1435H (corresponding to 24/02/2014G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>5,480,380</td>
<td>April 2016G</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Restoration of the sixth floor</td>
<td>SGH Jeddah</td>
<td>27/09/1435H (corresponding to 24/07/2014G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>7,089,500</td>
<td>November 2016G</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Dental Clinics in the Medical Tower</td>
<td>SGH Jeddah</td>
<td>10/09/1435H (corresponding to 07/07/2014G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>1,396,153</td>
<td>July 2015G</td>
<td>Completed</td>
</tr>
<tr>
<td>The expansion of the operation room and sterilization department</td>
<td>SGH Jeddah</td>
<td>11/07/1434H (corresponding to 21/05/2013G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>5,039,909</td>
<td>July 2015G</td>
<td>Completed</td>
</tr>
<tr>
<td>The restoration of the outpatient clinics and restrooms</td>
<td>SGH Jeddah</td>
<td>21/05/1434H (corresponding to 02/04/2013G)</td>
<td>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.</td>
<td>1,240,436</td>
<td>December 2015G</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Restoration of the IT Center</td>
<td>SGH Jeddah</td>
<td>18/02/1433H (corresponding to 12/01/2012G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>5,566,434</td>
<td>November 2014G</td>
<td>Completed</td>
</tr>
<tr>
<td>Gas Tank foundations works, the laboratory of the 1st floor, the expansion of the ICU, the external fence and the firefighting system</td>
<td>SGH Jeddah</td>
<td>02/07/1434H (corresponding to 18/05/2013G)</td>
<td>Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works</td>
<td>5,777,465</td>
<td>June 2016G</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
### Construction of a room for the new power generator
- **Hospital:** SGH Jeddah
- **Effective date:** 19/05/1434H (corresponding to 29/04/2013G)
- **Scope of work:** Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works
- **Value of contract (SAR):** 2,365,438
- **Date of completion:** December 2015G
- **Status:** Ongoing

### NICU expansion
- **Hospital:** SGH Jeddah
- **Effective date:** 10/11/1435H (corresponding to 05/09/2014G)
- **Scope of work:** Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works
- **Value of contract (SAR):** 400,876
- **Date of completion:** June 2015G
- **Status:** Completed

### Restoration of the Oncology Unit
- **Hospital:** SGH Jeddah
- **Effective date:** 10/11/1435H (corresponding to 05/09/2014G)
- **Scope of work:** Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works
- **Value of contract (SAR):** 738,424
- **Date of completion:** July 2015G
- **Status:** Completed

### Design and restoration of the Child Care Center
- **Hospital:** SGH Jeddah
- **Effective date:** 08/06/1433H (corresponding to 29/04/2012G)
- **Scope of work:** Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works
- **Value of contract (SAR):** 6,388,480
- **Date of completion:** December 2015G
- **Status:** Ongoing

### Restoration works
- **Hospital:** SGH Riyadh
- **Effective date:** 27/02/1433H (corresponding to 21/01/2012G)
- **Scope of work:** Providing architectural, electrical and sanitation specifications and designs and carrying out the construction works
- **Value of contract (SAR):** 5,401,217
- **Date of completion:** June 2016G
- **Status:** 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**

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waldemar LINK GmbH &amp; Co. KG</td>
<td>Artificial joints</td>
</tr>
<tr>
<td>Ortho Select GmbH</td>
<td>Boards, bolts and screws</td>
</tr>
<tr>
<td>Tembed Medical Device Manufacturing</td>
<td>Boards, bolts and screws Illizarov</td>
</tr>
<tr>
<td>SIMEX Medizintechnik GmbH</td>
<td>Surgical instruments and consumables</td>
</tr>
<tr>
<td>Teknimed S.A.S</td>
<td>Bone Cement</td>
</tr>
<tr>
<td>Sanatmetal Ltd.</td>
<td>Osteopathy systems</td>
</tr>
<tr>
<td>nopa instruments - Medizintechnik GmbH</td>
<td>Surgical instruments</td>
</tr>
<tr>
<td>Norav Medical GmbH</td>
<td>ECG machines, Holter monitors, ABPMs</td>
</tr>
<tr>
<td>Blanco</td>
<td>Medical and non-medical equipment and furniture</td>
</tr>
<tr>
<td>CHEIRÓN a.s.</td>
<td>Electric suction machines</td>
</tr>
<tr>
<td>Digital Science Tech Inc</td>
<td>Medical measurement devices, pulse measurement device</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>Hospital</th>
<th>Management And Treatment Of Hazardous and Medical Waste Company</th>
<th>Agreement Termination Date</th>
<th>Status</th>
<th>Subject Matter</th>
<th>Value of Agreement (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Madinah</td>
<td>SEPCO Environment</td>
<td>02/04/1438H (corresponding to 31/12/2016G)</td>
<td>Ongoing</td>
<td>Disposal of hazardous medical waste</td>
<td>228,000 annually</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>SEPCO Environment</td>
<td>20/03/1437H (corresponding to 31/12/2015G)</td>
<td>Ongoing</td>
<td>Disposal of hazardous medical and chemical waste</td>
<td>25 per kg</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>Sahm Tiba Contracting Est.</td>
<td>04/08/1438H (corresponding to 30/04/2017G)</td>
<td>Ongoing</td>
<td>Disposal of sewage</td>
<td>18,000 monthly</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Maraseem Trading Company</td>
<td>22/06/1437H (corresponding to 31/03/2016G)</td>
<td>Ongoing</td>
<td>Disposal of sewage</td>
<td>100 per 32 tons</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>SEPCO Environment</td>
<td>22/06/1437H (corresponding to 31/03/2016G)</td>
<td>Ongoing</td>
<td>Disposal of medical waste</td>
<td>25,000 monthly</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>SEPCO Environment</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
<td>Ongoing</td>
<td>Disposal of hazardous medical waste</td>
<td>15 per 1 kg of pharmaceutical waste 25 per 1 kg of chemical waste</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Zahrat Al-Maseef Company</td>
<td>04/10/1437H (corresponding to 09/07/2016G)</td>
<td>Ongoing</td>
<td>Disposal of sewage</td>
<td>56,000 monthly</td>
</tr>
<tr>
<td>SGH Jeddah</td>
<td>SEPCO Environment</td>
<td>09/10/1437H (corresponding to 14/07/2016G)</td>
<td>Ongoing</td>
<td>Disposal of hazardous medical waste</td>
<td>28,700 per 800 kg</td>
</tr>
</tbody>
</table>

Source: The Company
Credit Facilities and Loans

The following table shows the details of credit facilities and loans available to the Company and its Subsidiary.

<table>
<thead>
<tr>
<th>Lender</th>
<th>Long-term loans and facilities</th>
<th>Credit limit (SAR)</th>
<th>Drawdowns (SAR)</th>
<th>Repaid Amounts (SAR)</th>
<th>Remaining Amounts (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoF</td>
<td>50,000,000</td>
<td>50,000,000</td>
<td>-34,375,000</td>
<td>15,625,000</td>
<td></td>
</tr>
<tr>
<td>MoF</td>
<td>50,000,000</td>
<td>50,000,000</td>
<td>-46,952,705</td>
<td>3,047,295</td>
<td></td>
</tr>
<tr>
<td>MoF</td>
<td>50,000,000</td>
<td>49,938,182</td>
<td>-28,125,000</td>
<td>21,813,182</td>
<td></td>
</tr>
<tr>
<td>MoF</td>
<td>69,650,000</td>
<td>24,210,000</td>
<td>15,395,000</td>
<td>39,605,000</td>
<td></td>
</tr>
<tr>
<td>Samba Financial Group</td>
<td>20,000,000</td>
<td>20,000,000</td>
<td>-3,750,000</td>
<td>16,250,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short-term loans and facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alinma Bank</td>
</tr>
<tr>
<td>Samba Financial Group</td>
</tr>
<tr>
<td>Samba Financial Group</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Description</th>
<th>Terms of loan agreement with MoF regarding to SGH Asser</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Facilities</strong></td>
<td>(SAR 50,000,000) fifty million Saudi Riyals, of which:</td>
</tr>
<tr>
<td></td>
<td>• (SAR 27,902,890) twenty-seven million nine hundred and two thousand eight hundred and ninety Saudi Riyals will be allocated to hospital buildings.</td>
</tr>
<tr>
<td></td>
<td>• (SAR 3,503,000) three million five hundred and three thousand Saudi Riyals will be allocated for parking areas.</td>
</tr>
<tr>
<td></td>
<td>• (SAR 13,436,330) thirteen million four hundred thirty-six thousand three hundred thirty Saudi Riyals will be allocated for medical equipment.</td>
</tr>
<tr>
<td></td>
<td>• (SAR 124,000) one hundred twenty-four thousand Saudi Riyals will be allocated for car items.</td>
</tr>
<tr>
<td></td>
<td>• (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.</td>
</tr>
<tr>
<td></td>
<td>• (SAR 761,050) seven hundred sixty-one thousand fifty Saudi Riyals will be allocated for the project external works.</td>
</tr>
</tbody>
</table>

| 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Facilities</td>
<td>(SAR 50,000,000) fifty million Saudi Riyals, of which:</td>
</tr>
<tr>
<td></td>
<td>• (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.</td>
</tr>
<tr>
<td></td>
<td>• (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.</td>
</tr>
<tr>
<td></td>
<td>• (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.</td>
</tr>
<tr>
<td></td>
<td>• (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.</td>
</tr>
<tr>
<td>Warranties</td>
<td>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 &quot;Real Estate&quot; of this Prospectus).</td>
</tr>
<tr>
<td>Repayment</td>
<td>The Loan shall be repaid in sixteen equal annual installments, the first of which began on 22/12/1425H (corresponding to 02/02/2005G).</td>
</tr>
<tr>
<td>Events of Default</td>
<td>The loan installments shall become due in any of the following circumstances:</td>
</tr>
<tr>
<td></td>
<td>1) The violation of any agreement terms by the borrower or the invalidity of any facts on which MoF relied.</td>
</tr>
<tr>
<td></td>
<td>2) The default, bankruptcy or insolvency of the borrower</td>
</tr>
<tr>
<td></td>
<td>3) Failure to complete the buildings and fixtures.</td>
</tr>
<tr>
<td></td>
<td>4) Any action that would result in transferring or leasing the project to third party without a prior consent from MoF.</td>
</tr>
<tr>
<td></td>
<td>5) The project does not practice the licensed activity for a period of more than six months.</td>
</tr>
<tr>
<td></td>
<td>6) Cancellation of the project license.</td>
</tr>
<tr>
<td>Covenants</td>
<td>1) Commence the implementation of the project within eight months after the signing the loan agreement.</td>
</tr>
<tr>
<td></td>
<td>2) Commence the implementation of the full project within three years after the signing the loan agreement.</td>
</tr>
<tr>
<td></td>
<td>3) Reliance on the domestic market in providing steal, cements, sanitary ware, aluminum and furniture for the project.</td>
</tr>
<tr>
<td></td>
<td>4) Provide semi-annual reports to MoF on the project’s progress and achievements.</td>
</tr>
<tr>
<td></td>
<td>5) Obtain MoF written approval before conducting any expansion works of the project.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Facilities</td>
<td>(SAR 50,000,000) fifty million Saudi Riyals, of which:</td>
</tr>
<tr>
<td></td>
<td>• (SAR 33,115,832) thirty-three million one hundred fifteen thousand eight hundred thirty-two thousand Saudi Riyals will be allocated for hospital buildings.</td>
</tr>
<tr>
<td></td>
<td>• (SAR 963,508) nine hundred sixty-three thousand five hundred eight Saudi Riyals will be allocated for additional works.</td>
</tr>
<tr>
<td></td>
<td>• (SAR 15,944,660) fifteen million nine hundred forty-four thousand six hundred sixty Saudi Riyals will be allocated for medical equipment.</td>
</tr>
<tr>
<td>Warranties</td>
<td>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).</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
</table>
| **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**

<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum</td>
<td>(SAR 60,000,000) sixty million Saudi Riyals.</td>
</tr>
<tr>
<td>Purpose</td>
<td>Finance the working capital in addition to finance 80% of bills value/claims submitted to insurance companies.</td>
</tr>
<tr>
<td>Availability Period</td>
<td>02/04/1438H (corresponding to 31/12/2016)</td>
</tr>
<tr>
<td>Warranties</td>
<td>• promissory note of (SAR 60,000,000) sixty million Saudi Riyals.</td>
</tr>
<tr>
<td></td>
<td>• Performance guarantee at the amount of (SAR 60,000,000) sixty million Saudi Riyals from Sobhi Abduljaleel Batterjee and Khalid Abduljaleel Batterjee.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td>Events of Default</td>
<td>The loan installments shall become due upon any of the following events:</td>
</tr>
<tr>
<td></td>
<td>• Failure to repay any due amounts.</td>
</tr>
<tr>
<td></td>
<td>• Delaying the payment of any due amounts.</td>
</tr>
<tr>
<td></td>
<td>• The breach of any of any of the terms of the agreement.</td>
</tr>
<tr>
<td></td>
<td>• Any information provided by the Company prove to be inaccurate or incorrect.</td>
</tr>
<tr>
<td></td>
<td>• Failure to provide any additional securities upon the bank’s request.</td>
</tr>
<tr>
<td></td>
<td>• Any change in the ownership or management structure without the prior written consent of the bank.</td>
</tr>
<tr>
<td></td>
<td>• If the Company is categorized as a non-good borrower in its credit records in the Credit Information Company.</td>
</tr>
<tr>
<td></td>
<td>• Dissolution or liquidation of the Company or its inability to pay any of its debts to third parties.</td>
</tr>
<tr>
<td></td>
<td>• Committing any act that is contrary to trustworthiness, integrity or honor, or being subject to criminal or legal accountability,</td>
</tr>
<tr>
<td></td>
<td>• Any creditor of the client takes over all or part of the client’s business, assets or properties.</td>
</tr>
<tr>
<td></td>
<td>• The company being prohibited from carrying out its business or cancellation of its CR or licenses.</td>
</tr>
<tr>
<td></td>
<td>• Any claims or legal proceedings being made against the company before judicial bodies or entering into settlements with creditors.</td>
</tr>
<tr>
<td>Covenants</td>
<td>The Company’s obligations under this agreement, include among other things the following:</td>
</tr>
<tr>
<td></td>
<td>• Solely using the facilities for purposes specified in this agreement and in accordance with Shari’ah provisions and applicable laws.</td>
</tr>
<tr>
<td></td>
<td>• Payment of due amounts in a timely manner.</td>
</tr>
<tr>
<td></td>
<td>• Notifying Alinma Bank with information relating to any prospective change in the Company’s legal structure or shareholding structure prior to making such change.</td>
</tr>
<tr>
<td></td>
<td>• Refraining from entering into any agreements that may affect the Company’s obligations under this agreement.</td>
</tr>
<tr>
<td></td>
<td>• Depositing the Company’s medical bills amount funded by Alinma Bank to the Company’s accounts at Alinma Bank.</td>
</tr>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining the Company’s leverage (total liabilities / total equity) at no more than 1:1.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining the trading rate at no less than 1.25:1.</td>
</tr>
<tr>
<td></td>
<td>• Refraining from distributing dividends exceeding 50% of the realized profits in the previous financial year.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Facilities</td>
<td>(SAR 311,111,111) three hundred eleven million one hundred eleven thousand one hundred eleven Saudi Riyals</td>
</tr>
<tr>
<td><strong>General Facilities</strong></td>
<td></td>
</tr>
<tr>
<td>Trade Finance Facilities</td>
<td>(SAR 15,000,000) fifteen million Saudi Riyals to purchase medical equipment, physical fitness equipment, medical supplies and construction materials.</td>
</tr>
<tr>
<td>Short Term Facilities</td>
<td>(SAR 125,000,000) one hundred twenty-five million Saudi Riyals to finance working capital.</td>
</tr>
<tr>
<td>Overdrafts Facilities</td>
<td>(SAR 5,000,000) five million Saudi Riyals to finance the working capital.</td>
</tr>
<tr>
<td>Credits Facilities</td>
<td>(SAR 30,000,000) thirty million Saudi Riyals for documentary credits.</td>
</tr>
<tr>
<td>Medium Term Murabaha Facility</td>
<td>(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.</td>
</tr>
<tr>
<td><strong>Islamic Facilities</strong></td>
<td></td>
</tr>
<tr>
<td>Murabaha Loan</td>
<td>(SAR 35,000,000) thirty-five million Saudi Riyals, a loan facility in relation to the accounts of SGH Jeddah</td>
</tr>
<tr>
<td>Medium-term Murabaha</td>
<td>(SAR 86,111,111) eighty-six million one hundred eleven thousand one hundred eleven Saudi Riyals</td>
</tr>
<tr>
<td>Warranties</td>
<td>▪ Promissory note of (SAR 311,111,111) three hundred eleven million one hundred eleven thousand one hundred eleven Saudi Riyals</td>
</tr>
<tr>
<td></td>
<td>▪ Performance guarantee at the amount of (SAR 311,111,111) three hundred eleven million one hundred eleven Saudi Riyals provided by both Sobhi Abduljaleel Ibrahim Batterjee and Khalid Abduljaleel Ibrahim Batterjee</td>
</tr>
<tr>
<td>Events of Default</td>
<td>The loan installments shall become due upon any of the following events:</td>
</tr>
<tr>
<td></td>
<td>▪ The Company’s failure to pay any due amounts under this agreement.</td>
</tr>
<tr>
<td></td>
<td>▪ The Company or any of the guarantors’ failure to perform any of its obligations under this agreement.</td>
</tr>
<tr>
<td></td>
<td>▪ If the company’s loans from other creditors become due before their original due date.</td>
</tr>
<tr>
<td></td>
<td>▪ The Company’s dissolution, liquidation or insolvency, or its failure to perform any of its obligations to its creditors.</td>
</tr>
<tr>
<td></td>
<td>▪ Ceasing to perform any of the Company’s activities to comply with any applicable laws or regulations.</td>
</tr>
<tr>
<td></td>
<td>▪ 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.</td>
</tr>
<tr>
<td></td>
<td>▪ Any information provided by the Company prove to be inaccurate or incorrect.</td>
</tr>
<tr>
<td><strong>Covenants</strong></td>
<td>▪ Maintaining the Company’s leverage (total liabilities / total equity) at no more than 1:2.</td>
</tr>
<tr>
<td></td>
<td>▪ Maintaining the Company’s trading rate at no less than 1:1</td>
</tr>
<tr>
<td></td>
<td>▪ Maintaining the legal structure of the Company throughout the term of the agreement.</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Scope of Insurance Coverage</th>
<th>Insurance Policy Number</th>
<th>Insurance Company</th>
<th>Insured Amount/ Coverage</th>
<th>Insurance Premium (SAR)</th>
<th>Coverage Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>First: Insurance Policies relating to the Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive Public Liability</td>
<td>P/102/23/3001/2015/301/37</td>
<td>SAICO</td>
<td>SAR 3,750,000 annually</td>
<td>90,025</td>
<td>13/08/1437H (corresponding to 20/05/2016G)</td>
</tr>
<tr>
<td>Second: Insurance Policies relating to SGH Aseer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malpractice Insurance</td>
<td>483882</td>
<td>Tawuniya</td>
<td>3,500,000</td>
<td>385,090</td>
<td>23/03/1439H (corresponding to 11/12/2017G)</td>
</tr>
<tr>
<td>Employee Medical Insurance</td>
<td>12901782</td>
<td>Tawuniya</td>
<td>500,000</td>
<td>3,459,393</td>
<td>28/11/1437H (corresponding to 31/08/2016G)</td>
</tr>
<tr>
<td>Vehicles Comprehensive Insurance</td>
<td>P/102/23/5021/2015/501/47</td>
<td>SAICO</td>
<td>10,000,000</td>
<td>29,903</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Money Insurance</td>
<td>P/102/23/2021/2015/201/17</td>
<td>SAICO</td>
<td>31,900,000</td>
<td>5,500</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Fidelity Guarantee</td>
<td>P/102/23/2022/2015/201/13</td>
<td>SAICO</td>
<td>1,000,000</td>
<td>7,525</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Property All Risk Insurance</td>
<td>P/102/23/1003/2015/101/7</td>
<td>SAICO</td>
<td>364,420,001</td>
<td>218,652</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Third: Insurance Policies relating to SGH Madinah</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malpractice Insurance</td>
<td>483883</td>
<td>Tawuniya</td>
<td>1,500,000</td>
<td>257,400</td>
<td>23/03/1439H (corresponding to 11/12/2017G)</td>
</tr>
<tr>
<td>Employee Medical Insurance</td>
<td>12901789</td>
<td>Tawuniya</td>
<td>500,000</td>
<td>2,494,653</td>
<td>28/11/1437H (corresponding to 31/08/2016G)</td>
</tr>
<tr>
<td>Vehicles Comprehensive Insurance</td>
<td>P/102/23/5021/2015/501/46</td>
<td>SAICO</td>
<td>10,000,000</td>
<td>29,480</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Money Insurance</td>
<td>P/102/23/2021/2015/201/19</td>
<td>SAICO</td>
<td>10,300,000</td>
<td>2,200</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Fidelity Guarantee</td>
<td>P/102/23/2022/2015/201/12</td>
<td>SAICO</td>
<td>1,000,000</td>
<td>7,525</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Property All Risk Insurance</td>
<td>P/102/23/1003/2015/101/31</td>
<td>SAICO</td>
<td>259,820,000</td>
<td>135,756</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Fourth: Insurance Policies relating to SGH Riyadh</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malpractice Insurance</td>
<td>483881</td>
<td>Tawuniya</td>
<td>3,500,000</td>
<td>374,735</td>
<td>23/03/1439H (corresponding to 11/12/2017G)</td>
</tr>
<tr>
<td>Scope of Insurance Coverage</td>
<td>Insurance Policy Number</td>
<td>Insurance Company</td>
<td>Insured Amount/Coverage</td>
<td>Insurance Premium (SAR)</td>
<td>Coverage Expiry Date</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------</td>
<td>-------------------</td>
<td>-------------------------</td>
<td>------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Employee Medical Insurance</td>
<td>12901790</td>
<td>Tawuniya</td>
<td>500,000</td>
<td>2,772,669</td>
<td>28/11/1437H (corresponding to 31/08/2016G)</td>
</tr>
<tr>
<td>Vehicles Comprehensive Insurance</td>
<td>P/102/23/5021/2015/501/44</td>
<td>SAICO</td>
<td>10,000,000</td>
<td>41,276</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Money Insurance</td>
<td>P/102/23/2021/2015/201/18</td>
<td>SAICO</td>
<td>21,000,000</td>
<td>4,500</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Fidelity Guarantee</td>
<td>P/102/23/2022/2015/201/11</td>
<td>SAICO</td>
<td>1,000,000</td>
<td>12,025</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
<tr>
<td>Property All Risk Insurance</td>
<td>P/102/23/1003/2015/101/30</td>
<td>SAICO</td>
<td>315,317,500</td>
<td>162,730</td>
<td>03/09/1437H (corresponding to 08/06/2016G)</td>
</tr>
</tbody>
</table>

