

**AL HAMMADI DEVELOPMENT
AND INVESTMENT COMPANY**
(A Saudi Joint Stock Company)

**Interim Financial Statements (Unaudited)
for the Three and Six-months Period
Ended June 30, 2014 and
Independent Auditors' Report**

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

	<u>PAGE</u>
Independent auditors' report	1
Interim balance sheet	2
Interim statement of income	3
Interim statement of cash flow	4
Interim statement of changes in shareholders' equity	5
Notes to the interim financial statements	6 - 12



REVIEW REPORT

July 20, 2014

To the Shareholders of Al Hammadi Development and Investment Company
(A Saudi Joint stock Company)

Scope of review


We have reviewed the accompanying interim balance sheet of Al Hammadi Development and Investment Company (Joint Stock Company) (the "Company") as of June 30, 2014 and the interim statements of income, cash flows and changes in shareholders' equity for the three and six-months period then ended, and the related notes which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

~~PricewaterhouseCoopers~~

By: 
Mohammed A. Al Obaidi
License Number 367

*PricewaterhouseCoopers, King Faisal Foundation Bldg., P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia
T: +966 (11) 465-4240, F: +966 (11) 465-1663, www.pwc.com/middle-east*

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM BALANCE SHEET (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at June 30,	
		2014 (unaudited)	2013 (unaudited)
Assets			
Current assets			
Cash and cash equivalents	4	33,371,819	64,009,853
Share capital subscription proceeds - receivable	6	618,250,657	-
Accounts receivable - net		109,897,092	112,409,638
Due from related parties		413,752	324,814
Inventories		19,656,591	13,557,748
Prepayments and other assets		<u>20,070,139</u>	<u>14,309,776</u>
		801,660,050	204,611,829
Non-current assets			
Property and equipment - net		361,161,813	365,822,961
Capital work-in-progress		<u>903,236,127</u>	<u>466,817,550</u>
Total assets		<u>2,066,057,990</u>	<u>1,037,252,340</u>
Liabilities			
Current liabilities			
Accounts payable		43,099,860	30,186,593
Short-term loans	5	35,310,000	-
Due to related parties		597,217	55,080
Accrued and other liabilities		41,632,593	18,337,683
Provision for zakat		<u>2,240,229</u>	<u>1,508,603</u>
		122,879,899	50,087,959
Non-current liabilities			
Long-term loans	5	665,381,082	388,711,758
Employees' termination benefits		<u>17,122,066</u>	<u>11,974,787</u>
Total liabilities		<u>805,383,047</u>	<u>450,774,504</u>
Shareholders' equity			
Share capital	6	750,000,000	525,000,000
Statutory reserve	7	392,460,092	7,036,779
Retained earnings		<u>118,214,851</u>	<u>54,441,057</u>
Total shareholders' equity		<u>1,260,674,943</u>	<u>586,477,836</u>
Total liabilities and shareholders' equity		<u>2,066,057,990</u>	<u>1,037,252,340</u>
Contingencies and commitments	10		

The notes on pages 6 to 12 form an integral part of these financial statements.




AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME (UNAUDITED)
 (All amounts in Saudi Riyals unless otherwise stated)

	<u>Three-months period ended June 30,</u>		<u>Six-months period ended June ended 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues - net	121,661,261	108,851,080	243,702,955	213,686,475
Cost of revenues	<u>(67,980,129)</u>	<u>(63,012,385)</u>	<u>(135,310,351)</u>	<u>(120,510,435)</u>
Gross profit	53,681,132	45,838,695	108,392,604	93,176,040
General and administrative expenses	<u>(17,908,475)</u>	<u>(17,102,028)</u>	<u>(36,659,884)</u>	<u>(34,348,605)</u>
Operating income	35,772,657	28,736,667	71,732,720	58,827,435
Other income (expenses)				
Financial charges	(61,879)	(89,944)	(99,159)	(109,340)
Other income - net	<u>934,328</u>	<u>2,461,795</u>	<u>1,286,843</u>	<u>3,269,542</u>
Income before zakat	36,645,106	31,108,518	72,920,404	61,987,637
Zakat - net	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>(3,100,000)</u>	<u>(2,100,000)</u>
Net income for the period	<u>35,595,106</u>	<u>30,058,518</u>	<u>69,820,404</u>	<u>59,887,637</u>
Earnings per share (Saudi Riyal):				
Operating income	<u>0.66</u>	<u>0.55</u>	<u>1.33</u>	<u>1.12</u>
Net income for the period	<u>0.66</u>	<u>0.57</u>	<u>1.29</u>	<u>1.14</u>
Average number of shares	<u>54,116,022</u>	<u>52,500,000</u>	<u>54,116,022</u>	<u>52,500,000</u>

