Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Closed Joint Stock Company)

Interim Consolidated Financial Statements
For the three-month period ended 31 March 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF Dr. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY
(SAUDI CLOSED JOINT STOCK COMPANY)

Opinion
We have audited the interim consolidated financial statements of Dr. Sulaiman Al Habib Medical Services Group Company – Saudi Closed Joint Stock Company (the "Company") and its subsidiaries (collectively with the Company the "Group"), which comprise the interim consolidated statement of financial position as at 31 March 2019, and the interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three-months period then ended, and notes to the interim consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group as at 31 March 2019, and its interim consolidated financial performance and its interim consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the interim consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
The comparative figures for the three-months period ended 31 March 2018 in the accompanying interim consolidated financial statements are not audited. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Interim Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF Dr. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY (SAUDI CLOSED JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF Dr. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY (SAUDI CLOSED JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. (354)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Riyadh: 21 Ramadan 1440H
(26 May 2019)

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Closed Joint Stock Company)
Interim consolidated statement of financial position
As at 31 March 2019

	Notes	31 March 2019 SR	31 December 2018 SR
Assets			
Current assets			
Cash and cash equivalents	7	1,500,610,660	1,369,118,427
Accounts receivable	8	1,246,242,842	1,311,100,395
Advances to suppliers and contractors		18,163,366	17,671,064
Inventories	9	279,273,597	302,536,655
Prepaid expenses and other assets	10	181,379,277	210,225,879
Total current assets		**3,225,669,742**	**3,210,652,420**
Non-current assets			
Investments in associates	11	45,049,696	43,488,180
Property and equipment	12	4,599,719,054	4,287,022,999
Total non-current assets		**4,644,768,750**	**4,330,511,179**
Total assets		**7,870,438,492**	**7,541,163,599**
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	27.1	253,320,162	228,512,814
Current portion of lease liabilities	27.2	45,367,157	-
Accounts payable	13	512,810,992	531,610,946
Advances from customers		19,669,660	18,957,753
Accrued expenses and other liabilities	15	589,638,419	503,237,365
Zakat payable	16	48,710,085	79,135,807
Current portion of government grant	17	2,180,004	2,706,944
Total current liabilities		**1,471,696,479**	**1,364,161,629**
Non-current liabilities			
Long-term loans	27.1	1,374,016,912	1,338,257,068
Government grant	17	47,415,087	47,433,151
Lease liabilities	27.2	155,418,583	-
Employees' end-of-service benefits	18	242,509,118	234,052,516
Total non-current liabilities		**1,819,359,700**	**1,619,742,735**
Total liabilities		**3,291,056,179**	**2,983,904,364**
Equity			
Issued share capital	19	3,500,000,000	3,500,000,000
Statutory reserve	20	380,849,457	380,849,457
Retained earnings		469,756,907	447,172,841
Equity attributable to equity holders of the parent		**4,350,606,364**	**4,328,022,298**
Non-controlling interests		228,775,949	229,236,937
Total equity		**4,579,382,313**	**4,557,259,235**
Total liabilities and equity		**7,870,438,492**	**7,541,163,599**

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

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Closed Joint Stock Company)
Interim consolidated statement of income
For the three-month period ended 31 March 2019

	Notes	2019 SR	2018 SR (Unaudited)
Revenue		1,247,072,037	1,169,410,029
Cost of revenue		(823,705,255)	(808,012,966)
Gross profit		**423,366,782**	**361,397,063**
Selling and marketing expenses	22	(58,446,125)	(40,605,697)
General and administrative expenses	23	(116,744,595)	(99,781,750)
Operating income		**248,176,062**	**221,009,616**
Share of income of associates	11	1,561,516	1,685,118
Finance costs		(6,369,420)	(4,206,335)
Other income, net	24	16,579,272	19,298,295
Income before zakat		**259,947,430**	**237,786,694**
Zakat	16	(26,328,177)	(21,610,014)
Income for the period		**233,619,253**	**216,176,680**
Attributable to:			
Equity holders of the Parent		234,080,241	216,526,599
Non-controlling interests		(460,988)	(349,919)
		233,619,253	**216,176,680**
Operating income per share and earnings per share:	25		
Basic and diluted operating income per share		**0.71**	**0.63**
Basic and diluted earnings per share attributable to equity holders of the parent		**0.67**	**0.62**

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

	Notes	2019 SR	2018 SR (Unaudited)
Income for the period		**233,619,253**	**216,176,680**
Other comprehensive (loss) / income			
Items that will not to be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss) / gain on employees' end-of-service benefits	18	(1,496,175)	1,943,250
Net other comprehensive (loss) / income for the period		**(1,496,175)**	**1,943,250**
Total comprehensive income for the period		**232,123,078**	**218,119,930**
Attributable to:			
Equity holders of the parent company		232,584,066	218,469,849
Non-controlling interests		(460,988)	(349,919)
		232,123,078	**218,119,930**

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

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Closed Joint Stock Company)
Interim consolidated statement of changes in equity
For the three-month period ended 31 March 2019