**Fifth: Insurance Policies relating to SGH Jeddah**

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Related Party</th>
<th>Subject Matter</th>
<th>Date of Agreement</th>
<th>Term</th>
<th>Value (SAR)</th>
<th>Revenue/ Cost in 2014G (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Supervision Agreement</td>
<td>EDHC</td>
<td>Supervision of the hospital owned by EDHC</td>
<td>14/07/1436H (corresponding to 03/05/2015G)</td>
<td>25 Years</td>
<td>8,759,552</td>
<td></td>
</tr>
<tr>
<td>Management Supervision Agreement</td>
<td>ESHCO</td>
<td>Supervision of the hospital owned by ESHCO</td>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>25 years</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Related Party</th>
<th>Subject Matter</th>
<th>Date of Agreement</th>
<th>Term</th>
<th>Value (SAR)</th>
<th>Revenue/ Cost in 2014G (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Supervision Agreement</td>
<td>EDHC</td>
<td>Supervision of the hospital owned by EDHC</td>
<td>14/07/1436H (corresponding to 03/05/2015G)</td>
<td>25 Years</td>
<td>8,759,552</td>
<td></td>
</tr>
<tr>
<td>Management Supervision Agreement</td>
<td>ESHCO</td>
<td>Supervision of the hospital owned by ESHCO</td>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>25 years</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Agreement</td>
<td>Related Party</td>
<td>Subject Matter</td>
<td>Date of Agreement</td>
<td>Term</td>
<td>Value (SAR)</td>
<td>Revenue / Cost in 2014G (SAR)</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>--------------</td>
<td>--------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Management Supervision Agreement</td>
<td>SYH</td>
<td>Supervision of a hospital owned by SYH</td>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>25 Years</td>
<td>10% of hospital’s profits prior to calculating interests and taxes</td>
<td>-</td>
</tr>
<tr>
<td>Construction Agreement</td>
<td>IHCC</td>
<td>The construction of a reception facility for outpatients, SGH Aseer</td>
<td>03/10/1435H (corresponding to 30/07/2014G)</td>
<td>Ongoing</td>
<td>53,060,552</td>
<td>(48,301,253)</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>Movable furniture for the 2nd and 3rd floors of SGH Aseer</td>
<td>06/10/1435H (corresponding to 02/08/2014G)</td>
<td>Ongoing</td>
<td>2,016,060</td>
<td>2,016,060</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The restoration of the 5th floor of SGH Jeddah</td>
<td>24/04/1435H (corresponding to 24/02/2014G)</td>
<td>Ongoing</td>
<td>5,480,380</td>
<td>5,480,380</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The restoration of the 6th floor of SGH Jeddah</td>
<td>27/09/1435H (corresponding to 24/07/2014G)</td>
<td>Ongoing</td>
<td>7,089,500</td>
<td>7,089,500</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>Dental Clinics in the Medical Tower, SGH Jeddah</td>
<td>10/09/1435H (corresponding to 07/07/2014G)</td>
<td>Ongoing</td>
<td>1,396,153</td>
<td>1,396,153</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The expansion of the operation room and sterilization department, SGH Jeddah</td>
<td>11/07/1434H (corresponding to 21/05/2013G)</td>
<td>Ongoing</td>
<td>5,039,909</td>
<td>5,039,909</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The restoration of the outpatient clinics and restrooms, SGH Jeddah</td>
<td>21/05/1434H (corresponding to 02/04/2013G)</td>
<td>Ongoing</td>
<td>1,240,436</td>
<td>1,240,436</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The restoration of the IT Center of SGH Jeddah</td>
<td>18/02/1433H (corresponding to 12/01/2012G)</td>
<td>Ongoing</td>
<td>5,566,434</td>
<td>5,566,434</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>Gas Tank foundations works, 1st floor laboratory, the expansion of the ICU, the external fence and the firefighting system, SGH Jeddah</td>
<td>02/07/1434H (corresponding to 18/05/2013G)</td>
<td>Ongoing</td>
<td>5,777,465</td>
<td>5,777,465</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The construction of a room for the new power generator, SGH Jeddah</td>
<td>19/05/1434H (corresponding to 29/04/2013G)</td>
<td>Ongoing</td>
<td>2,365,438</td>
<td>2,365,438</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The expansion of the neonatal ICU, SGH Jeddah</td>
<td>10/11/1435H (corresponding to 05/09/2014G)</td>
<td>Ongoing</td>
<td>400,876</td>
<td>400,876</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The restoration of the Oncology Unit, SGH Jeddah</td>
<td>10/11/1435H (corresponding to 05/09/2014G)</td>
<td>Ongoing</td>
<td>738,424</td>
<td>738,424</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>The design and restoration of the Child Care Center, SGH Jeddah</td>
<td>08/06/1433H (corresponding to 29/04/2012G)</td>
<td>Ongoing</td>
<td>6,388,480</td>
<td>6,388,480</td>
</tr>
<tr>
<td>Construction and Restoration Agreement</td>
<td>IHCC</td>
<td>Restoration works in SGH Jeddah</td>
<td>27/02/1433H (corresponding to 21/01/2012G)</td>
<td>Ongoing</td>
<td>5,401,217</td>
<td>5,401,217</td>
</tr>
<tr>
<td>Agreement</td>
<td>Related Party</td>
<td>Subject Matter</td>
<td>Date of Agreement</td>
<td>Term</td>
<td>Value (SAR)</td>
<td>Revenue / Cost in 2014G (SAR)</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>--------------------</td>
<td>------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Construction of SGH Hall Agreement</td>
<td>IHCC</td>
<td>Construction of SGH Hall</td>
<td>20/08/1426H (corresponding to 24/09/2005G)</td>
<td>Ongoing</td>
<td>176,049,000</td>
<td></td>
</tr>
<tr>
<td>Exclusive Resale Agreement</td>
<td>BAB</td>
<td>The appointment of the Company as the exclusive reseller of the medical products manufactured by a number of foreign medical companies</td>
<td>/08/1436H (corresponding to 24/05/2015G)</td>
<td>10 years</td>
<td>Depending on purchase orders</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring Agreement</td>
<td>BAB, Sobhi Abduljaleel Batterjee, Khalid Abduljaleel Batterjee, IDB, Arab Fund and Zuhair Ahmed Al-Sebai</td>
<td>The reorganization of the Company; transferring all assets owned by the Shareholders in the Kingdom to the Company</td>
<td>23/02/1435H (corresponding to 26/12/2013G)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BAB Share Purchase Agreement</td>
<td>BAB</td>
<td>The transfer of BAB’s share in SGH Hail to the Company</td>
<td>23/02/1435H (corresponding to 26/12/2013G)</td>
<td>-</td>
<td>Granting shares in the Company to BAB</td>
<td>-</td>
</tr>
<tr>
<td>Share Purchase Agreement</td>
<td>BAB</td>
<td>The transfer of BAB’s share in Abduljaleel Ibrahim Batterjee Sons Development Company to the Company</td>
<td>23/02/1435H (corresponding to 26/12/2013G)</td>
<td>-</td>
<td>Granting shares in the Company to BAB</td>
<td>-</td>
</tr>
<tr>
<td>Share Purchase Agreement</td>
<td>IDB</td>
<td>The transfer of IDB’s share in SGH Hail to the Company</td>
<td>23/02/1435H (corresponding to 26/12/2013G)</td>
<td>-</td>
<td>Granting shares in the Company to IDB</td>
<td>-</td>
</tr>
<tr>
<td>Share Purchase Agreement</td>
<td>Zuhair Ahmed Al-Sebai</td>
<td>The transfer of Zuhair Ahmed Al-Sebai’s share in SGH Riyadh to the Company</td>
<td>23/02/1435H (corresponding to 26/12/2013G)</td>
<td>-</td>
<td>Granting shares in the Company to Zuhair Ahmed Al-Sebai</td>
<td>-</td>
</tr>
<tr>
<td>Share Purchase Agreement</td>
<td>Sobhi Abduljaleel Batterjee</td>
<td>The purchase of Dammam Land</td>
<td>23/02/1435H (corresponding to 26/12/2013G)</td>
<td>-</td>
<td>Granting shares in the Company to Sobhi Abduljaleel Batterjee</td>
<td>-</td>
</tr>
<tr>
<td>Shareholders Agreement</td>
<td>BAB and IFC</td>
<td>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</td>
<td>19/02/1435H (corresponding to 16/07/2014G)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Table: Agreements

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Related Party</th>
<th>Subject Matter</th>
<th>Date of Agreement</th>
<th>Term</th>
<th>Value (SAR)</th>
<th>Revenue/Cost in 2014G (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy Agreement</td>
<td>BAB</td>
<td>Providing the Company with consultation services</td>
<td>06/08/1436H (corresponding to 24/05/2015G)</td>
<td>10 years</td>
<td>4,936,918</td>
<td>-</td>
</tr>
<tr>
<td>Academic Cooperation Agreement</td>
<td>BETA</td>
<td>Providing professional and technical training to 100 Saudi female employees working at SGH Jeddah</td>
<td>11/10/1435H (corresponding to 07/08/2014G)</td>
<td>Two years and a half</td>
<td>48,000 per trainee</td>
<td>(467,500)</td>
</tr>
<tr>
<td>Academic Cooperation Agreement</td>
<td>BMC</td>
<td>Providing training to students of Al Batterjee Medical College in SGH Jeddah</td>
<td>06/11/1435H (corresponding to 01/09/2014G)</td>
<td>One year</td>
<td>10,000,000</td>
<td>14,666,666</td>
</tr>
<tr>
<td>Maintenance Agreement</td>
<td>Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company</td>
<td>Maintenance of medical instrumentation in SGH Jeddah</td>
<td>Rajab 1431H (corresponding to July 2010G)</td>
<td>One year</td>
<td>800,000</td>
<td></td>
</tr>
<tr>
<td>Maintenance Agreement</td>
<td>Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company</td>
<td>Maintenance of medical instrumentation in SGH Riyadh</td>
<td>Dhu al-Hijjah 1432H (corresponding to November 2011G)</td>
<td>One year</td>
<td>800,000</td>
<td>(2,574,159)</td>
</tr>
<tr>
<td>Maintenance Agreement</td>
<td>Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company</td>
<td>Maintenance of medical instrumentation in SGH Aseer</td>
<td>Dhu al-Hijjah 1432H (corresponding to November 2011G)</td>
<td>One year</td>
<td>800,000</td>
<td>(2,574,159)</td>
</tr>
<tr>
<td>Supply Agreement</td>
<td>Batterjee Pharma</td>
<td>Providing hospitals affiliated to the Company with pharmaceuticals</td>
<td>10/03/1436H (corresponding to 01/01/2015G)</td>
<td>One year</td>
<td>Depending on supply operations</td>
<td>(3,617,964)</td>
</tr>
<tr>
<td>Service Agreement</td>
<td>Jan-Pro (the Gulf Youth for Investment and Real Estate Development Company branch for cleaning and maintenance services)</td>
<td>Cleaning services for SGH Jeddah and providing a qualified and trained team</td>
<td>05/12/1432H (corresponding to 01/11/2014G)</td>
<td>One year</td>
<td>107,400</td>
<td>(198,103)</td>
</tr>
<tr>
<td>Trademark Assignment Agreement</td>
<td>BAB</td>
<td>Assignment of a trademark registered in the Arab republic of Egypt</td>
<td>28/10/1436H (corresponding to 13/08/2015G)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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).
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 m² 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 m² land to the name of the Company.

Phase II: Then the Company assigns a part of the land equaling 60,000 m² 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 aforementioned 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

<table>
<thead>
<tr>
<th>#</th>
<th>Owner</th>
<th>Deed Number</th>
<th>Date</th>
<th>Description</th>
<th>Area</th>
<th>Price (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sobhi Abduljaleel Batterjee</td>
<td>230108011063</td>
<td>08/02/1435H (corresponding to 11/12/2013G)</td>
<td>Unused vacant land in Dammam</td>
<td>30,000 m²</td>
<td>42,200,000</td>
</tr>
</tbody>
</table>

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 17/11/1436H (corresponding to 01/09/2015G), 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 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 BETA 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 to SGH Jeddah. The table below summarizes the terms and conditions of these agreements:

### Table 324: Agreements of Abduljaleel Khalid Batterjee Medical Instrumentation Maintenance Company

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Effective Date</th>
<th>Duration and Renewal</th>
<th>Value of Agreement (SAR)</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>Rajab 1431H (corresponding to July 2010G)</td>
<td>12 months, to be renewed automatically unless either party gives the other a three month notice of its unwillingness to renew the Agreement.</td>
<td>(800,000) eight hundred thousand annually</td>
<td>Instant repair of surgical instruments, preventive services and maintenance of surgical instruments.</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Dhu al-Hijjah 1432H (corresponding to November 2011G)</td>
<td>12 months, to be renewed automatically unless either party gives the other a three month notice of its unwillingness to renew the Agreement.</td>
<td>(800,000) eight hundred thousand annually</td>
<td>Instant repair of surgical instruments, preventive services and maintenance of surgical instruments.</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Dhu al-Hijjah 1432H (corresponding to November 2011G)</td>
<td>12 months, to be renewed automatically unless either party gives the other a three month notice of its unwillingness to renew the Agreement.</td>
<td>(800,000) eight hundred thousand annually</td>
<td>Instant repair of surgical instruments, preventive services and maintenance of surgical instruments.</td>
</tr>
</tbody>
</table>

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. 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