The notes on pages 6 to 12 form an integral part of these financial statements.

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Six-month period June 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income for the period	69,820,404	59,887,637
Adjustments for non-cash items:		
Depreciation	6,805,161	6,737,370
Provision for doubtful debts	10,456,995	12,000,000
Provision for zakat	3,100,000	2,100,000
Provision for employees' termination benefits	2,824,348	2,867,369
Changes in working capital:		
Accounts receivable	16,107,183	(17,453,826)
Due from/to related parties	(172,589)	(1,195,807)
Inventories	(4,096,765)	1,818,532
Prepayments and other current assets	(5,939,899)	(6,697,020)
Accounts payable	10,928,341	(2,552,985)
Accrued and other current liabilities	22,079,456	941,291
Zakat paid	(4,468,374)	(4,054,545)
Employees' termination benefits paid	(507,535)	(552,763)
Net cash generated from operating activities	<u>126,936,726</u>	<u>53,845,253</u>
Cash flows from investing activities:		
Purchase of property and equipment	(5,398,506)	(2,214,344)
Additions on capital work-in-progress	<u>(238,164,646)</u>	<u>(187,288,796)</u>
Net cash utilized in investing activities	<u>(243,563,152)</u>	<u>(189,503,140)</u>
Cash flows from financing activities:		
Proceeds from loans	126,743,599	180,260,852
Payment of loans	(5,955,106)	(4,186,709)
Increase in share capital	225,000,000	-
Proceeds from share premium, net	380,261,825	-
Share capital subscription proceeds - receivable	(618,250,657)	-
Dividends paid	-	(39,844,000)
Net cash generated from financing activities	<u>107,799,661</u>	<u>136,230,143</u>
Net change in cash and cash equivalents	(8,826,765)	572,256
Cash and cash equivalents, at beginning of period	<u>42,198,584</u>	<u>63,437,597</u>
Cash and cash equivalents, at end of period	<u>33,371,819</u>	<u>64,009,853</u>
Non-cash transactions:		
Transferred from retained earnings to increase the share capital	-	72,000,000
Transferred from statutory reserve to increase the share capital	-	33,000,000

The notes on pages 6 to 12 form an integral part of these financial statements.




AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
January 1, 2014		525,000,000	12,198,267	48,394,447	585,592,714
Net income for the period		-	-	69,820,404	69,820,404
Increase in share capital					
by issuing shares	6	225,000,000	-	-	225,000,000
Share premium, net	6	-	380,261,825	-	380,261,825
June 30, 2014		<u>750,000,000</u>	<u>392,460,092</u>	<u>118,214,851</u>	<u>1,260,674,943</u>
January 1, 2013		420,000,000	34,048,015	114,542,184	568,590,199
Net income for the period		-	-	59,877,637	59,887,637
Transfer to statutory reserve		-	5,988,764	(5,988,764)	-
Dividends paid		-	-	(42,000,000)	(42,000,000)
Transfer to increase					
share capital		105,000,000	(33,000,000)	(72,000,000)	-
June 30, 2013		<u>525,000,000</u>	<u>7,036,779</u>	<u>54,441,057</u>	<u>586,477,836</u>

The notes on pages 6 to 12 form an integral part of these financial statements.



AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
 (All amounts in Saudi Riyals unless otherwise stated)

1. General information

Al Hammadi Development and Investment Company (the "Company") was established as a limited liability company under Commercial Registration No.1010196714 issued on Safar 23, 1425H (corresponding to April 13, 2004) in Riyadh. On Ramadan 16, 1429H (corresponding to September 16, 2008) Ministry of Commerce issued the resolution No.Q/316 to approve the Company's transformation into a closed joint stock company.