	Attributable to equity holders of the parent					
	Issued share capital SR	**Statutory reserve SR**	**Retained earnings SR**	**Total SR**	**Non-controlling interests SR**	**Total equity SR**
As at 1 January 2018	**3,500,000,000**	**300,718,722**	**517,892,452**	**4,318,611,174**	**230,470,315**	**4,549,081,489**
Income (loss) for the period	-	-	216,526,599	216,526,599	(349,919)	216,176,680
Other comprehensive income	-	-	1,943,250	1,943,250	-	1,943,250
Total comprehensive income	-	-	218,469,849	218,469,849	(349,919)	218,119,930
Dividends (note 21)	-	-	(400,000,000)	(400,000,000)	-	(400,000,000)
As at 31 March 2018 (Unaudited)	**3,500,000,000**	**300,718,722**	**336,362,301**	**4,137,081,023**	**230,120,396**	**4,367,201,419**
As at 1 January 2019	**3,500,000,000**	**380,849,457**	**447,172,841**	**4,328,022,298**	**229,236,937**	**4,557,259,235**
Income (loss) for the period	-	-	234,080,241	234,080,241	(460,988)	233,619,253
Other comprehensive (loss)	-	-	(1,496,175)	(1,496,175)	-	(1,496,175)
Total comprehensive income	-	-	232,584,066	232,584,066	(460,988)	232,123,078
Dividends (note 21)	-	-	(210,000,000)	(210,000,000)	-	(210,000,000)
As at 31 March 2019	**3,500,000,000**	**380,849,457**	**469,756,907**	**4,350,606,364**	**228,775,949**	**4,579,382,313**

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

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Closed Joint Stock Company)
Interim consolidated statement of cash flows
For the three-month period ended 31 March 2019

	Notes	2019 SR	2018 SR (Unaudited)
Operating activities			
Income before zakat		**259,947,430**	**237,786,694**
Non-cash adjustments to reconcile income before zakat to net cash flow			
Depreciation	12	56,307,241	50,099,312
Share of income of associates	11	(1,561,516)	(1,685,118)
Loss on disposal of property and equipment	24	233,482	338,890
Allowance for doubtful debts	8 & 22	35,206,738	21,660,653
Recognized government grant	17	(545,004)	-
Provision for inventories		2,260,090	1,137,647
Finance costs		6,369,420	4,206,335
Employees' end-of-service benefits	18	13,568,632	12,530,830
		371,786,513	**326,075,243**
Working capital adjustments:			
Accounts receivable		7,835,526	(36,531,270)
Advances to suppliers and contractors		(3,937,597)	(58,281,698)
Due from/to related parties, net		48,298,938	165,720
Inventories		(13,826,377)	11,647,918
Prepaid expenses and other assets		8,517,760	(93,193,603)
Accounts payable		(4,054,966)	(58,070,339)
Advances from customers		1,321,964	4,854,820
Accrued expenses and other liabilities		26,028,746	61,795,829
Cash generated from operations		**441,970,507**	**158,462,620**
Zakat paid	16	(56,753,899)	(84,582,617)
Employees' end-of-service benefits paid	18	(5,293,064)	(6,033,522)
Net cash from operating activities		**379,923,544**	**67,846,481**
Investing activities			
Purchase of property and equipment	12	(144,710,100)	(46,575,937)
Proceeds from sale of property and equipment		1,081,720	1,133,670
Cash flows arising on transfer of a subsidiary	30	(2,772,641)	-
Net cash used in investing activities		**(146,401,021)**	**(45,442,267)**
Financing activities			
Proceeds from (re-payment) of long-term loans, net		60,567,192	(11,307,744)
Lease obligation paid		(10,210,750)	-
Finance costs paid		(4,041,589)	(4,240,337)
Dividends paid		(148,345,143)	(179,000,000)
Net cash used in financing activities		**(102,030,290)**	**(194,548,081)**
Net increase (decrease) in cash and cash equivalents		131,492,233	(172,143,867)
Cash and cash equivalents at the beginning of the period	7	1,369,118,427	1,140,536,949
Cash and cash equivalents at the end of the period	7	**1,500,610,660**	**968,393,082**
Non-cash transactions:			
Recognition of right-of-use assets	12	227,616,107	-
Recognition of lease liabilities	4.9	209,036,772	-

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

1. Corporate information and activities

Dr. Sulaiman Al Habib Medical Services Group Company (the "Company") (a Saudi closed joint stock company) is registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010118330 dated 11 Jumad Thani 1414H (corresponding to 25 November 1993). The registered office is located at Olaya District, P.O. Box 91877, Riyadh 11643, KSA.

The Company operates under medical license no. 014-101-012-012-00129 dated 26 Jumad Thani 1428H (corresponding to 11 July 2007) issued by the Ministry of Health. The Company also operates its drug stores under license No. 6375/P dated 13 Rabi Awal 1432H (corresponding to 16 February 2011) issued by Food and Drugs Administration organization.