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Deed Number and Date</th>
<th>Name of Property Owner</th>
<th>Property Number</th>
<th>Area (m²)</th>
<th>Location</th>
<th>Description of Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>320206016857 dated 03/02/1436H</td>
<td>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</td>
<td>14,101</td>
<td>Zahra District, Jeddah</td>
<td>Main Building of SGH Jeddah</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>320223012697 dated 03/09/1435H</td>
<td>The Company Plot number 408, plan 51/B/99</td>
<td>667.50</td>
<td>Zahra District, Jeddah</td>
<td>Specialist Center in SGH Jeddah</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>320223012708 dated 03/09/1435H</td>
<td>The Company Plot number 322, plan 51/B/99</td>
<td>1,320</td>
<td>Zahra District, Jeddah</td>
<td>Medical Tower in SGH Jeddah</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>320223012720 dated 03/09/1435H</td>
<td>The Company Plots number 410 and 412, Scheme 51/B/99</td>
<td>1,311,66</td>
<td>Zahra District, Jeddah</td>
<td>Nephrology Center in SGH Jeddah</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>820215025622 dated 02/03/1436H</td>
<td>The Company Plot number 314, plan 51/B</td>
<td>674.80</td>
<td>Zahra District, Jeddah</td>
<td>Psychiatric Center in SGH Jeddah</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>320223012696 dated 03/09/1435H</td>
<td>The Company Plot number 400, plan 51/B/99</td>
<td>697.04</td>
<td>Zahra District, Jeddah</td>
<td>Procurement Building in AJ Sons</td>
<td></td>
</tr>
<tr>
<td>Sr.</td>
<td>Deed Number and Date</td>
<td>Name of Property Owner</td>
<td>Property Number</td>
<td>Area (m²)</td>
<td>Location</td>
<td>Description of Use</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------</td>
<td>------------------------</td>
<td>-----------------------</td>
<td>-----------</td>
<td>----------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>7</td>
<td>92023012719 dated 03/09/1435H</td>
<td>The Company</td>
<td>Plot number 323, plan 51/B/99</td>
<td>600</td>
<td>Zahra District, Jeddah</td>
<td>Housing Building in SGH Jeddah</td>
</tr>
<tr>
<td>8</td>
<td>82023012721 dated 03/09/1435H</td>
<td>The Company</td>
<td>Plot number 393, plan 1/63/3/P</td>
<td>567</td>
<td>Al-Salamah district, Jeddah</td>
<td>Housing Building in SGH Jeddah</td>
</tr>
<tr>
<td>9</td>
<td>22023012718 dated 03/09/1435H</td>
<td>The Company</td>
<td>Plots number 594 and 596, plan 51/B/99</td>
<td>1,440</td>
<td>Zahra District, Jeddah</td>
<td>Housing Building in SGH Jeddah</td>
</tr>
<tr>
<td>10</td>
<td>52023012717 dated 03/09/1435H</td>
<td>The Company</td>
<td>Plot number 223, plan 17/B</td>
<td>600</td>
<td>Al-Nahdha District, Jeddah</td>
<td>Residential Building in SGH Jeddah</td>
</tr>
<tr>
<td>11</td>
<td>42023012722 dated 03/09/1435H</td>
<td>The Company</td>
<td>Plot number 556, plan 238/3/P</td>
<td>660</td>
<td>Al-Salamah district, Jeddah</td>
<td>Housing Building in SGH Jeddah</td>
</tr>
<tr>
<td>12</td>
<td>320206016856 dated 03/02/1436H</td>
<td>The Company</td>
<td>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</td>
<td>8,567,89</td>
<td>Zahra District, Jeddah</td>
<td>Housing Building in SGH Jeddah</td>
</tr>
<tr>
<td>13</td>
<td>420206016855 dated 03/02/1436H</td>
<td>The Company</td>
<td>Plots number 324 and 325, plan 51/B</td>
<td>2,728,23</td>
<td>Zahra District, Jeddah</td>
<td>Parking Garage in SGH Jeddah</td>
</tr>
<tr>
<td>14</td>
<td>710107035090 dated 27/11/1435H</td>
<td>The Company</td>
<td>Plot number 2109/A, plan 1863/A B</td>
<td>29,880</td>
<td>Al-Sahafa District, Riyadh</td>
<td>SGH Riyadh</td>
</tr>
<tr>
<td>15</td>
<td>810122031346 dated 30/02/1436H</td>
<td>The Company</td>
<td>Plot number 1/2799, Block 1675, plan 1637/O</td>
<td>875</td>
<td>Al-Sahafa District, Riyadh</td>
<td>Housing Building in SGH Riyadh</td>
</tr>
<tr>
<td>16</td>
<td>310115039796 dated 01/03/1436H</td>
<td>The Company</td>
<td>Plot number 242, block 19, plan 3069</td>
<td>947,43</td>
<td>Al-Malqa District, Riyadh</td>
<td>Housing Building in SGH Riyadh</td>
</tr>
<tr>
<td>17</td>
<td>310115041266 dated 22/07/1436H</td>
<td>The Company</td>
<td>Plots number 1, 2, 3, 4, 5, 6, out of plots number 3069 to 3076, number 3079 to 3086</td>
<td>3,700</td>
<td>Al-Sahafa District, Riyadh</td>
<td>Housing Building in SGH Riyadh</td>
</tr>
<tr>
<td>18</td>
<td>310117030149 dated 28/04/1436H</td>
<td>The Company</td>
<td>Plots number 2252 and 2253, plan 2413</td>
<td>4,000</td>
<td>Riyadh</td>
<td>Housing Building in SGH Riyadh</td>
</tr>
<tr>
<td>19</td>
<td>938/25 dated 02/02/1434H</td>
<td>NHC</td>
<td>Plot number 1703, plan 2613</td>
<td>22,495,50</td>
<td>Hail</td>
<td>SGH Hail project’s land</td>
</tr>
<tr>
<td>20</td>
<td>938/23 dated 02/02/1434H</td>
<td>NHC</td>
<td>Plot number 1704, plan 2613</td>
<td>22,495,50</td>
<td>Hail</td>
<td>SGH Hail project’s land</td>
</tr>
<tr>
<td>Sr.</td>
<td>Deed Number and Date</td>
<td>Name of Property Owner</td>
<td>Property Number</td>
<td>Area (m²)</td>
<td>Location</td>
<td>Description of Use</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------</td>
<td>------------------------</td>
<td>-----------------</td>
<td>-----------</td>
<td>----------</td>
<td>--------------------</td>
</tr>
<tr>
<td>21</td>
<td>24938 dated 02/02/1434H (corresponding to 15/12/2012G)</td>
<td>NHC</td>
<td>Plot number 1702, plan 2613</td>
<td>44,222,26</td>
<td>Hail</td>
<td>SGH Hail project’s land</td>
</tr>
<tr>
<td>22</td>
<td>230108011063 dated 08/02/1435H (corresponding to 11/12/2013G)</td>
<td>Sobhi Abduljaleel Batterjee</td>
<td>A plot at the west of Al Faisaliah</td>
<td>90,000</td>
<td>Dammam</td>
<td>SGH Dammam project’s land</td>
</tr>
<tr>
<td>23</td>
<td>1/199/49 dated 15/08/1415H (corresponding to 17/01/1995G)</td>
<td>The Company</td>
<td>16 plots in Khamis Mushait</td>
<td>55,664</td>
<td>Khamis Mushait</td>
<td>SGH Aseer’s land</td>
</tr>
<tr>
<td>24</td>
<td>340105012299 dated 14/04/1436H (corresponding to 03/02/2015G)</td>
<td>The Company</td>
<td>A plot according to plan number 4180882 in Universities Road, Abyar Ali District, Madinah</td>
<td>41,274,42</td>
<td>Madinah</td>
<td>SGH Madinah</td>
</tr>
<tr>
<td>25</td>
<td>940105012298 dated 14/04/1436H (corresponding to 03/02/2015G)</td>
<td>The Company</td>
<td>A plot according to plan number 4200809 in Universities Road, Abyar Ali District, Madinah</td>
<td>24,332,43</td>
<td>Madinah</td>
<td>Housing Building in SGH Madinah</td>
</tr>
</tbody>
</table>

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 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 ownership of the whole 90,000 m² land, owned by Sobhi Abduljaleel Batterjee, is currently being transferred (including the 30,000 m² 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 purchased 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.

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

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Type of Claim</th>
<th>Number of Claims</th>
<th>Value of Claim (SAR)</th>
<th>Expected Amounts (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>Medical Malpractice</td>
<td>13</td>
<td>1,295,000</td>
<td>1,295,000</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Medical Malpractice and Violation of MOH Laws</td>
<td>11</td>
<td>1,710,000</td>
<td>1,710,000</td>
</tr>
<tr>
<td></td>
<td>Labor</td>
<td>1</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Violation of MoL Laws</td>
<td>3</td>
<td>56,000</td>
<td>56,000</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Medical Malpractice</td>
<td>15</td>
<td>650,000</td>
<td>650,000</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>Violation of the Ministry of Health’s laws</td>
<td>8</td>
<td>260,000</td>
<td>260,000</td>
</tr>
<tr>
<td></td>
<td>Labor</td>
<td>7</td>
<td>157,000</td>
<td>157,000</td>
</tr>
<tr>
<td></td>
<td>Medical Malpractice</td>
<td>14</td>
<td>863,000</td>
<td>863,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>72</strong></td>
<td><strong>5,001,000</strong></td>
<td><strong>5,001,000</strong></td>
</tr>
</tbody>
</table>

Source: The Company

Table 327: Summary of Cases and Claims Filed by the Company

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Type of Claim</th>
<th>Number of Claims</th>
<th>Value of Claim (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SGH Jeddah</td>
<td>Debt collection</td>
<td>130</td>
<td>8,799,920</td>
</tr>
<tr>
<td>SGH Riyadh</td>
<td>Debt collection</td>
<td>24</td>
<td>1,782,509</td>
</tr>
<tr>
<td>SGH Aseer</td>
<td>Debt collection</td>
<td>20</td>
<td>544,742</td>
</tr>
<tr>
<td>SGH Madinah</td>
<td>Debt collection</td>
<td>14</td>
<td>1,912,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>188</strong></td>
<td><strong>13,039,386</strong></td>
</tr>
</tbody>
</table>

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 4,617,370 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of Claim (SAR)</th>
<th>Status of Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005G-2008G</td>
<td>18,102,129</td>
<td>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.</td>
</tr>
<tr>
<td>2013G-2014G</td>
<td>4,617,370</td>
<td>The Company filed a an appeal that is still pending up to the date of the Prospectus.</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Zakat Certificate Number</th>
<th>Type of Zakat Certificate (Final/Restricted/Facilitate letter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009G</td>
<td>1894 dated 12/08/1431H.</td>
<td>Restricted</td>
</tr>
<tr>
<td>2010G</td>
<td>103/1199 dated 06/06/1432H.</td>
<td>Facility letter</td>
</tr>
<tr>
<td>2013G</td>
<td>101052 dated 20/03/1436H.</td>
<td>Restricted</td>
</tr>
<tr>
<td>2014G</td>
<td>113033 dated 05/09/1436H.</td>
<td>Restricted</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Related Companies</th>
<th>The director’s title in the related company</th>
<th>Nature of the business conducted by the related company</th>
<th>Does it Compete with the activities of the Company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director/Manager Owner (directly)</td>
<td>Management and operation of hospitals and medical centers</td>
<td>No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.</td>
<td></td>
</tr>
<tr>
<td>International Social Medical Company</td>
<td>The field of trade in office, educational and residential furniture</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>World Veterinary Care Company</td>
<td>Establishment of veterinary hospitals and care centers</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Batterjee Saudi Holding Company</td>
<td>Medical education and healthcare</td>
<td>No, since its activities are limited to investment companies and holding shares.</td>
<td></td>
</tr>
<tr>
<td>Bait International Company</td>
<td>Management of hospitals and medical centers</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>BMC</td>
<td>Medical education</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Bait al Batterjee Company for Fitness</td>
<td>Fitness and gym for body building</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>BMC</td>
<td>Medical education and training</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Related Companies</td>
<td>Director/Manager</td>
<td>Owner (directly)</td>
<td>Nature of the business conducted by the related company</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>KAMIC</td>
<td>Yes</td>
<td>Yes</td>
<td>Establishment of hospitals and medical centers</td>
</tr>
<tr>
<td>SAMC</td>
<td>Yes</td>
<td>Yes</td>
<td>Establishment of hospitals and medical centers</td>
</tr>
<tr>
<td>IHCC</td>
<td>Yes</td>
<td>Yes</td>
<td>Establishment of hospitals and medical centers</td>
</tr>
<tr>
<td>Dalalkom International Real Estate Development Company</td>
<td>Yes</td>
<td>Yes</td>
<td>Real estate investment and development</td>
</tr>
<tr>
<td>Gulf Youth for Investment and Real Estate Development Company</td>
<td>No</td>
<td>Yes</td>
<td>Real estate investment and development</td>
</tr>
<tr>
<td>Batterjee Pharma</td>
<td>Yes</td>
<td>No</td>
<td>Import and distribution of medicines and medical products</td>
</tr>
</tbody>
</table>

**Khalid Abduljaleel Ibrahim Batterjee**

<table>
<thead>
<tr>
<th>Related Companies</th>
<th>Director/Manager</th>
<th>Owner (directly)</th>
<th>Nature of the business conducted by the related company</th>
<th>Does it Compete with the activities of the Company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMC</td>
<td>Yes</td>
<td>Yes</td>
<td>Medical education</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
</tr>
<tr>
<td>Abduljaleel Batterjee Medical Instrumentation Maintenance Company</td>
<td>Yes</td>
<td>Yes</td>
<td>Trade and maintenance of medical instrumentation</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
</tr>
<tr>
<td>Bait International Company</td>
<td>No</td>
<td>Yes</td>
<td>Management of hospitals and medical centers</td>
<td>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</td>
</tr>
<tr>
<td>Dalalkom International Real Estate Development Company</td>
<td>No</td>
<td>Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
</tr>
<tr>
<td>BETA</td>
<td>No</td>
<td>Yes</td>
<td>Medical education and training</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
</tr>
<tr>
<td>Gulf Youth for Investment and Real Estate Development Company</td>
<td>No</td>
<td>Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
</tr>
<tr>
<td>Related Companies</td>
<td>The director's title in the related company</td>
<td>Nature of the business conducted by the related company</td>
<td>Does it Compete with the activities of the Company?</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Bait al Batterjee Company for Fitness</td>
<td>No, Yes</td>
<td>Fitness and gym for body building</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>KAMIC</td>
<td>No, Yes</td>
<td>Establishment of hospitals and medical centers</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>SAMC</td>
<td>No, Yes</td>
<td>Establishment of hospitals and medical centers</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>IHCC</td>
<td>No, Yes</td>
<td>Establishment of hospitals and medical centers</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Rudwan Khalid Abduljaleel Batterjee</td>
<td>Yes, Yes</td>
<td>Management and operation of hospitals and medical centers</td>
<td>No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.</td>
<td></td>
</tr>
<tr>
<td>Advanced Medicine Factory Company</td>
<td>Yes, No</td>
<td>Production of medicine</td>
<td>No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.</td>
<td></td>
</tr>
<tr>
<td>World Veterinary Care Company</td>
<td>Yes, Yes</td>
<td>Establishment of veterinary hospitals and care centers</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Batterjee Pharma</td>
<td>Yes, Yes</td>
<td>Import and distribution of medicines and medical products</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Makarim Sobhi Abduljaleel Batterjee</td>
<td>Yes, Yes</td>
<td>Management and operation of hospitals and medical centers</td>
<td>No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.</td>
<td></td>
</tr>
<tr>
<td>Bait al Batterjee Company for Fitness</td>
<td>Yes, Yes</td>
<td>Fitness and gym for body building</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Gulf Youth for Investment and Real Estate Development Company</td>
<td>Yes, Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Al-Madinah Alhaditha Company for Development</td>
<td>Yes, Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Sultan Sobhi Abduljaleel Batterjee</td>
<td>Yes, Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Dalalkom International Real Estate Development Company</td>
<td>Yes, Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
<td></td>
</tr>
<tr>
<td>Related Companies</td>
<td>The director's title in the related company</td>
<td>Nature of the business conducted by the related company</td>
<td>Does it Compete with the activities of the Company?</td>
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<tr>
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<td></td>
</tr>
<tr>
<td></td>
<td>Director/ Manger</td>
<td>Owner (directly)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IHCC</td>
<td>Yes</td>
<td>Yes</td>
<td>Establishment of hospitals and medical centers</td>
<td>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</td>
</tr>
<tr>
<td>Dyar Motatwra for Real Estate Development</td>
<td>Yes</td>
<td>Yes</td>
<td>Real estate investment and development</td>
<td>No, since it currently practices businesses that are not similar to that of the Company as the date of this Prospectus.</td>
</tr>
<tr>
<td>BAB</td>
<td>No</td>
<td>Yes</td>
<td>Management and operation of hospitals and medical centers</td>
<td>No, since it does not currently conduct any activities similar to those of the Company within the Kingdom.</td>
</tr>
</tbody>
</table>

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

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 its 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) 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
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 Subscription Application 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;
- 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
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.
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.

Jeddah
September 2, 2015

Aldar Audit Bureau
Abdullah Al Basri & Co.

Waheed Salah Ghanem
Certified Public Accountant
License No. 247
# MIDDLE EAST HEALTHCARE CO. (MEAHCO)
## (A CLOSED JOINT STOCK COMPANY)
### INTERIM CONSOLIDATED BALANCE SHEETS
#### AS OF JUNE 30, 2015

<table>
<thead>
<tr>
<th>NOTE</th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited</td>
<td>Unaudited</td>
</tr>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
</tbody>
</table>

## ASSETS

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits</td>
<td>57,966,467</td>
<td>38,650,921</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>754,577,335</td>
<td>597,360,484</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>83,377,133</td>
<td>115,056,162</td>
</tr>
<tr>
<td>Prepayments and other receivables</td>
<td>29,714,508</td>
<td>25,555,910</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>4,588,499</td>
<td>123,482,922</td>
</tr>
<tr>
<td>Total current assets</td>
<td>930,223,942</td>
<td>900,106,399</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constructions in progress</td>
<td>158,826,105</td>
<td>125,673,394</td>
</tr>
<tr>
<td>Property, plant and equipment - Net</td>
<td>811,387,840</td>
<td>754,212,543</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>970,213,945</td>
<td>879,885,937</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,900,437,887</td>
<td>1,779,992,336</td>
</tr>
</tbody>
</table>

## LIABILITIES AND SHAREHOLDERS’ EQUITY

### LIABILITIES

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>190,570,656</td>
<td>195,357,243</td>
</tr>
<tr>
<td>Accrued expenses and other payables</td>
<td>91,085,717</td>
<td>114,119,869</td>
</tr>
<tr>
<td>Current portion of long term accounts payable</td>
<td>6,430,040</td>
<td>6,716,291</td>
</tr>
<tr>
<td>Current portion of long term loan</td>
<td>126,630,629</td>
<td>74,500,000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>414,717,042</td>
<td>390,693,403</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term – Accounts payable</td>
<td>27,983,618</td>
<td>51,197,263</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>144,422,504</td>
<td>127,188,665</td>
</tr>
<tr>
<td>Long term loans</td>
<td>90,376,516</td>
<td>87,277,978</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>262,782,638</td>
<td>256,663,906</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>677,499,680</td>
<td>656,357,309</td>
</tr>
</tbody>
</table>

### SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>SHAREHOLDERS’ EQUITY</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>920,400,000</td>
<td>767,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>49,608,394</td>
<td>16,411,473</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>196,272,875</td>
<td>292,907,956</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,166,281,148</td>
<td>1,076,319,429</td>
</tr>
<tr>
<td>Minority interest</td>
<td>56,657,059</td>
<td>47,315,598</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>1,900,437,887</td>
<td>1,779,992,336</td>
</tr>
</tbody>
</table>

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 INCOME  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th>NOTE</th>
<th>Total operating revenues</th>
<th>Cost of operating revenues</th>
<th>Gross profit</th>
<th>Selling and distribution expenses</th>
<th>General and administrative expenses</th>
<th>Operating profit</th>
<th>Other income</th>
<th>Depreciation</th>
<th>Net profit before financial charges</th>
<th>Financial charges</th>
<th>Net profit before zakat and income tax</th>
<th>Zakat and income tax</th>
<th>Net profit before minority interest</th>
<th>Minority interest</th>
<th>Net profit for the period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td></td>
<td>763,645,666</td>
<td>706,252,651</td>
<td>(350,778,890)</td>
<td>(320,986,077)</td>
<td>412,866,776</td>
<td>385,266,574</td>
<td>(86,720,269)</td>
<td>(98,039,893)</td>
<td>195,995,809</td>
<td>(199,668,170)</td>
<td>197,048,282</td>
<td>11</td>
<td>197,048,282</td>
<td>131,967</td>
<td>197,180,249</td>
</tr>
</tbody>
</table>

Note: The above table represents the interim consolidated financial statements of MIDDLE EAST HEALTHCARE CO. (MEAHCO) for the six month period ended June 30, 2015, including detailed financial data for revenues, expenses, and profit. 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