On Rajab 20, 1435H (corresponding to May 19, 2014) the Company obtained approval from the Capital Market Authority ("CMA") to issue 22.5 million shares in an initial public offering and the Company's shares listed in Saudi Stock Exchange (Tadawul) on Ramadan 17, 1435H (corresponding to July 14, 2014) (see Note 6).

These interim financial statements also include the results of operations of the Branches which it has a separate commercial registration numbers as:

Branch name	Commercial Registration No.	City	Status
Al Hammadi Hospital, Olaya	1010263026	Riyadh	Active
Al Hammadi Hospital, Alnozha	1010374270	Riyadh	Under construction
Al Hammadi Hospital, AISuwaidi	1010374269	Riyadh	Under construction
Al Hammadi for Maintenance & Operations	1010374273	Riyadh	No activity

1.1 Interim financial statements

The Company prepares its interim financial statements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public accountants ("SOCPA"). Each interim period is an integral part of the financial year. Revenues, expenses and provisions for a period are recorded and presented in the interim financial statements for that period. The results for the interim period may not give an accurate indication of the annual operating results. These financial statements and its notes must be read with the year ended December 31, 2013 and the notes which are mentioned with these financial statements.

The board of directors approved the accompanying financial statements for issuance on 21 Ramadan 1435H (corresponding to July 19, 2014).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below; these policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying interim financial statements have been prepared under the historical cost convention on the accrual basis of accounting, and in compliance with the Accounting Standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Critical accounting estimates and judgments

The preparation of interim financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results.

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
(All amounts in Saudi Riyals unless otherwise stated)

2.3 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) Financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.4 Foreign currency translation

(a) Reporting currency

The presentation of interim financial statements is in Saudi Riyals, which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, which were not significant for the period ended June 30, 2014 and for the year ended December 31, 2013, respectively, are recognized in the interim statement of income.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks and other short-term liquid investments, if any with original maturities of three months or less from purchase date.

2.6 Accounts receivable, net

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the interim statement of income and reported under "General and administrative expenses". When an account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the interim statement of income.

2.7 Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.8 Property and equipment

Property and equipment are carried at cost, less accumulated depreciation except projects in progress. Lands are not depreciated. Depreciation is charged to the interim statement of income, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
 (All amounts in Saudi Riyals unless otherwise stated)

	<u>Years</u>
Buildings	33
Medical equipment and tools	10
Furniture, fixtures and office equipment	6-10
Vehicles	4

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the interim statement of income.

Maintenance and normal repairs, which do not materially extend the estimated useful life of an asset, are charged to the interim statement of income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.9 Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

2.10 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss recognized as income immediately in the statement of income. Impairment losses recognized on intangible assets are not reversible.

2.11 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets capitalized as part of those assets. Other borrowing costs are charged to the interim statement of income.

2.12 Accounts payable and accruals

Liabilities are recognized for amount to be paid for goods and services received, whether or not billed to the Company.

2.13 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation because of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.14 Zakat

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Zakat is estimated, accrued and charged to the interim statement of income. Any differences in the estimate is recorded when the final assessment is approved at which time the provision is adjusted.

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
(All amounts in Saudi Riyals unless otherwise stated)

2.15 Employees' termination benefits

Employees' termination benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the interim statement of income. The liability is calculated; as the current value of the vested benefits to which the employee is entitled, should the employee leaves at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

2.16 Revenues

Revenues are recognized when the services are rendered to the patients, and recorded net of discounts. Discounts are granted principally to insurance companies, major corporates, cash paying customers, and represent the difference between the established standard rates for various services less negotiated amount for payment.

2.17 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of revenues, when required, is made on consistent basis.

2.18 Dividends

Dividends are recorded in the interim financial statements in the period in which they are approved by shareholders of the Company.

2.19 Operating lease

Rental expenses under operating leases are charged to the interim statement of income over the period of the respective lease. Rental income is recognized on the accrual basis in accordance with the terms of the contracts.