<table>
<thead>
<tr>
<th></th>
<th>Capital</th>
<th>Statutory reserve</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Balance as at 31/12/2013</td>
<td>767,000,000</td>
<td>16,411,473</td>
<td>122,684,296</td>
<td>906,095,769</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>--</td>
<td>--</td>
<td>172,960,412</td>
<td>172,960,412</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>--</td>
<td>--</td>
<td>798,638</td>
<td>798,638</td>
</tr>
<tr>
<td>Zakat and income tax period</td>
<td>--</td>
<td>--</td>
<td>(3,535,390)</td>
<td>(3,535,390)</td>
</tr>
<tr>
<td>Balance as at 30/06/2014</td>
<td>767,000,000</td>
<td>16,411,473</td>
<td>292,907,956</td>
<td>1,076,319,429</td>
</tr>
<tr>
<td>Balance as at 31/12/2014</td>
<td>767,000,000</td>
<td>49,608,394</td>
<td>323,144,448</td>
<td>1,139,752,842</td>
</tr>
<tr>
<td>Dividend distribution</td>
<td>(165,672,000)</td>
<td>(165,672,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings capitalized</td>
<td>(153,400,000)</td>
<td>(153,400,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital increased</td>
<td>153,400,000</td>
<td>153,400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>--</td>
<td>--</td>
<td>197,180,249</td>
<td>197,180,249</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>--</td>
<td>--</td>
<td>(891,726)</td>
<td>(891,726)</td>
</tr>
<tr>
<td>Zakat and income tax for the period</td>
<td>--</td>
<td>--</td>
<td>(4,088,217)</td>
<td>(4,088,217)</td>
</tr>
<tr>
<td>Balance as at 30/06/2015</td>
<td>920,400,000</td>
<td>49,608,394</td>
<td>196,272,754</td>
<td>1,166,281,148</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>From Operating Activities</th>
<th>Six month period</th>
<th>Six month period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ended June 30, 2015</td>
<td>ended June 30, 2014</td>
</tr>
<tr>
<td></td>
<td>Audited</td>
<td>Unaudited</td>
</tr>
<tr>
<td><strong>Net profit for the period</strong></td>
<td>197,180,249</td>
<td>172,960,412</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>25,354,502</td>
<td>21,125,929</td>
</tr>
<tr>
<td><strong>End of service benefits</strong></td>
<td>8,222,192</td>
<td>10,469,134</td>
</tr>
<tr>
<td><strong>Net adjusted profit</strong></td>
<td>230,756,943</td>
<td>204,555,475</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accounts receivable</strong></td>
<td>(154,163,478)</td>
<td>(54,138,180)</td>
</tr>
<tr>
<td><strong>Medical supplies</strong></td>
<td>(7,499,300)</td>
<td>(16,298,334)</td>
</tr>
<tr>
<td><strong>Prepayments and other receivables</strong></td>
<td>(6,815,131)</td>
<td>5,566,270</td>
</tr>
<tr>
<td><strong>Accounts payable</strong></td>
<td>27,789,021</td>
<td>18,678,585</td>
</tr>
<tr>
<td><strong>Related parties</strong></td>
<td>6,258,964</td>
<td>(106,401,557)</td>
</tr>
<tr>
<td><strong>Accrued expenses and other payables</strong></td>
<td>(2,783,056)</td>
<td>7,575,309</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>93,543,963</td>
<td>59,537,568</td>
</tr>
<tr>
<td><strong>From Investing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase of property, plant and equipment</strong></td>
<td>(28,424,473)</td>
<td>(32,208,152)</td>
</tr>
<tr>
<td><strong>Constructions in progress</strong></td>
<td>(35,034,819)</td>
<td>(15,395,019)</td>
</tr>
<tr>
<td><strong>Net cash (used in) investing activities</strong></td>
<td>(63,459,292)</td>
<td>(47,603,171)</td>
</tr>
<tr>
<td><strong>From Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long term accounts payable</strong></td>
<td>(755,892)</td>
<td>(14,423,549)</td>
</tr>
<tr>
<td><strong>Long term loan</strong></td>
<td>53,561,667</td>
<td>875,000</td>
</tr>
<tr>
<td><strong>Prior year adjustments</strong></td>
<td>(891,726)</td>
<td>798,638</td>
</tr>
<tr>
<td><strong>Zakat and income tax</strong></td>
<td>(4,088,217)</td>
<td>(3,535,391)</td>
</tr>
<tr>
<td><strong>Minority interest</strong></td>
<td>9,501,575</td>
<td>(988,979)</td>
</tr>
<tr>
<td><strong>Dividend paid</strong></td>
<td>(165,672,000)</td>
<td>--</td>
</tr>
<tr>
<td><strong>Net cash (used in) financing activities</strong></td>
<td>(108,344,593)</td>
<td>(17,274,281)</td>
</tr>
</tbody>
</table>

**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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co.</td>
<td>Holding Co.</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>International Hospitals Construction Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee for Education and Training</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Company For Body Building (Gold’s Gym)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Saudi Yemeni Healthcare Co. Ltd.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Pharmaceutical Industries Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Abdul Jalil Khalid Batterjee Medical Instrumentation Maintenance Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Gulf Youth Company For Investment &amp; Real Estate Development – (JAN – PRO)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>Affiliate</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Company</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co. Ltd.</td>
<td>--</td>
<td>115,810,462</td>
</tr>
<tr>
<td>Bait Al Batterjee Company for Education and Training</td>
<td>768,801</td>
<td>6,286,244</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>10,326,339</td>
<td>5,350,731</td>
</tr>
<tr>
<td>Total</td>
<td>11,095,140</td>
<td>127,447,437</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Company</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>406,541</td>
<td>2,142,313</td>
</tr>
<tr>
<td>International Hospital Construction Co. Ltd.</td>
<td>6,100,100</td>
<td>1,822,202</td>
</tr>
<tr>
<td>Total</td>
<td>6,506,641</td>
<td>3,964,515</td>
</tr>
<tr>
<td>Net</td>
<td>4,588,499</td>
<td>123,482,922</td>
</tr>
</tbody>
</table>
5. PROPERTY, PLANT AND EQUIPMENTS

a) This item consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>Balance as at December 31, 2014</th>
<th>Additions</th>
<th>Disposal/ Adjustments</th>
<th>Balance as at June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>181,244,120</td>
<td>--</td>
<td>--</td>
<td>181,244,120</td>
</tr>
<tr>
<td>Buildings</td>
<td>785,170,933</td>
<td>1,644,032</td>
<td></td>
<td>786,814,965</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>536,383,273</td>
<td>20,369,538</td>
<td>16,725,728</td>
<td>540,027,083</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>28,335,797</td>
<td>2,733,908</td>
<td>811,695</td>
<td>28,798,010</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>9,906,597</td>
<td>853,351</td>
<td>795,130</td>
<td>9,964,818</td>
</tr>
<tr>
<td>Office furniture &amp;</td>
<td>103,626,903</td>
<td>3,396,134</td>
<td>2,700,522</td>
<td>104,322,515</td>
</tr>
<tr>
<td>equipments</td>
<td>10,106,689</td>
<td>436,478</td>
<td>298,192</td>
<td>10,244,975</td>
</tr>
<tr>
<td>Kitchen, Laundry &amp; workshop equipments</td>
<td>83,749,588</td>
<td>1,938,616</td>
<td>2,478,433</td>
<td>83,210,033</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>24,077,986</td>
<td>132,789</td>
<td>785,414</td>
<td>23,425,234</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>32,850,201</td>
<td>530,394</td>
<td>1,199,172</td>
<td>32,181,423</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>2,173,816</td>
<td>573,741</td>
<td>358,412</td>
<td>2,389,144</td>
</tr>
<tr>
<td>Total</td>
<td>1,713,876,315</td>
<td>29,210,365</td>
<td>23,674,393</td>
<td>1,719,412,287</td>
</tr>
<tr>
<td><strong>ACCUMULATED DEPRECIATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>354,861,937</td>
<td>10,411,686</td>
<td>-</td>
<td>365,273,623</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>381,191,980</td>
<td>11,278,812</td>
<td>16,423,431</td>
<td>376,047,361</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>20,196,669</td>
<td>597,321</td>
<td>715,555</td>
<td>20,078,435</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>6,277,920</td>
<td>308,242</td>
<td>788,433</td>
<td>5,797,729</td>
</tr>
<tr>
<td>Office furniture &amp;</td>
<td>83,749,588</td>
<td>1,938,616</td>
<td>2,478,171</td>
<td>83,210,033</td>
</tr>
<tr>
<td>equipments</td>
<td>7,527,784</td>
<td>162,522</td>
<td>268,416</td>
<td>7,421,890</td>
</tr>
<tr>
<td>Kitchen, Laundry &amp; workshop equipments</td>
<td>21,465,852</td>
<td>144,892</td>
<td>783,293</td>
<td>20,827,451</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>29,267,146</td>
<td>204,664</td>
<td>1,175,775</td>
<td>28,296,035</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>1,019,571</td>
<td>307,741</td>
<td>255,428</td>
<td>1,071,890</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>905,558,447</td>
<td>25,354,502</td>
<td>22,888,502</td>
<td>908,024,447</td>
</tr>
<tr>
<td>Net Book Value</td>
<td>803,317,868</td>
<td>-</td>
<td>-</td>
<td>811,387,840</td>
</tr>
</tbody>
</table>

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 starting 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 installment 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:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term loans and current portion of long term loans</td>
<td>SR. 126,630,629</td>
<td>SR. 74,500,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>SR. 90,376,516</td>
<td>SR. 87,277,978</td>
</tr>
<tr>
<td>Total</td>
<td>SR. 217,007,145</td>
<td>SR. 161,777,978</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salaries and benefits</td>
<td>75,711,120</td>
<td>72,713,287</td>
</tr>
<tr>
<td>Office supplies</td>
<td>4,632,898</td>
<td>4,184,391</td>
</tr>
<tr>
<td>Staff residential expenses</td>
<td>7,510,256</td>
<td>6,473,940</td>
</tr>
<tr>
<td>Staff medical &amp; health insurance</td>
<td>9,097,853</td>
<td>7,607,993</td>
</tr>
<tr>
<td>Traveling</td>
<td>11,609,673</td>
<td>11,269,709</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>2,969,202</td>
<td>2,178,103</td>
</tr>
<tr>
<td>Postage, telephone and internet</td>
<td>2,153,843</td>
<td>2,810,195</td>
</tr>
<tr>
<td>Security</td>
<td>2,355,252</td>
<td>1,671,755</td>
</tr>
<tr>
<td>Insurance</td>
<td>499,127</td>
<td>561,127</td>
</tr>
<tr>
<td>Audit and consultancy fees</td>
<td>5,455,326</td>
<td>5,571,860</td>
</tr>
<tr>
<td>Bank charges</td>
<td>212,774</td>
<td>558,120</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>7,943,374</td>
<td>5,190,117</td>
</tr>
<tr>
<td>Total</td>
<td>130,150,698</td>
<td>120,790,597</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>13,417,751</td>
<td>26,733,104</td>
</tr>
<tr>
<td>Letter of guarantee</td>
<td>4,617,370</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>18,035,121</td>
<td>26,733,104</td>
</tr>
</tbody>
</table>

13. BUSINESS SEGMENT

As per the Company’s internal policy the main business is segmented into following categories:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Patient revenue</td>
<td>436,403,186</td>
<td>407,569,226</td>
</tr>
<tr>
<td>Out-Patient revenue</td>
<td>178,594,415</td>
<td>162,409,626</td>
</tr>
<tr>
<td>Pharmaceuticals revenue</td>
<td>140,540,644</td>
<td>131,599,088</td>
</tr>
<tr>
<td>Ancillary and Trading revenue – Net</td>
<td>8,107,421</td>
<td>4,674,711</td>
</tr>
<tr>
<td>Total</td>
<td>763,645,666</td>
<td>706,252,651</td>
</tr>
</tbody>
</table>
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 enterprise 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
INDEPENDENT AUDITORS’ REPORT TO THE SHAREHOLDERS OF MIDDLE EAST HEALTHCARE COMPANY MEAHC0

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 122 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.
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.

Jeddah
May 4, 2015

Aldar Audit Bureau
Abdullah Al Basri & Co.

Walid Salih Gharbi
Certified Public Accountant
License No. 247
## MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
### CONSOLIDATED BALANCE SHEETS
#### AS AT DECEMBER 31, 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>NOTE</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>136,226,389</td>
<td>43,990,805</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td>600,413,857</td>
<td>543,222,304</td>
</tr>
<tr>
<td>Medical supplies</td>
<td></td>
<td>75,877,833</td>
<td>98,757,828</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td></td>
<td>22,899,377</td>
<td>31,122,180</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>4</td>
<td>10,847,463</td>
<td>17,081,365</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>846,264,919</td>
<td>734,174,482</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment - Net</td>
<td>5</td>
<td>808,317,868</td>
<td>743,130,320</td>
</tr>
<tr>
<td>Construction in progress</td>
<td></td>
<td>123,791,287</td>
<td>110,278,375</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>932,109,155</td>
<td>853,408,695</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1,778,374,074</td>
<td>1,587,583,177</td>
</tr>
</tbody>
</table>

| 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  |
| **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**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>1,398,751,612</td>
<td>828,359,860</td>
</tr>
<tr>
<td>Cost of operating revenues</td>
<td>(648,987,912)</td>
<td>(397,874,689)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>749,763,700</td>
<td>430,485,171</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(189,950,643)</td>
<td>(146,978,613)</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(239,948,190)</td>
<td>(133,504,599)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(429,898,833)</td>
<td>(280,483,212)</td>
</tr>
<tr>
<td>Net operating profit</td>
<td>319,864,867</td>
<td>150,001,959</td>
</tr>
<tr>
<td>Other income</td>
<td>23,163,265</td>
<td>12,567,372</td>
</tr>
<tr>
<td>Management fees</td>
<td>--</td>
<td>(8,151,728)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(6,688,208)</td>
<td>(13,153,444)</td>
</tr>
<tr>
<td>Net profit for the year before financial charges</td>
<td>336,339,924</td>
<td>141,264,159</td>
</tr>
<tr>
<td>Financial charges</td>
<td>(4,129,177)</td>
<td>(1,141,676)</td>
</tr>
<tr>
<td>Net profit for the year before zakat and income tax</td>
<td>332,210,747</td>
<td>140,122,483</td>
</tr>
<tr>
<td>Income tax</td>
<td>331,625,861</td>
<td>136,588,768</td>
</tr>
<tr>
<td>Zakat of subsidiaries</td>
<td>343,344</td>
<td>609,091</td>
</tr>
<tr>
<td>Net profit for the year before minority interest</td>
<td>331,969,205</td>
<td>137,197,859</td>
</tr>
</tbody>
</table>

The attached notes are an integral part of these financial statements
### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

**FOR THE YEAR ENDED DECEMBER 31, 2014**

<table>
<thead>
<tr>
<th></th>
<th>Capital</th>
<th>Statutory Reserve</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Balance as at 31/12/2012</td>
<td>590,000,000</td>
<td>2,691,687</td>
<td>19,768,770</td>
<td>612,460,457</td>
</tr>
<tr>
<td>Increase of capital</td>
<td>177,000,000</td>
<td>--</td>
<td>--</td>
<td>177,000,000</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>--</td>
<td>--</td>
<td>137,197,859</td>
<td>137,197,859</td>
</tr>
<tr>
<td>Profit transferred to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statutory reserve</td>
<td>13,719,786</td>
<td>(13,719,786)</td>
<td>--</td>
<td>3,432,817</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>--</td>
<td>--</td>
<td>3,432,817</td>
<td>3,432,817</td>
</tr>
<tr>
<td>Dividend distributed</td>
<td>--</td>
<td>--</td>
<td>(19,768,770)</td>
<td>(19,768,770)</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>--</td>
<td>--</td>
<td>(4,226,594)</td>
<td>(4,226,594)</td>
</tr>
<tr>
<td>Balance as at 31/12/2013</td>
<td>767,000,000</td>
<td>16,411,473</td>
<td>122,684,296</td>
<td>906,095,769</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>--</td>
<td>--</td>
<td>331,969,205</td>
<td>331,969,205</td>
</tr>
<tr>
<td>Profit transferred to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statutory reserve</td>
<td>33,196,921</td>
<td>(33,196,921)</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Dividend distributed</td>
<td>--</td>
<td>--</td>
<td>(92,040,000)</td>
<td>(92,040,000)</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>--</td>
<td>--</td>
<td>798,648</td>
<td>798,648</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>--</td>
<td>--</td>
<td>(7,070,780)</td>
<td>(7,070,780)</td>
</tr>
<tr>
<td>Balance as at 31/12/2014</td>
<td>767,000,000</td>
<td>49,608,394</td>
<td>323,144,448</td>
<td>1,139,752,842</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>331,969,205</td>
<td>137,197,859</td>
</tr>
<tr>
<td>Adjustments for non-cash items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>44,545,560</td>
<td>42,729,339</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>19,480,781</td>
<td>13,806,108</td>
</tr>
<tr>
<td>Net adjusted profit</td>
<td>395,995,546</td>
<td>193,733,306</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(57,191,553)</td>
<td>(57,347,295)</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>22,879,995</td>
<td>(16,690,502)</td>
</tr>
<tr>
<td>Prepaid expenses and other accounts receivable</td>
<td>8,222,803</td>
<td>82,997</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>6,233,902</td>
<td>(41,613,688)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(14,183,274)</td>
<td>29,837,932</td>
</tr>
<tr>
<td>Accrued expenses and other accounts payable</td>
<td>(12,675,788)</td>
<td>20,502,264</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>349,281,631</td>
<td>128,505,014</td>
</tr>
<tr>
<td><strong>FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment - Net</td>
<td>(109,733,108)</td>
<td>(82,163,906)</td>
</tr>
<tr>
<td>Disposal of property and equipments</td>
<td>--</td>
<td>3,946,075</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>(13,512,912)</td>
<td>(79,865,970)</td>
</tr>
<tr>
<td>Net cash (used in) investing activities</td>
<td>(123,246,020)</td>
<td>(158,083,801)</td>
</tr>
<tr>
<td><strong>FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of capital in cash &amp; investments</td>
<td>--</td>
<td>55,338,698</td>
</tr>
<tr>
<td>Loans</td>
<td>2,542,500</td>
<td>6,347,574</td>
</tr>
<tr>
<td>Long term accounts payable</td>
<td>(36,881,302)</td>
<td>2,199,238</td>
</tr>
<tr>
<td>Prior year’s adjustment</td>
<td>798,648</td>
<td>3,432,817</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(92,040,000)</td>
<td>(19,768,770)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(1,149,093)</td>
<td>15,964,582</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>(7,070,780)</td>
<td>(4,226,594)</td>
</tr>
<tr>
<td>Net cash (used in) provided by financing activities</td>
<td>(133,800,027)</td>
<td>59,287,545</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH AND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH EQUIVALENTS</td>
<td>92,235,584</td>
<td>29,708,758</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT BEGINNING OF THE YEAR</td>
<td>43,990,805</td>
<td>14,282,047</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT ENDING OF THE YEAR</td>
<td>136,226,389</td>
<td>43,990,805</td>
</tr>
<tr>
<td>Non-Cash transactions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Cash transactions occurred in operating activities - Net</td>
<td>--</td>
<td>3,084,679</td>
</tr>
<tr>
<td>Non-Cash transactions occurred in investing activities - Net</td>
<td>--</td>
<td>(249,481,328)</td>
</tr>
<tr>
<td>Non-Cash transactions occurred in financing activities - Net</td>
<td>--</td>
<td>124,735,347</td>
</tr>
<tr>
<td>Increase of capital</td>
<td>--</td>
<td>121,661,302</td>
</tr>
</tbody>
</table>