3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management. The most important types of risk are summarized below.

Financial instruments carried on the interim balance sheet include cash and cash equivalents, accounts receivable, due from related parties, accounts payable, due to related parties, accrued and other current liabilities and short-term loan. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset and net amounts reported in the interim financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.1 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's transactions are principally in Saudi Riyals. Management believes that Company's exposure to currency risk is not significant.

3.2 Fair value and cash flow interest rate risks

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company monitors the commission rate fluctuations on continuous basis and acts accordingly. The Company's commission rates principally relates to its borrowings and are subject to change on periodic basis.

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
 (All amounts in Saudi Riyals unless otherwise stated)

3.3 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is currently not exposed to price risk as it has no investments in marketable securities.

3.4 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. Cash is placed with banks with sound credit ratings. Accounts receivable are carried net of provision for doubtful debts. (See also Note 5).

3.5 Liquidity risk

Liquidity 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 an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

3.6 Fair value

Fair value is the amount for which an asset can be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

4. Cash and cash equivalents

	<u>2014</u> (unaudited)	<u>2013</u> (unaudited)
Cash in hand	1,692,631	3,609,701
Cash at banks	<u>31,679,188</u>	<u>60,400,152</u>
	<u>33,371,819</u>	<u>64,009,853</u>

5. Loans

	<u>2014</u> (unaudited)	<u>2013</u> (unaudited)
Loan from the Ministry of Finance	88,239,325	-
Loans from commercial banks	<u>612,451,757</u>	<u>388,711,758</u>
	700,691,082	388,711,758
Current portion of long-term loans included under Current liabilities	<u>(35,310,000)</u>	-
	<u>665,381,082</u>	<u>388,711,758</u>

5.1 Loan from the Ministry of Finance

The loan agreement with the Saudi Ministry of Finance is to obtain a loan of Saudi Riyals 149.1 million in purpose of establishing the hospital building (Al Swaidi branch) and purchasing of medical equipment and furniture. The Company has used part of the loan in the amount of Saudi Riyals 88.2 million as of June 30, 2014. The annual installment is determined in light of how much is actually spent from the value of the loan at the end of the implementation period of this specific contract after dividing the total disbursements to twenty annual installments. The maturity of the first installment will be after five year from the date of the agreement which is September 18, 2013. This loan is secured by a mortgage of the property, plant and equipment for Al Swaidi branch. This loan does not have any financing commissions.

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
(All amounts in Saudi Riyals unless otherwise stated)

5.2 Loans from commercial banks

The Company has held many different facilities and loans agreements with local commercial banks. Those loans carry finance commissions based on the rates prevailing in the market. These agreements include bank facilities of Saudi Riyals 1.1 billion as at June 30, 2014 in form of long term loans. These bank facilities include Saudi Riyals 150 million as a long-term loan to be repaid after a three years period on quarterly basis with a grace period of two years. The maturity of the first will be at March 31, 2015. In addition, These bank facilities include Saudi Riyals 147.8 million in the form of LCs limit to be repaid after three years period on quarterly basis with a grace period of three years. The maturity of the first installment will be on June 30, 2015. The bank facilities also include Saudi Riyals 150 million as a long-term loan to be repaid after a five years period on half year basis. The maturity of the first will be at October 20, 2015. Also, these facilities include a long term loan of Saudi Riyals 300 million to be repaid after three years period on half year basis with a grace period of two years. The maturity of the first payment will be at June 5, 2016. The purpose of these loans are principally to finance the purchase of lands for the Company, constructions of branches and accommodation for staff and purchase of medical equipment. The Company used Saudi Riyals 612.5 million of the total amount of these facilities at the date of these financial statements.

The facilities agreements referred to above also include facilities for the issuance of letters of guarantee and letters of credit in addition to overdraft account amounting to Saudi Riyals 51 million. The company has used approximately Saudi Riyals 2.8 million of the total value of these facilities as at the date of the financial statements.