The attached notes are an integral part of these 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 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 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 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co.</td>
<td>Holding Co.</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>International Hospitals Construction Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee for Education and Training</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Company For Body Building (Gold’s Gym)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Saudi Yemeni Healthcare Co. Ltd.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Al Bait International Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Pharmaceutical Industries Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Abdul Jalil Khalid Batterjee Medical Instrumentation Maintenance Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Gulf Youth Company For Investment &amp; Real Estate Development – (JAN – PRO)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>Affiliate</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co. Ltd.</td>
<td>3,096,960</td>
<td>19,845,337</td>
</tr>
<tr>
<td>Saudi Yemeni Healthcare Co.</td>
<td>--</td>
<td>490,756</td>
</tr>
<tr>
<td>International Hospital Construction Co. Ltd.</td>
<td>--</td>
<td>459,618</td>
</tr>
<tr>
<td>Bait Al Batterjee Company for Education and Training</td>
<td>776,829</td>
<td>6,141,652</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>4,878,626</td>
<td>--</td>
</tr>
<tr>
<td>Bait Al Batterjee Co. for Fitness – Gold’s Gym</td>
<td>--</td>
<td>4,170</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>6,721,533</td>
<td>593,769</td>
</tr>
<tr>
<td>Al Bait International Co.</td>
<td>42,698</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15,473,948</td>
<td>27,578,000</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>--</td>
<td>10,496,635</td>
</tr>
<tr>
<td>International Hospital Construction Co. Ltd.</td>
<td>4,626,485</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>4,626,485</td>
<td>10,496,635</td>
</tr>
<tr>
<td>Net</td>
<td>10,847,463</td>
<td>17,081,365</td>
</tr>
</tbody>
</table>
### 5. PROPERTY AND EQUIPMENTS

a) This item consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>Balance as at December 31,</th>
<th>Additions</th>
<th>Deletion/Adjustments</th>
<th>Balance as at December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>SR.</td>
<td>SR.</td>
<td>2014</td>
</tr>
<tr>
<td><strong>COST</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>181,244,120</td>
<td>--</td>
<td>--</td>
<td>181,244,120</td>
</tr>
<tr>
<td>Buildings</td>
<td>752,198,201</td>
<td>32,972,732</td>
<td>--</td>
<td>785,170,933</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>487,004,718</td>
<td>59,197,017</td>
<td>9,818,462</td>
<td>536,383,273</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>8,682,897</td>
<td>1,223,700</td>
<td>--</td>
<td>9,906,597</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>26,763,824</td>
<td>2,464,249</td>
<td>--</td>
<td>28,335,773</td>
</tr>
<tr>
<td>Office furniture &amp; equipments</td>
<td>99,461,368</td>
<td>8,214,453</td>
<td>4,048,918</td>
<td>103,626,903</td>
</tr>
<tr>
<td>Kitchen, Laundry &amp; workshop equipments</td>
<td>8,688,781</td>
<td>1,727,543</td>
<td>309,635</td>
<td>10,106,689</td>
</tr>
<tr>
<td>A.C. Plant and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment</td>
<td>22,235,386</td>
<td>1,966,516</td>
<td>123,916</td>
<td>24,077,986</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>30,811,748</td>
<td>2,648,355</td>
<td>609,902</td>
<td>32,850,201</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>1,759,522</td>
<td>1,080,976</td>
<td>666,682</td>
<td>2,173,816</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,618,850,565</td>
<td>111,495,541</td>
<td>16,469,791</td>
<td>1,713,876,315</td>
</tr>
<tr>
<td><strong>ACCUMULATED DEPRECIATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>335,161,972</td>
<td>19,699,965</td>
<td>--</td>
<td>354,861,937</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>371,322,172</td>
<td>19,266,140</td>
<td>9,396,332</td>
<td>381,191,980</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5,752,203</td>
<td>525,717</td>
<td>--</td>
<td>6,277,920</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>20,006,027</td>
<td>965,073</td>
<td>774,431</td>
<td>20,196,669</td>
</tr>
<tr>
<td>Office furniture &amp; equipments</td>
<td>83,859,886</td>
<td>3,349,355</td>
<td>3,459,653</td>
<td>83,749,588</td>
</tr>
<tr>
<td>Kitchen, Laundry &amp; workshop equipments</td>
<td>7,555,527</td>
<td>248,521</td>
<td>276,264</td>
<td>7,527,784</td>
</tr>
<tr>
<td>A.C. Plant and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment</td>
<td>21,456,157</td>
<td>124,886</td>
<td>115,191</td>
<td>21,465,852</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>29,672,043</td>
<td>172,032</td>
<td>576,929</td>
<td>29,267,146</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>934,258</td>
<td>193,871</td>
<td>108,558</td>
<td>1,019,571</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>875,720,245</td>
<td>44,545,560</td>
<td>14,707,358</td>
<td>905,558,447</td>
</tr>
<tr>
<td><strong>Net Book Value</strong></td>
<td>743,130,320</td>
<td></td>
<td></td>
<td>808,317,868</td>
</tr>
</tbody>
</table>

b) The aforementioned property 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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term and current portion of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term loans</td>
<td>94,297,296</td>
<td>73,625,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>69,148,182</td>
<td>87,277,978</td>
</tr>
<tr>
<td>Total</td>
<td>163,445,478</td>
<td>160,902,978</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salaries and benefits</td>
<td>141,312,843</td>
<td>77,547,785</td>
</tr>
<tr>
<td>Office supplies</td>
<td>8,075,897</td>
<td>3,085,144</td>
</tr>
<tr>
<td>Staff residential expenses</td>
<td>14,008,735</td>
<td>6,822,371</td>
</tr>
<tr>
<td>Staff medical expenses</td>
<td>15,293,220</td>
<td>9,330,846</td>
</tr>
<tr>
<td>Traveling</td>
<td>20,817,934</td>
<td>13,159,306</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>6,377,646</td>
<td>3,337,217</td>
</tr>
<tr>
<td>Postage, telephone and internet</td>
<td>5,711,328</td>
<td>2,153,111</td>
</tr>
<tr>
<td>Security</td>
<td>3,691,647</td>
<td>1,913,955</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,299,347</td>
<td>666,710</td>
</tr>
<tr>
<td>Audit and consultancy fees</td>
<td>10,731,826</td>
<td>2,666,018</td>
</tr>
<tr>
<td>Bank charges</td>
<td>947,340</td>
<td>208,467</td>
</tr>
<tr>
<td>Director’s remuneration</td>
<td>--</td>
<td>937,500</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>11,680,427</td>
<td>11,676,169</td>
</tr>
<tr>
<td>Total</td>
<td>239,948,190</td>
<td>133,504,599</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit and guarantee</td>
<td>9,097,429</td>
<td>11,899,250</td>
</tr>
</tbody>
</table>

13. BUSINESS SEGMENTS

As per the Company’s internal policy the main business is segmented into following categories:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Patient revenue</td>
<td>807,920,257</td>
<td>477,183,408</td>
</tr>
<tr>
<td>Out-Patient revenue</td>
<td>323,306,819</td>
<td>190,909,783</td>
</tr>
<tr>
<td>Pharmaceuticals revenue</td>
<td>257,321,669</td>
<td>159,077,118</td>
</tr>
<tr>
<td>Ancillary &amp; Trading revenue - Net</td>
<td>10,202,867</td>
<td>1,189,551</td>
</tr>
<tr>
<td>Total</td>
<td>1,398,751,612</td>
<td>828,359,860</td>
</tr>
</tbody>
</table>
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 as funding risk is the risk that an enterprise 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
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.
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.

Jeddah
May 5, 2014
May 6, 2015

Waheed Salih Gazzaz
Certified Public Accountant
License No. 247
## MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

**CONSOLIDATED BALANCE SHEETS**

**AS AT DECEMBER 31, 2013**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>43,990,805</td>
<td>14,282,048</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>543,222,304</td>
<td>318,800,115</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>98,757,828</td>
<td>41,511,193</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>31,122,180</td>
<td>15,943,367</td>
</tr>
<tr>
<td>Total current assets</td>
<td>734,174,482</td>
<td>401,235,778</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment - Net</td>
<td>743,130,320</td>
<td>470,121,365</td>
</tr>
<tr>
<td>Deferred charges - Net</td>
<td>--</td>
<td>8,482,425</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>110,278,375</td>
<td>9,969,114</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>853,408,695</td>
<td>488,572,904</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,587,583,177</td>
<td>889,808,682</td>
</tr>
<tr>
<td><strong>LIABILITIES AND SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>183,394,949</td>
<td>61,546,928</td>
</tr>
<tr>
<td>Accrued expenses and other accounts payable</td>
<td>106,544,561</td>
<td>57,114,510</td>
</tr>
<tr>
<td>Short term loans</td>
<td>73,625,000</td>
<td>12,500,000</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>363,564,510</td>
<td>131,161,438</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for end of service benefits</td>
<td>116,719,531</td>
<td>33,105,161</td>
</tr>
<tr>
<td>Long term loans</td>
<td>6</td>
<td>87,277,978</td>
</tr>
<tr>
<td>Long term – Accounts payable</td>
<td>65,620,812</td>
<td>27,918,835</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>269,618,321</td>
<td>114,009,474</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>633,182,831</td>
<td>245,170,912</td>
</tr>
<tr>
<td><strong>SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>7</td>
<td>767,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>8</td>
<td>16,411,473</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>122,684,296</td>
<td>19,768,770</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>906,095,769</td>
<td>612,460,457</td>
</tr>
<tr>
<td>Minority interest</td>
<td>9</td>
<td>48,304,577</td>
</tr>
<tr>
<td>Total equity</td>
<td>954,400,346</td>
<td>644,637,770</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>1,587,583,177</td>
<td>889,808,682</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>828,359,860</td>
<td>542,221,996</td>
</tr>
<tr>
<td>Cost of operating revenues</td>
<td>(397,874,689)</td>
<td>(293,858,435)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>430,485,171</td>
<td>248,363,561</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(146,978,613)</td>
<td>(84,829,213)</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(133,504,599)</td>
<td>(83,306,327)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(280,483,212)</td>
<td>(168,135,540)</td>
</tr>
<tr>
<td>Net operating profit</td>
<td>150,001,959</td>
<td>80,228,021</td>
</tr>
<tr>
<td>Other income</td>
<td>12,567,372</td>
<td>5,757,756</td>
</tr>
<tr>
<td>Management fees</td>
<td>(8,151,728)</td>
<td>(7,120,960)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(13,153,444)</td>
<td>(7,668,280)</td>
</tr>
<tr>
<td>Net profit for the year before financial charges</td>
<td>141,264,159</td>
<td>71,196,537</td>
</tr>
<tr>
<td>Financial charges</td>
<td>(1,141,676)</td>
<td>--</td>
</tr>
<tr>
<td>Net profit for the year before zakat and income tax</td>
<td>140,122,483</td>
<td>71,196,537</td>
</tr>
<tr>
<td>Zakat of subsidiaries</td>
<td>(3,533,715)</td>
<td>(2,503,874)</td>
</tr>
<tr>
<td>Net profit for the year before minority interest</td>
<td>136,588,768</td>
<td>68,692,663</td>
</tr>
<tr>
<td>Minority interest</td>
<td>609,091</td>
<td>(6,698,651)</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>137,197,859</td>
<td>61,994,012</td>
</tr>
</tbody>
</table>

The attached notes are an integral part of these financial statements.
## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

**FOR THE YEAR ENDED DECEMBER 31, 2013**

<table>
<thead>
<tr>
<th></th>
<th>Capital</th>
<th>Statutory Reserve</th>
<th>Retained Earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Balance as at 31/12/2011</td>
<td>590,000,000</td>
<td>--</td>
<td>(35,077,142)</td>
<td>554,922,858</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>--</td>
<td>--</td>
<td>61,994,012</td>
<td>61,994,012</td>
</tr>
<tr>
<td>Profit transferred to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statutory reserve</td>
<td>--</td>
<td>2,691,687</td>
<td>(2,691,687)</td>
<td></td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>--</td>
<td>--</td>
<td>(4,456,413)</td>
<td>(4,456,413)</td>
</tr>
<tr>
<td>Balance as at 31/12/2012</td>
<td>590,000,000</td>
<td>2,691,687</td>
<td>19,768,770</td>
<td>612,460,457</td>
</tr>
<tr>
<td>Increase of capital</td>
<td>177,000,000</td>
<td>--</td>
<td>--</td>
<td>177,000,000</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>--</td>
<td>--</td>
<td>137,197,859</td>
<td>137,197,859</td>
</tr>
<tr>
<td>Profit transferred to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statutory reserve</td>
<td>--</td>
<td>13,719,786</td>
<td>(13,719,786)</td>
<td>--</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>--</td>
<td>--</td>
<td>3,432,817</td>
<td>3,432,817</td>
</tr>
<tr>
<td>Dividend distributed</td>
<td>--</td>
<td>--</td>
<td>(19,768,770)</td>
<td>(19,768,770)</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>--</td>
<td>--</td>
<td>(4,226,594)</td>
<td>(4,226,594)</td>
</tr>
<tr>
<td>Balance as at 31/12/2013</td>
<td>767,000,000</td>
<td>16,411,473</td>
<td>122,684,296</td>
<td>906,095,769</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>From Operating Activities</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year</td>
<td>137,197,859</td>
<td>61,994,012</td>
</tr>
<tr>
<td>Adjustment to reconcile net profit to net cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>34,246,914</td>
<td>34,936,157</td>
</tr>
<tr>
<td>Amortization</td>
<td>8,482,425</td>
<td>3,845,571</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>13,806,108</td>
<td>7,996,392</td>
</tr>
<tr>
<td>Net adjusted profit</td>
<td>193,733,306</td>
<td>108,772,132</td>
</tr>
</tbody>
</table>

| 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.
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 & Zohuir Ahmed Al Sebai 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 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 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 Abduljaleel 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.

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.
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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co.</td>
<td>Holding Co.</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>International Hospitals Construction Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee for Education and Training Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Company For Fitness (Gold’s Gym)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Saudi Yemeni Healthcare Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Al Bait International Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Pharmaceutical Industries Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.</td>
<td>Affiliate (Year 2012)</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>Affiliate</td>
</tr>
</tbody>
</table>
### 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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co. Ltd.</td>
<td>19,845,337</td>
<td>5,723,504</td>
</tr>
<tr>
<td>Saudi Yemeni Healthcare Co.</td>
<td>490,756</td>
<td>--</td>
</tr>
<tr>
<td>International Hospital Construction Co. Ltd.</td>
<td>459,618</td>
<td>1,484,988</td>
</tr>
<tr>
<td>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))</td>
<td>6,141,652</td>
<td>3,433,325</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>--</td>
<td>17,703</td>
</tr>
<tr>
<td>Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.</td>
<td>--</td>
<td>17,147</td>
</tr>
<tr>
<td>Bait Al batterjee Co. for Fitness – Gold’s Gym</td>
<td>4,170</td>
<td>22,388</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>593,769</td>
<td>--</td>
</tr>
<tr>
<td>Al Bait International Co.</td>
<td>42,698</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>27,578,000</td>
<td>10,699,055</td>
</tr>
</tbody>
</table>

### 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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee College for Medical Science&amp; Technology Co.</td>
<td>10,496,635</td>
<td>--</td>
</tr>
<tr>
<td>Net</td>
<td>17,081,365</td>
<td>10,699,055</td>
</tr>
</tbody>
</table>
5. **PROPERTY AND EQUIPMENTS**

   a) This item consists of the following:

<table>
<thead>
<tr>
<th>COST</th>
<th>Balance as at December 31, 2012</th>
<th>Additions</th>
<th>Disposals</th>
<th>Transfer</th>
<th>Balance as at December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td><strong>COST</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>33,010,740</td>
<td>53,247,605</td>
<td></td>
<td>--</td>
<td>181,244,120</td>
</tr>
<tr>
<td>Buildings</td>
<td>570,339,717</td>
<td>13,564,170</td>
<td>10,595</td>
<td></td>
<td>752,198,201</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>315,532,516</td>
<td>44,696,207</td>
<td>31,056,241</td>
<td></td>
<td>487,004,720</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4,296,923</td>
<td>1,015,255</td>
<td></td>
<td></td>
<td>8,682,897</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>13,293,554</td>
<td>2,013,436</td>
<td>945,683</td>
<td></td>
<td>26,763,284</td>
</tr>
<tr>
<td>Furniture &amp; fixture</td>
<td>29,126,726</td>
<td>1,838,085</td>
<td>3,907,462</td>
<td></td>
<td>38,364,490</td>
</tr>
<tr>
<td>Office equipment</td>
<td>44,037,187</td>
<td>1,873,172</td>
<td>1,578,184</td>
<td></td>
<td>61,096,882</td>
</tr>
<tr>
<td>Workshop equipments</td>
<td>209,192</td>
<td>49,826</td>
<td>63,078</td>
<td></td>
<td>838,336</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>3,564,410</td>
<td>96,519</td>
<td>222,527</td>
<td></td>
<td>4,792,258</td>
</tr>
<tr>
<td>Laundry and house keeping equipments</td>
<td>2,345,103</td>
<td>204,720</td>
<td>297,637</td>
<td></td>
<td>3,058,187</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>14,910,953</td>
<td>341,332</td>
<td>62,639</td>
<td></td>
<td>22,335,387</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>21,703,352</td>
<td>341,332</td>
<td>62,639</td>
<td></td>
<td>30,811,746</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>1,978,708</td>
<td>677,544</td>
<td>2,415,616</td>
<td></td>
<td>1,759,518</td>
</tr>
<tr>
<td>Total</td>
<td>1,054,349,081</td>
<td>119,889,807</td>
<td>40,654,150</td>
<td>485,265,828</td>
<td>1,618,850,566</td>
</tr>
</tbody>
</table>

**ACCUMULATED DEPRECIATION**

<table>
<thead>
<tr>
<th>COST</th>
<th>Balance as at December 31, 2012</th>
<th>Additions</th>
<th>Disposals</th>
<th>Transfer</th>
<th>Balance as at December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td><strong>COST</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>187,678,243</td>
<td>17,745,783</td>
<td></td>
<td>1,960</td>
<td>129,739,908</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>274,023,170</td>
<td>30,098,807</td>
<td>114,270,971</td>
<td></td>
<td>371,322,170</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>2,871,817</td>
<td>330,599</td>
<td></td>
<td>2,549,783</td>
<td>5,752,199</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>10,930,073</td>
<td>542,965</td>
<td>860,818</td>
<td></td>
<td>20,006,026</td>
</tr>
<tr>
<td>Furniture &amp; fixture</td>
<td>25,820,107</td>
<td>798,754</td>
<td>2,879,626</td>
<td></td>
<td>33,130,303</td>
</tr>
<tr>
<td>Office equipment</td>
<td>40,476,842</td>
<td>1,223,258</td>
<td>1,386,983</td>
<td></td>
<td>50,729,584</td>
</tr>
<tr>
<td>Workshop equipments</td>
<td>146,555</td>
<td>19,231</td>
<td>48,685</td>
<td>540,007</td>
<td>657,108</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>3,105,523</td>
<td>68,946</td>
<td>168,559</td>
<td>1,319,662</td>
<td>4,325,572</td>
</tr>
<tr>
<td>Laundry and house keeping equipments</td>
<td>2,111,821</td>
<td>50,664</td>
<td>243,032</td>
<td>653,398</td>
<td>2,572,851</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>14,782,605</td>
<td>41,295</td>
<td>44,749</td>
<td>6,677,007</td>
<td>21,456,158</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>21,374,159</td>
<td>50,664</td>
<td>243,032</td>
<td>653,398</td>
<td>2,572,851</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>906,801</td>
<td>198,814</td>
<td>932,392</td>
<td>761,038</td>
<td>934,261</td>
</tr>
<tr>
<td>Total</td>
<td>584,227,716</td>
<td>34,246,914</td>
<td>36,708,074</td>
<td>293,953,690</td>
<td>875,720,246</td>
</tr>
</tbody>
</table>
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) 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) 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) 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) 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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term loans</td>
<td>73,625,000</td>
<td>12,500,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>87,277,978</td>
<td>52,985,478</td>
</tr>
<tr>
<td>Total</td>
<td>160,902,978</td>
<td>65,485,478</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salaries and benefits</td>
<td>77,547,785</td>
<td>49,141,911</td>
</tr>
<tr>
<td>Office supplies</td>
<td>3,085,144</td>
<td>3,930,105</td>
</tr>
<tr>
<td>Staff residential expenses</td>
<td>6,822,371</td>
<td>5,386,360</td>
</tr>
<tr>
<td>Staff medical expenses</td>
<td>9,330,846</td>
<td>7,176,258</td>
</tr>
<tr>
<td>Traveling</td>
<td>13,159,306</td>
<td>7,634,051</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>3,337,217</td>
<td>1,437,236</td>
</tr>
<tr>
<td>Postage, telephone and internet</td>
<td>2,153,111</td>
<td>1,859,031</td>
</tr>
<tr>
<td>Security</td>
<td>1,913,955</td>
<td>1,924,847</td>
</tr>
<tr>
<td>Insurance</td>
<td>666,710</td>
<td>270,492</td>
</tr>
<tr>
<td>Audit and consultancy fees</td>
<td>2,666,018</td>
<td>1,214,425</td>
</tr>
<tr>
<td>Bank charges</td>
<td>208,467</td>
<td>107,021</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>12,613,668</td>
<td>3,224,590</td>
</tr>
<tr>
<td>Total</td>
<td>133,504,599</td>
<td>83,306,327</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2013 SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit and guarantee</td>
<td>11,899,250</td>
</tr>
</tbody>
</table>
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
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.
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.

Jeddah
June 23, 2013
May 6, 2015
## MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

### CONSOLIDATED BALANCE SHEETS

**AS AT DECEMBER 31, 2012**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2012 (SR.)</th>
<th>2011 (SR.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>14,282,048</td>
<td>10,732,932</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>318,800,115</td>
<td>256,085,873</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>41,511,193</td>
<td>36,481,597</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>15,943,367</td>
<td>16,976,287</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>10,699,055</td>
<td>--</td>
</tr>
<tr>
<td>Total current assets</td>
<td>401,235,778</td>
<td>320,276,689</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment - Net</td>
<td>470,121,365</td>
<td>494,635,339</td>
</tr>
<tr>
<td>Deferred charges - Net</td>
<td>12,327,996</td>
<td></td>
</tr>
<tr>
<td>Work in progress</td>
<td>9,969,114</td>
<td>8,028,727</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>488,572,904</td>
<td>514,992,062</td>
</tr>
<tr>
<td>Total assets</td>
<td>889,808,682</td>
<td>835,268,751</td>
</tr>
<tr>
<td><strong>LIABILITIES AND SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>61,546,928</td>
<td>76,001,485</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>41,811,756</td>
<td>29,364,283</td>
</tr>
<tr>
<td>Other accounts payable</td>
<td>15,302,754</td>
<td>12,206,420</td>
</tr>
<tr>
<td>Current portion of long term loans</td>
<td>12,500,000</td>
<td>9,375,000</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>10,699,055</td>
<td>--</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>131,161,438</td>
<td>161,829,320</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for service indemnities</td>
<td>33,105,161</td>
<td>25,108,769</td>
</tr>
<tr>
<td>Long term loans</td>
<td>52,985,478</td>
<td>62,360,478</td>
</tr>
<tr>
<td>Long term – Accounts payable</td>
<td>27,918,835</td>
<td>3,718,664</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>114,009,474</td>
<td>91,187,911</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>245,170,912</td>
<td>253,017,231</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>590,000,000</td>
<td>590,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>2,691,687</td>
<td>--</td>
</tr>
<tr>
<td>Retained earnings (losses)</td>
<td>19,768,770</td>
<td>(35,077,141)</td>
</tr>
<tr>
<td>Equity attributable to parent</td>
<td>612,460,457</td>
<td>554,922,859</td>
</tr>
<tr>
<td>Minority interest</td>
<td>32,177,313</td>
<td>27,328,661</td>
</tr>
<tr>
<td>Total equity</td>
<td>644,637,770</td>
<td>582,251,520</td>
</tr>
<tr>
<td>Total liabilities and shareholders’ equity</td>
<td>889,808,682</td>
<td>835,268,751</td>
</tr>
</tbody>
</table>

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, 2012**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>542,221,996</td>
<td>436,835,607</td>
</tr>
<tr>
<td>Cost of operating revenues</td>
<td>(293,858,435)</td>
<td>(276,849,213)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>248,363,561</td>
<td>159,986,394</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(84,829,213)</td>
<td>(43,864,721)</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>(83,306,327)</td>
<td>(63,372,471)</td>
</tr>
<tr>
<td>10 Total operating expenses</td>
<td>(168,135,540)</td>
<td>(107,237,192)</td>
</tr>
<tr>
<td>Net operating profit</td>
<td>80,228,021</td>
<td>52,749,202</td>
</tr>
<tr>
<td>Other income</td>
<td>5,757,756</td>
<td>5,928,529</td>
</tr>
<tr>
<td>Management fees</td>
<td>(7,120,960)</td>
<td>(4,286,166)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(7,668,280)</td>
<td>(11,765,121)</td>
</tr>
<tr>
<td>Net profit before zakat &amp; tax</td>
<td>71,196,537</td>
<td>42,626,444</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>(2,503,874)</td>
<td>(2,362,999)</td>
</tr>
<tr>
<td>Net profit before minority</td>
<td>68,692,663</td>
<td>40,263,445</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(6,698,651)</td>
<td>(4,258,707)</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>61,994,012</td>
<td>36,004,738</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Capital</th>
<th>Statutory reserve</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Balance as at 31/12/2010</td>
<td>590,000,000</td>
<td>--</td>
<td>(68,783,185)</td>
<td>521,216,815</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>--</td>
<td>--</td>
<td>36,004,738</td>
<td>36,004,738</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>--</td>
<td>--</td>
<td>(2,298,695)</td>
<td>(2,298,695)</td>
</tr>
<tr>
<td>Balance as at 31/12/2011</td>
<td>590,000,000</td>
<td>--</td>
<td>(35,077,142)</td>
<td>554,922,858</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>--</td>
<td>--</td>
<td>61,994,012</td>
<td>61,994,012</td>
</tr>
<tr>
<td>Profit transferred to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statutory reserve</td>
<td>--</td>
<td>2,691,687</td>
<td>(2,691,687)</td>
<td>--</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>--</td>
<td>--</td>
<td>(4,456,413)</td>
<td>(4,456,413)</td>
</tr>
<tr>
<td>Balance as at 31/12/2012</td>
<td>590,000,000</td>
<td>2,691,687</td>
<td>19,768,770</td>
<td>612,460,457</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>61,994,012</td>
<td>36,004,738</td>
</tr>
<tr>
<td>Adjustment to reconcile net profit to net cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>34,936,157</td>
<td>44,635,386</td>
</tr>
<tr>
<td>Amortization</td>
<td>3,845,571</td>
<td>5,720,207</td>
</tr>
<tr>
<td>Provision for end of service indemnities</td>
<td>7,996,392</td>
<td>6,190,619</td>
</tr>
<tr>
<td>Net adjusted profit</td>
<td>108,772,132</td>
<td>92,550,950</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(62,714,242)</td>
<td>(43,170,694)</td>
</tr>
<tr>
<td>Medical supplies</td>
<td>(5,029,596)</td>
<td>(1,208,922)</td>
</tr>
<tr>
<td>Prepaid expenses and other accounts receivable</td>
<td>1,032,920</td>
<td>(3,752,893)</td>
</tr>
<tr>
<td>Due from/to related parties</td>
<td>(45,581,187)</td>
<td>(33,763,865)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(14,454,557)</td>
<td>400,026</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>12,447,472</td>
<td>3,605,951</td>
</tr>
<tr>
<td>Other accounts payable</td>
<td>3,096,334</td>
<td>5,821,016</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(2,430,724)</td>
<td>20,481,569</td>
</tr>
<tr>
<td>FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment purchased</td>
<td>(10,763,945)</td>
<td>(9,433,065)</td>
</tr>
<tr>
<td>Disposal of property and equipments</td>
<td>341,762</td>
<td>365,238</td>
</tr>
<tr>
<td>Work in progress</td>
<td>(1,940,387)</td>
<td>(243,429)</td>
</tr>
<tr>
<td>Net cash (used in) investing activities</td>
<td>(12,362,570)</td>
<td>(9,311,256)</td>
</tr>
<tr>
<td>FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>(6,250,000)</td>
<td>(6,250,000)</td>
</tr>
<tr>
<td>Long term accounts payable</td>
<td>24,200,171</td>
<td>(2,513,025)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>4,848,652</td>
<td>4,258,705</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>(4,456,413)</td>
<td>(2,298,695)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>18,342,410</td>
<td>(6,803,015)</td>
</tr>
<tr>
<td>NET INCREASE IN CASH</td>
<td>3,549,116</td>
<td>4,367,298</td>
</tr>
<tr>
<td>CASH AT BEGINNING OF THE YEAR</td>
<td>10,732,932</td>
<td>6,365,634</td>
</tr>
<tr>
<td>CASH AT ENDING OF THE YEAR</td>
<td>14,282,048</td>
<td>10,732,932</td>
</tr>
</tbody>
</table>

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, 2012

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 to 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:

<table>
<thead>
<tr>
<th>COST</th>
<th>Balance as at December 31, 2011</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance as at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Land</td>
<td>33,010,740</td>
<td>--</td>
<td>--</td>
<td>33,010,740</td>
</tr>
<tr>
<td>Buildings</td>
<td>570,339,717</td>
<td>--</td>
<td>--</td>
<td>570,339,717</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>278,245,882</td>
<td>6,866,107</td>
<td>797,922</td>
<td>284,314,067</td>
</tr>
<tr>
<td>Other medical items</td>
<td>30,266,794</td>
<td>1,277,019</td>
<td>325,368</td>
<td>31,218,445</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4,179,572</td>
<td>117,350</td>
<td>--</td>
<td>4,296,922</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>13,240,980</td>
<td>116,284</td>
<td>63,710</td>
<td>13,293,554</td>
</tr>
<tr>
<td>Furniture &amp; fixture</td>
<td>29,064,670</td>
<td>937,936</td>
<td>875,001</td>
<td>29,127,605</td>
</tr>
<tr>
<td>Office equipment</td>
<td>43,570,159</td>
<td>839,155</td>
<td>372,127</td>
<td>44,037,187</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>3,402,856</td>
<td>134,280</td>
<td>53,999</td>
<td>3,483,137</td>
</tr>
<tr>
<td>Laundry and house keeping</td>
<td>2,352,214</td>
<td>141,729</td>
<td>149,718</td>
<td>2,344,225</td>
</tr>
<tr>
<td>Heavy tools</td>
<td>135,511</td>
<td>3,878</td>
<td>4,064</td>
<td>135,325</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>14,903,425</td>
<td>9,950</td>
<td>2,423</td>
<td>14,910,952</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>21,656,078</td>
<td>58,918</td>
<td>11,644</td>
<td>21,703,352</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>2,153,492</td>
<td>261,339</td>
<td>280,978</td>
<td>2,133,853</td>
</tr>
<tr>
<td>Total</td>
<td>1,046,522,090</td>
<td>10,763,945</td>
<td>2,936,954</td>
<td>1,054,349,081</td>
</tr>
</tbody>
</table>

ACCUMULATED DEPRECIATION

<table>
<thead>
<tr>
<th>COST</th>
<th>Balance as at December 31, 2011</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance as at December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Buildings</td>
<td>170,547,037</td>
<td>17,131,206</td>
<td>--</td>
<td>187,678,243</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>236,581,174</td>
<td>13,597,619</td>
<td>745,701</td>
<td>249,433,092</td>
</tr>
<tr>
<td>Other medical items</td>
<td>23,747,992</td>
<td>1,130,491</td>
<td>288,403</td>
<td>24,590,080</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>2,569,072</td>
<td>302,748</td>
<td>--</td>
<td>2,871,820</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>10,612,190</td>
<td>378,511</td>
<td>60,626</td>
<td>10,930,075</td>
</tr>
<tr>
<td>Furniture &amp; fixture</td>
<td>25,500,529</td>
<td>1,130,320</td>
<td>810,743</td>
<td>25,820,106</td>
</tr>
<tr>
<td>Office equipment</td>
<td>39,927,600</td>
<td>904,586</td>
<td>355,345</td>
<td>40,476,841</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>3,048,144</td>
<td>58,118</td>
<td>50,249</td>
<td>3,056,013</td>
</tr>
<tr>
<td>Laundry and house keeping</td>
<td>2,210,682</td>
<td>35,022</td>
<td>133,882</td>
<td>2,111,822</td>
</tr>
<tr>
<td>Heavy tools</td>
<td>83,336</td>
<td>10,264</td>
<td>3,305</td>
<td>90,295</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>14,763,507</td>
<td>21,049</td>
<td>1,954</td>
<td>14,782,602</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>21,313,617</td>
<td>68,135</td>
<td>7,592</td>
<td>21,374,160</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>981,871</td>
<td>168,088</td>
<td>137,392</td>
<td>1,012,567</td>
</tr>
<tr>
<td>Total</td>
<td>551,886,751</td>
<td>34,936,157</td>
<td>2,595,192</td>
<td>584,227,716</td>
</tr>
<tr>
<td>Net Book Value</td>
<td>494,635,339</td>
<td>470,121,365</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term loans</td>
<td>12,500,000</td>
<td>9,375,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>52,985,478</td>
<td>62,360,478</td>
</tr>
<tr>
<td>Total</td>
<td>65,485,478</td>
<td>71,735,478</td>
</tr>
</tbody>
</table>

6. RELATED PARTIES TRANSACTIONS

During the year, the Company transacted with the following related parties:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co.</td>
<td>Holding Co.</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>International Hospitals Construction Co.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical Company Ltd. (SGNA)</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.</td>
<td>Affiliate</td>
</tr>
<tr>
<td>Bait Al Batterjee Company For Body Building (Gold's Gym)</td>
<td>Affiliate</td>
</tr>
</tbody>
</table>

337
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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co. Ltd.</td>
<td>5,723,504</td>
<td>--</td>
</tr>
<tr>
<td>International Hospital Construction Co. Ltd.</td>
<td>1,484,988</td>
<td>--</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical Company Ltd. (SGNA)</td>
<td>3,433,325</td>
<td>1,199,925</td>
</tr>
<tr>
<td>Bait Al Batterjee Medical College for Science &amp; Technology (BMC)</td>
<td>17,703</td>
<td>17,753</td>
</tr>
<tr>
<td>Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.</td>
<td>17,147</td>
<td>17,147</td>
</tr>
<tr>
<td>Bait Al Batterjee Company For Body Building (Golds Gym)</td>
<td>22,388</td>
<td>17,223</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,699,055</strong></td>
<td><strong>1,252,048</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Company Ltd.</td>
<td>--</td>
<td>36,076,154</td>
</tr>
<tr>
<td>International Hospitals Construction Co.</td>
<td>--</td>
<td>58,026</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>--</strong></td>
<td><strong>36,134,180</strong></td>
</tr>
</tbody>
</table>

Net: 10,699,055

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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salaries and benefits</td>
<td>49,141,911</td>
<td>38,153,679</td>
</tr>
<tr>
<td>Office supplies</td>
<td>3,930,105</td>
<td>1,014,800</td>
</tr>
<tr>
<td>Staff residential expenses</td>
<td>5,386,360</td>
<td>4,177,878</td>
</tr>
<tr>
<td>Staff medical expenses</td>
<td>7,176,258</td>
<td>4,189,187</td>
</tr>
<tr>
<td>Traveling</td>
<td>7,634,051</td>
<td>5,768,933</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>1,437,236</td>
<td>1,056,807</td>
</tr>
<tr>
<td>Postage, telephone and internet</td>
<td>1,859,031</td>
<td>1,732,546</td>
</tr>
<tr>
<td>Security</td>
<td>1,924,847</td>
<td>1,640,372</td>
</tr>
<tr>
<td>Insurance</td>
<td>270,492</td>
<td>690,722</td>
</tr>
<tr>
<td>Audit and consultancy fees</td>
<td>1,214,425</td>
<td>891,017</td>
</tr>
<tr>
<td>Bank charges</td>
<td>107,021</td>
<td>111,764</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>3,224,590</td>
<td>3,944,766</td>
</tr>
<tr>
<td>Total</td>
<td>83,306,327</td>
<td>63,372,471</td>
</tr>
</tbody>
</table>

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 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
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.
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. (MEAHC0), 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 (MEAHC0) 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.