The long-term loans carry a special commission equal to the prevailing rates between the local commercial banks, plus a certain profit margin to be paid on quarterly basis, with a grace period of two years and are amortized over the term of the loan based on the effective interest rate method. Based on the terms of the agreement, the Company has to comply with some financial and non-financial commitments that require certain financial ratios and conditions to be maintained. The carrying value of these loans are in Saudi Riyals.

6. Share capital

The Company's share capital of Saudi Riyals 750 million at June 30, 2014 consist of 75,000,000 shares (June 30, 2013: 52,500,000 shares) fully paid shares of Saudi Riyals 10 each and owned by Saudi shareholders as follows:

Shareholders	(unaudited)		
	June 30, 2014		
	Number of shares	Share capital	%
Jadwa Medical Opportunity Company	15,750,000	157,500,000	21.000
Mr. Saleh Mohammed Al Hammadi	7,500,000	75,000,000	10.000
Dr. Abdulaziz Mohammed Al Hammadi	7,500,000	75,000,000	10.000
Mr. Faisal Abdulaziz Al Hammadi	3,675,000	36,750,000	4.900
Mr. Mohammed Abdulaziz Al Hammadi	3,675,000	36,750,000	4.900
Mr. Abdulaziz Saleh Al Hammadi	3,675,000	36,750,000	4.900
Mr. Mohammed Saleh Al Hammadi	3,675,000	36,750,000	4.900
Ms. Al Joharah Ibrahim Bin Aoun	2,367,375	23,673,750	3.157
Ms. Hend Bint Fahd Al-Dekheel	1,987,625	19,876,250	2.650
Mr. Turki Ibrahim Mansour Al Rajhi	1,748,750	17,487,500	2.331
Mr. Ibrahim Bin Mansour Al Rajhi	945,000	9,450,000	1.260
Mr. Sami Abdullah Al Saeed	1,250	12,500	0.002
Other shareholders	<u>22,500,000</u>	<u>225,000,000</u>	<u>30.000</u>
	<u>75,000,000</u>	<u>750,000,000</u>	<u>100.000</u>

On 8 Jumadah I 1435H (corresponding to March 9, 2014) General Assembly resolved to increase the share capital from Saudi Riyals 525 million to Saudi Riyals 750 million by increasing the number of shares from 52.5 million shares to 75 million shares at Saudi Riyals 10 per share. On May 19, 2014, the Company obtained approval from the Capital Market Authority to issue 22.5 million shares in an initial public offering during the period from June 11, 2014 to June 17, 2014 and generating share premium amounted to Saudi Riyals 18 per share with a net amount of Saudi Riyals 380.2 million after deducting underwriting expenses amounted to Saudi Riyals 24.7million. The net share premium was transferred to the statutory reserve according to Article No. 98 of Saudi Regulations for Companies. The net underwriting collection

AL HAMMADI DEVELOPMENT AND INVESTMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014
(All amounts in Saudi Riyals unless otherwise stated)

is Saudi Riyals 618,250,657 which includes issued par value amounted to Saudi Riyals 225 million in addition to total premium share amounted to Saudi Riyals 405 million after discounted the underwriter fees amounted to Saudi Riyals 11.7 million.

7. Statutory reserve

In accordance with Saudi Regulations for Companies and the Company's Articles of Association, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 50% of the capital. During the year ended June 30, 2014 an amount of Saudi Riyals 380,261,825 was transferred to the statutory reserve in accordance to Article No. 98 of Saudi Regulations for Companies, this statutory reserve is not available for distribution to shareholders currently.

8. Segment information

The Company's operations are substantially comprised of health-care services. Accordingly, segment information is not applicable. Furthermore, all of the Company's operations are conducted in Saudi Arabia.

9. Dividends

During June 30, 2014, the Company did not distribute any dividends to the shareholders (June 30, 2013: Saudi Riyals 42 million).

10. Contingencies and commitments

The Company had outstanding letters of credit and guarantee from a local bank amounting to Saudi Riyals 51,058,777 as at June 30, 2014 (June 30, 2013: Saudi Riyals 67,248,132).

The Company had capital commitments amounting to Saudi Riyals 291,850,367 as at June 30, 2014 related to capital work in progress with related parties (June 30, 2013: Saudi Riyals 910,783,491).