Jeddah
December 28, 2014

Waheed Salah Gazaz
Certified Public Accountant
License No. 247
# MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

## PRO-FORMA CONSOLIDATED BALANCE SHEET

**AS AT DECEMBER 31, 2013 & 2012**

*Amounts are expressed in Saudi Riyal*

<table>
<thead>
<tr>
<th>NOTES</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
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</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1</td>
<td>34,487,465</td>
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<tr>
<td>Accounts receivable</td>
<td></td>
<td>543,222,304</td>
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<tr>
<td>Medical supplies</td>
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<td>98,757,828</td>
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<td>Prepaid expenses and other receivables</td>
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<td>Due from related parties</td>
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<td>Property, plant and equipment - Net</td>
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<td>743,130,320</td>
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<td>Deferred charges - Net</td>
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<tr>
<td>Work in progress</td>
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<td></td>
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<td><strong>LIABILITIES</strong></td>
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<td>Accounts payable</td>
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<td>Accrued expenses and other accounts payable</td>
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<td>Current portion of long &amp; short term loans</td>
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<td>Non-current liabilities</td>
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<td>Long term loans</td>
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<td>Long term – Accounts payable</td>
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<td>65,620,812</td>
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<td>Deferred revenue</td>
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<tr>
<td>Provision for end of service benefits</td>
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<td>116,719,531</td>
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<td>Total non-current liabilities</td>
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<td><strong>SHAREHOLDERS' EQUITY</strong></td>
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<td>Capital</td>
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<td>Statutory reserve</td>
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<td>Retained earnings</td>
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<td>113,180,956</td>
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<td>Total shareholders’ equity</td>
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<td>Minority interest</td>
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<td>48,304,577</td>
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<td>Total equity</td>
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<td>944,897,006</td>
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<td>Total liabilities and shareholders’ equity</td>
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<td>1,578,079,837</td>
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</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>1,157,827,505</td>
<td>930,583,066</td>
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<td>Cost of revenue</td>
<td>(569,459,525)</td>
<td>(498,119,354)</td>
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<td>Gross profit</td>
<td>588,367,980</td>
<td>432,463,712</td>
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<tr>
<td>Selling and marketing expenses</td>
<td>(187,492,451)</td>
<td>(130,213,094)</td>
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<td>General and administrative expenses</td>
<td>(206,018,100)</td>
<td>(164,463,836)</td>
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<td>Total operating expenses</td>
<td>(393,510,551)</td>
<td>(294,676,930)</td>
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<td>Net operating profit for the year</td>
<td>194,857,429</td>
<td>137,786,782</td>
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<td>Other revenue</td>
<td>21,396,823</td>
<td>11,311,402</td>
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<tr>
<td>Depreciation and amortization</td>
<td>(15,272,803)</td>
<td>(9,693,152)</td>
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<tr>
<td>Net profit for the year before financial charges,</td>
<td>200,981,449</td>
<td>139,405,032</td>
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<tr>
<td>zakat &amp; income tax</td>
<td>(1,281,243)</td>
<td>(15,055)</td>
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<tr>
<td>Financial charges</td>
<td>199,700,206</td>
<td>139,389,977</td>
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<tr>
<td>Net profit for the year before zakat &amp; income tax</td>
<td>(7,760,309)</td>
<td>(7,139,885)</td>
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<tr>
<td>Zakat &amp; income tax</td>
<td>191,939,897</td>
<td>132,250,092</td>
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<tr>
<td>Net profit for the year minority interest</td>
<td>609,091</td>
<td>139,732</td>
</tr>
<tr>
<td>Non controlling interest</td>
<td>192,548,988</td>
<td>132,389,824</td>
</tr>
</tbody>
</table>

The attached notes are an integral part of these pro-forma consolidated financial statements.
PRO-FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012

Amounts are expressed in Saudi Riyal

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>192,548,988</td>
<td>132,389,824</td>
</tr>
<tr>
<td>Adjustment to reconcile net profit to net cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>41,533,042</td>
<td>44,183,130</td>
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<tr>
<td>Amortization</td>
<td>8,482,425</td>
<td>3,845,571</td>
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<tr>
<td>End of service benefits</td>
<td>25,052,942</td>
<td>18,177,814</td>
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<tr>
<td>Net adjusted profit</td>
<td>267,617,397</td>
<td>198,596,339</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
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<td></td>
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<tr>
<td>Accounts receivable</td>
<td>(90,327,276)</td>
<td>(77,667,479)</td>
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<tr>
<td>Medical supplies</td>
<td>(21,687,978)</td>
<td>(13,126,607)</td>
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<tr>
<td>Prepaid expenses and other accounts receivable</td>
<td>431,701</td>
<td>(6,178,743)</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>(13,751,973)</td>
<td>(3,329,392)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>62,937,602</td>
<td>37,565,468</td>
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<tr>
<td>Accrued expenses and other accounts payable</td>
<td>20,315,455</td>
<td>11,082,596</td>
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<tr>
<td>Net cash provided by operating activities</td>
<td>225,534,928</td>
<td>71,811,246</td>
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<tr>
<td>FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addition of property, plant and equipment</td>
<td>(140,890,471)</td>
<td>(15,339,008)</td>
</tr>
<tr>
<td>Work in progress</td>
<td>(20,569,221)</td>
<td>(10,724,264)</td>
</tr>
<tr>
<td>Net cash (used in) investing activities</td>
<td>(161,459,692)</td>
<td>(26,063,272)</td>
</tr>
<tr>
<td>FROM FINANCING ACTIVITIES</td>
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<td></td>
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<tr>
<td>Loans</td>
<td>83,570,400</td>
<td>850,000</td>
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<tr>
<td>Long term loans - Accounts payable</td>
<td>4,468,068</td>
<td>57,434,080</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(252,101)</td>
<td>225,541</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(19,768,770)</td>
<td>--</td>
</tr>
<tr>
<td>Due to related parties &amp; Shareholders’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>current account</td>
<td>18,313,404</td>
<td>(54,546,113)</td>
</tr>
<tr>
<td>Adjustments in retained earnings*</td>
<td>(136,974,152)</td>
<td>(56,061,820)</td>
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<tr>
<td>Minority interest</td>
<td>4,562,877</td>
<td>3,910,768</td>
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<tr>
<td>Net cash (used in) financing activities</td>
<td>(46,080,274)</td>
<td>(48,187,544)</td>
</tr>
<tr>
<td>NET INCREASE (DECREASE) IN CASH</td>
<td>17,994,962</td>
<td>(2,439,570)</td>
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<tr>
<td>CASH AT BEGINNING OF THE YEAR</td>
<td>16,492,503</td>
<td>18,932,073</td>
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<tr>
<td>CASH AT ENDING OF THE YEAR</td>
<td>34,487,465</td>
<td>16,492,503</td>
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</tbody>
</table>

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

### ASSETS

#### Current assets

<table>
<thead>
<tr>
<th></th>
<th>As per audited FS 2012</th>
<th>Audited SGH -Jeddah FS</th>
<th>HO / Capital adjustments</th>
<th>Audited N. Hail Co. for Healthcare FS</th>
<th>Audited AJ IB Son’s Development Co. FS</th>
<th>Inter Co. Elimination &amp; adjustments</th>
<th>Total adjustments</th>
<th>Pro-forma 2012 FS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>14,282,044</td>
<td>6,142,377</td>
<td>(15,827,260)</td>
<td>633,511</td>
<td>1,775,219</td>
<td>9,486,612</td>
<td>2,210,459</td>
<td>16,492,503</td>
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<tr>
<td>Accounts receivable</td>
<td>318,800,115</td>
<td>131,169,383</td>
<td>-</td>
<td>-</td>
<td>14,733,080</td>
<td>(11,807,551)</td>
<td>134,094,912</td>
<td>452,895,027</td>
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<tr>
<td>Medical supplies</td>
<td>41,511,193</td>
<td>32,904,673</td>
<td>-</td>
<td>-</td>
<td>2,653,985</td>
<td>-</td>
<td>35,558,658</td>
<td>77,069,851</td>
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<tr>
<td>Prepayments and other receivables</td>
<td>15,943,367</td>
<td>13,661,090</td>
<td>-</td>
<td>1,898,954</td>
<td>50,470</td>
<td>-</td>
<td>15,610,514</td>
<td>31,553,881</td>
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<tr>
<td>Due from related parties</td>
<td>10,699,051</td>
<td>-</td>
<td>-</td>
<td>234,994</td>
<td>(7,604,653)</td>
<td>-</td>
<td>(7,369,659)</td>
<td>3,329,392</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td><strong>401,235,770</strong></td>
<td><strong>183,877,523</strong></td>
<td><strong>(15,827,260)</strong></td>
<td><strong>2,767,459</strong></td>
<td><strong>11,608,101</strong></td>
<td><strong>(2,320,939)</strong></td>
<td><strong>180,104,884</strong></td>
<td><strong>581,340,654</strong></td>
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#### Non-Current assets

<table>
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<tr>
<th></th>
<th>As per audited FS 2012</th>
<th>Audited SGH -Jeddah FS</th>
<th>HO / Capital adjustments</th>
<th>Audited N. Hail Co. for Healthcare FS</th>
<th>Audited AJ IB Son’s Development Co. FS</th>
<th>Inter Co. Elimination &amp; adjustments</th>
<th>Total adjustments</th>
<th>Pro-forma 2012 FS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment –Net</td>
<td>470,121,365</td>
<td>169,021,518</td>
<td>-</td>
<td>4,474,100</td>
<td>155,909</td>
<td>-</td>
<td>173,651,527</td>
<td>643,772,892</td>
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<tr>
<td>Deferred charges - Net</td>
<td>8,482,425</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,482,425</td>
</tr>
<tr>
<td>Work in progress</td>
<td>9,969,115</td>
<td>14,608,977</td>
<td>-</td>
<td>65,131,063</td>
<td>-</td>
<td>-</td>
<td>79,740,040</td>
<td>89,709,154</td>
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<td><strong>Total non-current assets</strong></td>
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<td><strong>69,605,163</strong></td>
<td><strong>155,909</strong></td>
<td><strong>0</strong></td>
<td><strong>253,391,567</strong></td>
<td><strong>741,964,471</strong></td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
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<td><strong>72,372,622</strong></td>
<td><strong>11,764,010</strong></td>
<td><strong>-2,320,939</strong></td>
<td><strong>433,496,451</strong></td>
<td><strong>1,323,305,125</strong></td>
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MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)

PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF CASH FOR THE YEARS ENDED (contd...)

DECEMBER 31, 2013 & 2012

<table>
<thead>
<tr>
<th>NOTES</th>
<th>As per audited FS 2012</th>
<th>Audited SGH -Jeddah FS</th>
<th>HO/ Capital adjustments</th>
<th>Audited N. Hall Co. for Healthcare FS</th>
<th>Audited AJ IB Son’s Development Co. FS</th>
<th>Inter Co. Elimination. &amp; adjustments</th>
<th>Total adjustments</th>
<th>Pro-forma 2012 FS</th>
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<tbody>
<tr>
<td>LIABILITIES AND SHAREHOLDERS’ EQUITY</td>
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<td></td>
<td></td>
<td></td>
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<td><strong>Current liabilities</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
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<td>Accounts payable</td>
<td>61,546,928</td>
<td>66,058,504</td>
<td>--</td>
<td>--</td>
<td>4,659,466</td>
<td>(11,807,551)</td>
<td>58,910,419</td>
<td>120,457,347</td>
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<td>Accrued expenses and other accounts payable</td>
<td>57,114,506</td>
<td>27,603,781</td>
<td>--</td>
<td>1,110,016</td>
<td>400,804</td>
<td>--</td>
<td>29,114,601</td>
<td>86,229,107</td>
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<td>Current portion of long term loan &amp; Short term loan</td>
<td>12,500,000</td>
<td>1,000,000</td>
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<td>5,347,100</td>
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<td>--</td>
<td>6,347,100</td>
<td>18,847,100</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>131,161,434</td>
<td>94,662,285</td>
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<td>6,457,116</td>
<td>5,060,270</td>
<td>(11,807,551)</td>
<td>94,372,120</td>
<td>225,533,554</td>
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<tr>
<td>Non-Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term loans</td>
<td>52,985,478</td>
<td>5,500,000</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>5,500,000</td>
<td>58,485,478</td>
</tr>
<tr>
<td>Long term – Accounts payable</td>
<td>27,918,835</td>
<td>33,160,539</td>
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<td>--</td>
<td>73,370</td>
<td>--</td>
<td>33,233,909</td>
<td>61,152,744</td>
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<td>Deferred revenue</td>
<td>-</td>
<td>252,101</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>252,101</td>
<td>252,101</td>
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<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>114,009,474</td>
<td>97,144,748</td>
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<td>--</td>
<td>402,690</td>
<td>--</td>
<td>97,547,438</td>
<td>211,556,912</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>245,170,908</td>
<td>191,807,033</td>
<td>--</td>
<td>6,457,116</td>
<td>5,462,960</td>
<td>(11,807,551)</td>
<td>191,919,558</td>
<td>437,090,466</td>
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<td>SHAREHOLDERS’ EQUITY</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>590,000,000</td>
<td>107,226,596</td>
<td>--</td>
<td>--</td>
<td>25,980,000</td>
<td>490,000</td>
<td>24,990,000</td>
<td>158,686,596</td>
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<tr>
<td>Statutory Reserves</td>
<td>2,691,687</td>
<td>-</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>2,691,687</td>
<td></td>
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<tr>
<td>Retained Earnings</td>
<td>19,768,766</td>
<td>68,474,390</td>
<td>(15,827,260)</td>
<td>(3,630,163)</td>
<td>5,648,367</td>
<td>16,660,576</td>
<td>71,325,910</td>
<td>91,094,676</td>
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<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>612,460,453</td>
<td>175,700,986</td>
<td>(15,827,260)</td>
<td>22,349,837</td>
<td>6,138,367</td>
<td>41,660,576</td>
<td>230,012,506</td>
<td>842,472,959</td>
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<tr>
<td>Non Controlling Interest</td>
<td>32,177,314</td>
<td>-</td>
<td>--</td>
<td>--</td>
<td>41,565,670</td>
<td>162,680</td>
<td>(32,163,964)</td>
<td>11,564,386</td>
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<tr>
<td><strong>TOTAL LIABILITIES &amp; SHAREHOLDERS’ EQUITY</strong></td>
<td>889,808,675</td>
<td>367,508,019</td>
<td>(15,827,260)</td>
<td>72,372,623</td>
<td>11,764,007</td>
<td>(2,320,939)</td>
<td>433,496,450</td>
<td>1,323,305,125</td>
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**MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)**

**PRO-FORMA ADJUSTED CONSOLIDATED BALANCE SHEET**

**AS AT DECEMBER 31, 2013**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>NOTES</th>
<th>All figures are expressed in Saudi Riyals</th>
<th>Pro-forma 2013 FS</th>
<th>Adjustments</th>
<th>As per audited FS</th>
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<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1</td>
<td>34,487,465</td>
<td>9,503,340</td>
<td>43,990,805</td>
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<tr>
<td>Accounts receivable</td>
<td></td>
<td>543,222,304</td>
<td>-</td>
<td>543,222,304</td>
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<tr>
<td>Medical supplies</td>
<td></td>
<td>98,757,828</td>
<td>-</td>
<td>98,757,828</td>
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<tr>
<td>Prepayments and other receivables</td>
<td></td>
<td>31,122,180</td>
<td>-</td>
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<tr>
<td>Due from related parties</td>
<td>2</td>
<td>17,081,365</td>
<td>-</td>
<td>17,081,365</td>
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<td>Total current assets</td>
<td></td>
<td>724,671,142</td>
<td>9,503,340</td>
<td>734,174,482</td>
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<tr>
<td>Non-Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment –Net</td>
<td>3</td>
<td>743,130,320</td>
<td>-</td>
<td>743,130,320</td>
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<tr>
<td>Construction in progress</td>
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<td>110,278,375</td>
<td>-</td>
<td>110,278,375</td>
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<tr>
<td>Total non-current assets</td>
<td></td>
<td>853,408,695</td>
<td>-</td>
<td>853,408,695</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>1,578,079,837</td>
<td>9,503,340</td>
<td>1,587,583,177</td>
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<table>
<thead>
<tr>
<th>LIABILITIES AND SHAREHOLDERS' EQUITY</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>183,394,949</td>
<td>-</td>
<td>183,394,949</td>
<td></td>
</tr>
<tr>
<td>Accrued expenses and other accounts payable</td>
<td></td>
<td>106,544,561</td>
<td>-</td>
<td>106,544,561</td>
<td></td>
</tr>
<tr>
<td>Current portion of long term loan &amp; Short term loan</td>
<td>4</td>
<td>73,625,000</td>
<td>-</td>
<td>73,625,000</td>
<td></td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>363,564,510</td>
<td>-</td>
<td>363,564,510</td>
<td></td>
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<tr>
<td>Non-Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term loans</td>
<td>4</td>
<td>87,277,978</td>
<td>-</td>
<td>87,277,978</td>
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<tr>
<td>Long term – Accounts payable</td>
<td></td>
<td>65,620,812</td>
<td>-</td>
<td>65,620,812</td>
<td></td>
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<tr>
<td>Provision for end of service benefits</td>
<td></td>
<td>116,719,531</td>
<td>-</td>
<td>116,719,531</td>
<td></td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td></td>
<td>269,618,321</td>
<td>-</td>
<td>269,618,321</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>633,182,831</td>
<td>-</td>
<td>633,182,831</td>
<td></td>
</tr>
</tbody>
</table>

| 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 (MEAHC0)  
PRO-FORMA ADJUSTED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED  
DECEMBER 31, 2012  

All figures are expressed in Saudi Riyals

<table>
<thead>
<tr>
<th></th>
<th>As per Audited FS 2012</th>
<th>Audited SGH - Jeddah FS</th>
<th>Audited N. Hall Co. for Healthcare</th>
<th>Audited AJIB Son’s Development Co. FS</th>
<th>Inter Co. Elimination. &amp; adjustments</th>
<th>Total adjustments</th>
<th>Pro-forma 2012 FS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>474,028,497</td>
<td>348,668,383</td>
<td>-</td>
<td>8,423,204</td>
<td>99,462,982</td>
<td>456,554,569</td>
<td>930,583,066</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>(293,858,435)</td>
<td>(205,674,636)</td>
<td>-</td>
<td>(5,214,539)</td>
<td>6,628,256</td>
<td>(204,260,919)</td>
<td>(498,119,354)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>180,170,062</td>
<td>142,993,747</td>
<td>-</td>
<td>3,208,665</td>
<td>106,091,238</td>
<td>252,293,650</td>
<td>432,463,712</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(15,451,493)</td>
<td>(7,405,123)</td>
<td>-</td>
<td>(81,019)</td>
<td>(107,275,459)</td>
<td>(114,761,601)</td>
<td>(130,213,094)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(91,611,511)</td>
<td>(70,508,552)</td>
<td>(278,825)</td>
<td>(1,851,118)</td>
<td>(213,830)</td>
<td>(72,852,325)</td>
<td>(164,463,836)</td>
</tr>
<tr>
<td>Total Operating expenses</td>
<td>(107,063,004)</td>
<td>(77,913,675)</td>
<td>(278,825)</td>
<td>(1,932,137)</td>
<td>(187,613,926)</td>
<td>(294,676,930)</td>
<td></td>
</tr>
<tr>
<td>Net operating profit for the year</td>
<td>73,107,058</td>
<td>65,080,072</td>
<td>(278,825)</td>
<td>1,276,528</td>
<td>(1,398,051)</td>
<td>64,679,724</td>
<td>137,786,782</td>
</tr>
<tr>
<td>Other revenue</td>
<td>5,757,756</td>
<td>5,415,958</td>
<td>-</td>
<td>137,688</td>
<td>-</td>
<td>5,553,646</td>
<td>11,311,402</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(7,668,280)</td>
<td>(2,006,584)</td>
<td>-</td>
<td>(18,288)</td>
<td>-</td>
<td>(2,024,872)</td>
<td>(9,693,152)</td>
</tr>
<tr>
<td>Net profit for the year before financial charges, zakat &amp; income tax</td>
<td>71,196,534</td>
<td>68,489,446</td>
<td>(278,825)</td>
<td>1,395,928</td>
<td>(1,398,051)</td>
<td>68,208,498</td>
<td>139,405,032</td>
</tr>
<tr>
<td>Financial charges</td>
<td>-</td>
<td>(15,055)</td>
<td>-</td>
<td>-</td>
<td>(15,055)</td>
<td>-</td>
<td>(15,055)</td>
</tr>
<tr>
<td>Net profit for the year before zakat &amp; income tax</td>
<td>71,196,534</td>
<td>68,474,391</td>
<td>(278,825)</td>
<td>1,395,928</td>
<td>(1,398,051)</td>
<td>68,193,443</td>
<td>139,389,977</td>
</tr>
<tr>
<td>Zakat &amp; income tax</td>
<td>(6,960,287)</td>
<td>-</td>
<td>-</td>
<td>(179,598)</td>
<td>-</td>
<td>(179,598)</td>
<td>(7,139,885)</td>
</tr>
<tr>
<td>Net profit for the year before minority interest</td>
<td>64,236,247</td>
<td>68,474,391</td>
<td>(278,825)</td>
<td>1,216,330</td>
<td>(1,398,051)</td>
<td>68,013,845</td>
<td>132,250,092</td>
</tr>
<tr>
<td>Non controlling interest</td>
<td>(6,698,651)</td>
<td>-</td>
<td>167,407</td>
<td>(24,327)</td>
<td>6,695,303</td>
<td>6,838,383</td>
<td>139,732</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>57,537,596</td>
<td>68,474,391</td>
<td>(111,418)</td>
<td>1,192,003</td>
<td>5,297,252</td>
<td>74,852,228</td>
<td>132,389,824</td>
</tr>
<tr>
<td></td>
<td>As per Audited FS 2013</td>
<td>Audited SGH Jeddah FS</td>
<td>Audited N. Hall Co. for Healthcare</td>
<td>Audited AJ IB Sons Development Co. FS</td>
<td>Inter Co. Elimination. &amp; adjustments</td>
<td>Total adjustments</td>
<td>Pro-forma 2013 FS</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------</td>
<td>------------------------</td>
<td>-----------------------------------</td>
<td>-------------------------------------</td>
<td>--------------------------------------</td>
<td>------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>702,022,345</td>
<td>294,537,685</td>
<td>-</td>
<td>9,273,839</td>
<td>151,993,636</td>
<td>455,805,160</td>
<td>1,157,827,505</td>
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<tr>
<td>Cost of revenue</td>
<td>-397,635,529</td>
<td>-174,092,508</td>
<td>-</td>
<td>-6,006,523</td>
<td>8,275,035</td>
<td>-171,823,996</td>
<td>-569,459,525</td>
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<tr>
<td>Gross Profit</td>
<td>304,386,816</td>
<td>120,445,177</td>
<td>-</td>
<td>3,267,316</td>
<td>160,268,671</td>
<td>283,981,164</td>
<td>588,367,980</td>
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<tr>
<td>Selling and marketing expenses</td>
<td>-20,718,546</td>
<td>-6,505,234</td>
<td>-</td>
<td>-</td>
<td>-160,268,671</td>
<td>-166,773,905</td>
<td>-187,492,451</td>
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<tr>
<td>Net operating profit for the year</td>
<td>141,850,238</td>
<td>51,250,732</td>
<td>-286,117</td>
<td>1,683,927</td>
<td>358,649</td>
<td>53,007,191</td>
<td>194,857,429</td>
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<tr>
<td>Other revenue</td>
<td>12,567,373</td>
<td>8,664,074</td>
<td>-</td>
<td>165,376</td>
<td>-</td>
<td>8,829,450</td>
<td>21,396,823</td>
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<tr>
<td>Net profit for the year before financial charges, zakat &amp; income tax</td>
<td>141,264,162</td>
<td>57,811,684</td>
<td>-286,117</td>
<td>1,833,071</td>
<td>358,649</td>
<td>59,717,287</td>
<td>200,981,449</td>
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<tr>
<td>Financial charges</td>
<td>-1,141,680</td>
<td>-139,563</td>
<td>-</td>
<td>-</td>
<td>139,563</td>
<td>-1,281,243</td>
<td>-</td>
</tr>
<tr>
<td>Net profit for the year before zakat &amp; income tax</td>
<td>140,122,482</td>
<td>57,672,121</td>
<td>-286,117</td>
<td>1,833,071</td>
<td>358,649</td>
<td>59,577,724</td>
<td>199,700,206</td>
</tr>
<tr>
<td>Zakat &amp; income tax</td>
<td>-7,760,309</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-7,760,309</td>
<td>-</td>
</tr>
<tr>
<td>Net profit for the year before minority Interest</td>
<td>132,362,173</td>
<td>57,672,121</td>
<td>(286,117)</td>
<td>1,833,071</td>
<td>358,649</td>
<td>59,577,724</td>
<td>191,939,897</td>
</tr>
<tr>
<td>Non controlling interest</td>
<td>609,091</td>
<td>-</td>
<td>179,698</td>
<td>-36,661</td>
<td>-143,037</td>
<td>-</td>
<td>609,091</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>132,971,264</td>
<td>57,672,121</td>
<td>-106,419</td>
<td>1,796,410</td>
<td>215,612</td>
<td>59,577,724</td>
<td>192,548,988</td>
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### Pro-Forma Adjusted Consolidated Statement of Cash for the Years Ended December 31, 2013 & 2012

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<th></th>
<th>All figures are expressed in Saudi Riyals</th>
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<tr>
<td></td>
<td>Pro-forma</td>
</tr>
<tr>
<td><strong>FROM OPERATING ACTIVITIES</strong></td>
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<tr>
<td>Net profit for the year</td>
<td>192,548,988</td>
</tr>
<tr>
<td>Adjustment to reconcile net profit to net cash provided by (used in):</td>
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</tr>
<tr>
<td>Depreciation</td>
<td>41,533,042</td>
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<tr>
<td>Amortization</td>
<td>8,482,425</td>
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<tr>
<td>End of service benefits</td>
<td>25,052,942</td>
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<tr>
<td><strong>Net adjusted profit</strong></td>
<td><strong>267,617,397</strong></td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
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</tr>
<tr>
<td>Medical supplies</td>
<td>-21,687,978</td>
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<td>Prepaid expenses and other accounts receivable</td>
<td>431,701</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>62,937,602</td>
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<tr>
<td>Accrued expenses and other accounts payable</td>
<td>20,315,455</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td><strong>225,534,928</strong></td>
</tr>
<tr>
<td><strong>FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and equipment</td>
<td>-140,890,471</td>
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<tr>
<td>Work in progress</td>
<td>-20,569,221</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td><strong>-161,459,692</strong></td>
</tr>
</tbody>
</table>
# 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

<table>
<thead>
<tr>
<th>FROM FINANCING ACTIVITIES</th>
<th>2013</th>
<th>2013</th>
<th>2012</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>83,570,400</td>
<td>77,222,826</td>
<td>6,347,574</td>
<td>850,000</td>
</tr>
<tr>
<td>Long term accounts payable</td>
<td>4,468,068</td>
<td>2,268,830</td>
<td>2,199,238</td>
<td>57,434,080</td>
</tr>
<tr>
<td>Prior year’s adjustments</td>
<td>-3,432,817</td>
<td>3,432,817</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-252,101</td>
<td>-252,101</td>
<td>-</td>
<td>225,541</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-19,768,770</td>
<td>0</td>
<td>(19,768,770)</td>
<td>0</td>
</tr>
<tr>
<td>Due to related parties &amp; Shareholders’ Current Account</td>
<td>18,313,404</td>
<td>18,313,404</td>
<td>-54,546,113</td>
<td>-54,546,113</td>
</tr>
<tr>
<td>Adjustments in Retained Earnings</td>
<td>-136,974,152</td>
<td>-136,974,152</td>
<td>-56,061,820</td>
<td>-56,061,820</td>
</tr>
<tr>
<td>Minority interest</td>
<td>4,562,877</td>
<td>-11,401,705</td>
<td>15,964,582</td>
<td>3,910,768</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>-4,226,594</td>
<td>-4,226,594</td>
<td>-4,226,594</td>
<td>-4,226,594</td>
</tr>
<tr>
<td>Net cash provided by (used in ) financing activities</td>
<td>-46,080,274</td>
<td>-105,367,819</td>
<td>59,287,545</td>
<td>48,187,544</td>
</tr>
<tr>
<td>NET INCREASE / ( DECREASE ) IN CASH</td>
<td>17,994,962</td>
<td>-11,713,795</td>
<td>29,708,757</td>
<td>-2,439,570</td>
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<tr>
<td>CASH AT BEGINNING OF THE YEAR</td>
<td>16,492,503</td>
<td>2,210,455</td>
<td>14,282,048</td>
<td>18,932,073</td>
</tr>
<tr>
<td>CASH AT ENDING OF THE YEAR</td>
<td>34,487,465</td>
<td>-9,503,340</td>
<td>43,990,805</td>
<td>16,492,503</td>
</tr>
</tbody>
</table>
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 & Zohir Ahmed Al Sibai 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 up to 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 to 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.
MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2013 & 2012

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.
- 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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bait Al Batterjee Medical Co.</td>
<td>19,845,338</td>
<td>(1,882,822)</td>
</tr>
<tr>
<td>Saudi Yemeni Healthcare Co.</td>
<td>490,756</td>
<td>--</td>
</tr>
<tr>
<td>International Hospital Construction Co.</td>
<td>459,618</td>
<td>1,042,225</td>
</tr>
<tr>
<td>Bait al Batterjee Co. for Education and Training</td>
<td>6,141,652</td>
<td>4,129,898</td>
</tr>
<tr>
<td>Bait Al Batterjee Cp/ for Fitness – Gold Gym’s</td>
<td>4,170</td>
<td>22,388</td>
</tr>
<tr>
<td>Emirates Healthcare Development Co.</td>
<td>593,769</td>
<td>--</td>
</tr>
<tr>
<td>Al Bait International</td>
<td>42,698</td>
<td>--</td>
</tr>
<tr>
<td>Bait Al Batterjee College for Medical Science &amp; Technology</td>
<td>(10,496,636)</td>
<td>17,703</td>
</tr>
<tr>
<td>Total</td>
<td>17,081,365</td>
<td>3,329,392</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Item</th>
<th>Balance as at December 31, 2012</th>
<th>Additions</th>
<th>Disposals/adjustments</th>
<th>Balance as at December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>127,996,515</td>
<td>53,247,605</td>
<td></td>
<td>181,244,120</td>
</tr>
<tr>
<td>Buildings</td>
<td>737,839,625</td>
<td>14,369,170</td>
<td>10,594</td>
<td>752,198,201</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>458,048,750</td>
<td>64,975,103</td>
<td>36,019,133</td>
<td>487,004,720</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>7,584,736</td>
<td>1,098,710</td>
<td>549</td>
<td>8,682,897</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>25,504,961</td>
<td>2,466,950</td>
<td>1,208,087</td>
<td>26,763,824</td>
</tr>
<tr>
<td>Furniture &amp; fixture</td>
<td>40,199,925</td>
<td>2,216,511</td>
<td>4,051,946</td>
<td>38,364,990</td>
</tr>
<tr>
<td>Office equipment</td>
<td>59,049,618</td>
<td>3,779,618</td>
<td>1,732,354</td>
<td>61,096,882</td>
</tr>
<tr>
<td>Workshop equipments</td>
<td>719,206</td>
<td>111,813</td>
<td>(7,317)</td>
<td>838,336</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>4,804,329</td>
<td>212,874</td>
<td>224,945</td>
<td>4,792,258</td>
</tr>
<tr>
<td>Laundry and house keeping</td>
<td>3,129,619</td>
<td>226,205</td>
<td>297,637</td>
<td>3,058,187</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>21,750,894</td>
<td>547,132</td>
<td>62,639</td>
<td>22,235,387</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>30,014,559</td>
<td>882,314</td>
<td>85,127</td>
<td>30,811,746</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>3,449,412</td>
<td>848,494</td>
<td>2,538,388</td>
<td>1,759,518</td>
</tr>
<tr>
<td>Total</td>
<td>1,520,092,149</td>
<td>144,982,499</td>
<td>46,224,082</td>
<td>1,618,850,666</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>315,462,082</td>
<td>19,701,852</td>
<td>1,960</td>
<td>335,161,974</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>389,610,868</td>
<td>16,773,003</td>
<td>35,061,701</td>
<td>371,322,170</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>5,325,320</td>
<td>427,436</td>
<td>557</td>
<td>5,752,199</td>
</tr>
<tr>
<td>Non-medical equipment</td>
<td>20,172,528</td>
<td>871,017</td>
<td>1,037,519</td>
<td>20,006,026</td>
</tr>
<tr>
<td>Furniture &amp; fixture</td>
<td>35,104,835</td>
<td>1,038,782</td>
<td>3,013,314</td>
<td>33,130,303</td>
</tr>
<tr>
<td>Office equipment</td>
<td>50,119,273</td>
<td>2,127,191</td>
<td>1,516,880</td>
<td>50,729,584</td>
</tr>
<tr>
<td>Workshop equipments</td>
<td>639,886</td>
<td>65,228</td>
<td>48,006</td>
<td>657,108</td>
</tr>
<tr>
<td>Kitchen equipment</td>
<td>4,377,206</td>
<td>119,339</td>
<td>170,973</td>
<td>4,325,572</td>
</tr>
<tr>
<td>Laundry and house keeping</td>
<td>2,753,393</td>
<td>62,491</td>
<td>243,033</td>
<td>2,572,851</td>
</tr>
<tr>
<td>A.C. Plant and equipment</td>
<td>21,436,289</td>
<td>64,610</td>
<td>44,741</td>
<td>21,456,158</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>29,577,017</td>
<td>123,458</td>
<td>28,435</td>
<td>29,672,040</td>
</tr>
<tr>
<td>Non consumable items</td>
<td>1,740,560</td>
<td>158,635</td>
<td>964,934</td>
<td>934,261</td>
</tr>
<tr>
<td>Total</td>
<td>876,319,257</td>
<td>41,533,042</td>
<td>42,132,053</td>
<td>875,720,246</td>
</tr>
<tr>
<td>Net Book Value</td>
<td>643,772,892</td>
<td></td>
<td></td>
<td>743,130,320</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>Saudi German Hospital - Aseer</td>
<td>9,297,296</td>
<td>12,422,296</td>
</tr>
<tr>
<td>Saudi German Hospital – Madina</td>
<td>24,938,182</td>
<td>28,063,182</td>
</tr>
<tr>
<td>Bait Al-Batterjee &amp; Zoheir Ahmed Al-Sibae</td>
<td>25,750,000</td>
<td>25,000,000</td>
</tr>
<tr>
<td>Medical Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Hail Company For Healthcare</td>
<td>14,417,500</td>
<td>5,347,100</td>
</tr>
<tr>
<td>Saudi German Hospital – Jeddah</td>
<td>86,500,000</td>
<td>6,500,000</td>
</tr>
<tr>
<td>Total</td>
<td>160,902,978</td>
<td>77,332,578</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-up capital as per audited financial statements</td>
<td>590,000,000</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>- Amount transferred from current account</td>
<td></td>
</tr>
<tr>
<td>Appearing in Saudi German Hospital – Jeddah</td>
<td>107,226,596</td>
</tr>
<tr>
<td>- Shares in National Hail Company For Healthcare</td>
<td>25,980,000</td>
</tr>
<tr>
<td>98% Shares in Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.</td>
<td>490,000</td>
</tr>
<tr>
<td>- Shares acquired from Bait Al Batterjee &amp; Objective Ahmed Al-Sibae Medical Co.</td>
<td>24,990,000</td>
</tr>
<tr>
<td>Total</td>
<td>748,686,596</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Description</th>
<th>SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-up capital as per audited financial statement in 2012:</td>
<td>590,000,000</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>- Amount transferred from current account</td>
<td></td>
</tr>
<tr>
<td>For the year ended December 31, 2013</td>
<td>75,848,568</td>
</tr>
<tr>
<td>- Shares of MEAHCO in National Hall Company For Healthcare</td>
<td>25,980,000</td>
</tr>
<tr>
<td>- 98% shares capital in Abdul Jaleel Ibrahim Batterjee Sons</td>
<td>490,000</td>
</tr>
<tr>
<td>- 98% of the retained earnings in Abdul Jaleel Ibrahim Batterjee Sons Co.</td>
<td></td>
</tr>
<tr>
<td>Development Co. Ltd.</td>
<td></td>
</tr>
<tr>
<td>- Shares acquired from Bait Al Batterjee &amp; Zoheir Ahmed Al-Sibae Medical Co.</td>
<td></td>
</tr>
<tr>
<td>- Land of Dammam Project</td>
<td>42,200,000</td>
</tr>
<tr>
<td>Total</td>
<td>767,000,000</td>
</tr>
</tbody>
</table>

d) The differences between the capital in pro-forma balance sheets of 2012 and 2013 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital in 2012 as per pro-forma balance sheets</td>
<td>748,686,596</td>
</tr>
<tr>
<td>Less: Capital in 2013 as per pro-forma balance sheets</td>
<td>(767,000,000)</td>
</tr>
<tr>
<td>Total difference</td>
<td>(18,313,404)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- In SGH Jeddah the current account for the year ended December 31, 2013</td>
<td></td>
</tr>
<tr>
<td>was SR. 75,848,568 which was used to increase capital in 2013, while the</td>
<td></td>
</tr>
<tr>
<td>current account balance in 2012 was used SR. 107,226,599, as a result the</td>
<td></td>
</tr>
<tr>
<td>said difference occurred</td>
<td>31,378,028</td>
</tr>
<tr>
<td>- Reducing of the Dammam Project land amounted to SR.</td>
<td>(42,200,000)</td>
</tr>
<tr>
<td>- Reducing the share of capital of Eng. Sobhi Batterjee from the old share</td>
<td></td>
</tr>
<tr>
<td>capital of SGH Riyadh amounted to SR. (25,000,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>- 98% of the retained earning in Abdul Jaleel Ibrahim Batterjee Sons Co.</td>
<td></td>
</tr>
<tr>
<td>Development Co. Ltd.</td>
<td></td>
</tr>
<tr>
<td>- Shares acquired from Bait Al Batterjee &amp; Zoheir Ahmed Al-Sibae Medical Co.</td>
<td></td>
</tr>
<tr>
<td>- Land of Dammam Project</td>
<td></td>
</tr>
<tr>
<td>January 1, 2013 to September 30, 2013</td>
<td>(7,481,432)</td>
</tr>
<tr>
<td>Net difference</td>
<td>(18,313,404)</td>
</tr>
</tbody>
</table>
6. RETAINED EARNINGS

a) The details of the adjustments used in 2012 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of retained earnings as per audited Financial statements</td>
<td>19,768,770</td>
</tr>
<tr>
<td>Less: National Hail Healthcare Co. shares of Cumulative losses</td>
<td>(3,630,163)</td>
</tr>
<tr>
<td>- Overhead charges previously charged to related parties</td>
<td>(15,827,260)</td>
</tr>
<tr>
<td>Add: Shares of retained earnings of Abdul Jaleel Ibrahim Batterjee Sons Development Co. Ltd.</td>
<td>5,648,367</td>
</tr>
<tr>
<td>- Management fees related to Bait Al Batterjee &amp; Zoheir Ahmed Al-Sibae Medical Co., Saudi German Hospital, Aseer Madina and Saudi German</td>
<td>9,486,610</td>
</tr>
<tr>
<td>Add: Adjustments of minorities shares in Bait Al Batterjee &amp; Zoheir Ahmed Al-Sibae Medical Co.,</td>
<td>7,173,962</td>
</tr>
<tr>
<td>Add: Saudi German Hospital, Jeddah – Net profit For 2012</td>
<td>68,474,390</td>
</tr>
<tr>
<td><strong>Balance of retained earnings as per pro-forma Financial statements</strong></td>
<td><strong>91,094,676</strong></td>
</tr>
</tbody>
</table>

b) The details of the adjustments used in 2013 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>SR.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of retained earnings as per audited Financial statements</td>
<td>122,684,296</td>
</tr>
<tr>
<td>Add: SGH, Aseer management fees</td>
<td>2,297,276</td>
</tr>
<tr>
<td>- SGH Madina management fees</td>
<td>1,291,862</td>
</tr>
<tr>
<td>Less: Overhead charges to the Company For the years 2012 &amp; 2013</td>
<td>(23,620,434)</td>
</tr>
<tr>
<td><strong>Balance of retained earnings as per pro-forma Financial statements</strong></td>
<td><strong>113,180,956</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SR.</strong></td>
<td><strong>SR.</strong></td>
<td></td>
</tr>
<tr>
<td>Letters of credit</td>
<td>11,899,250</td>
<td>6,414,553</td>
</tr>
</tbody>
</table>

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.
MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2013 & 2012

10. BUSINESS SEGMENTS
As per the Company’s internal reporting policy the main business is segmented into following categories:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR.</td>
<td>SR.</td>
</tr>
<tr>
<td>In-Patient revenue</td>
<td>617,647,765</td>
<td>476,121,605</td>
</tr>
<tr>
<td>Out-Patient revenue</td>
<td>303,378,946</td>
<td>253,977,972</td>
</tr>
<tr>
<td>Pharmaceuticals revenue</td>
<td>234,612,437</td>
<td>198,688,539</td>
</tr>
<tr>
<td>Ancillary and trading revenue</td>
<td>2,188,357</td>
<td>1,794,949</td>
</tr>
<tr>
<td>Total</td>
<td>1,157,827,505</td>
<td>930,583,065</td>
</tr>
</tbody>
</table>

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.