The Company objectives include establishing and managing hospitals, medical centres, laboratories and radiology, purchasing of lands for the purpose of constructing buildings and investing in these buildings by selling and leasing for the benefit of the Company and invest in other companies through holding a controlling position. In addition, the Company also does trading in wholesale and retail of medicines, cosmetics, medical equipment and beauty products.

The Company operates a branch in Riyadh, Kingdom of Saudi Arabia "Branch of Dr. Sulaiman Al Habib Medical Services Group Company" ("the Branch") under commercial registration number 1010357146 dated 24 Muharram 1434H (corresponding to 8 December 2012). The objectives of the Branch include trading in wholesale and retail of cosmetics and maintenance of medical equipment. The Branch operates its drug store under license no. 06-01-00231 dated 24 Muharram 1435H (corresponding to 27 November 2013) issued by Food and Drugs Administration organization.

The Company operates a branch in the Kingdom of Bahrain "Dr. Sulaiman Al-Habib Medical Services Group Holding Company - Foreign Branch" ("the Foreign Branch") under commercial registration number 81609-1 dated 22 Rajab 1433H (corresponding to 12 June 2012). The objectives of the Foreign Branch include management and development of medical units in addition to providing medical supplies.

The interim consolidated financial statements include the financial information of the branches mentioned above and subsidiaries mentioned in note 3.

2. Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

These interim consolidated financial statements are prepared on a historical cost basis except for government grants and long-term loans from Ministry of Finance, which are presented on a fair value basis. The interim consolidated financial statements are presented in Saudi Riyals, which is the functional, and presentation currency of the Company and all values are rounded to the nearest one Riyal, except when otherwise indicated.

3. Basis of consolidation

These interim consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (collectively referred to as "the Group"), mainly domiciled in Kingdom of Saudi Arabia ("KSA") and United Arab Emirates ("UAE") as at 31 March 2019 & 31 December 2018:

	Country of incorporation and business	**Activities**	**Ownership %**	
			31 March 2019	31 December 2018
Sehat Al Olaya Medical Complex Company	KSA	Hospital	100%	100%
Asharq Alawsat Pharmacies Company[(a)]	KSA	Pharmacy	100%	100%
Dr. Sulaiman Al Habib Hospital FZ – LLC	UAE	Hospital	100%	100%
Al Mustaqbal for Hospitals Development Company	KSA	Hospital	100%	100%
Buraidah Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Rayan Hospital for Healthcare Company	KSA	Hospital	100%	100%
Home Healthcare Company	KSA	Home Healthcare services	100%	100%
Antab Al Riyadh for Operation and Maintenance Company	KSA	Anciliary services	100%	100%
Al Gharb Al Takhassusi Hospital For Healthcare Company	KSA	Hospital	100%	100%
Al Mokhtabarat Diagnostic Medical Company	KSA	Laboratory Services	100%	100%
Sehat Al Suwaidi Medical Company	KSA	Hospital	100%	100%
Hulool Al Sahabah for IT & Communication Company	KSA	IT Support Services	100%	100%
Al Rayan for Maintenance and Operation Company	KSA	Anciliary services	100%	100%
Rawafed Al Seha International Company[(b)]	KSA	Trading services	-	100%
Al Afia Pharmacies for Medicines Company[(a)]	KSA	Pharmacy	100%	100%
Intensive Care Company for Healthcare	KSA	Hospital	100%	100%
Sehat Al Sharq Medical Limited Company	KSA	Hospital	50%	50%
Al Wosta Medical Limited Company	KSA	Hospital	50%	50%
Gharb Jeddah Hospital Company	KSA	Hospital	50%	50%
Shamal Al Riyadh for Healthcare Company	KSA	Hospital	100%	100%
Al Muhammadiya Hospital for Healthcare Company	KSA	Hospital	100%	100%

a) The other partner has assigned his shares for the benefit of the Company.

b) On 1 January 2019, the Company has transferred Rawafed Al Seha International Company to a related party at net book value (note 30).

3. Basis of consolidation (continued)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

§ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
§ Exposure, or rights, to variable returns from its involvement with the investee;
§ The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

§ The contractual arrangement(s) with the other vote holders of the investee;
§ Rights arising from other contractual arrangements;
§ The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

§ Derecognizes the assets and liabilities of the subsidiary;
§ Derecognizes the carrying amount of any non-controlling interest;
§ Recognizes the fair value of the consideration received;
§ Recognizes the fair value of any investment retained;
§ Recognizes any surplus or deficit in profit or loss;
§ Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its interim consolidated financial statements:

4.1 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

4. Summary of significant accounting policies (continued)

4.1 Business combination (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in interim consolidated statement of income. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.2 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The interim consolidated statement of income reflects the Group's share of earnings of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the interim consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit of an associate is shown on the face of the interim consolidated statement of income outside operating profit and represents earnings after zakat and tax wherever applicable.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the interim consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the interim consolidated statement of income.

4. Summary of significant accounting policies (continued)

4.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
§ In the principal market for the asset or liability; or
§ In the absence of a principal market, in the most advantageous market for the asset or the liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liabilities is measured using the assumptions that market participants would use when pricing the asset or the liabilities, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated financial statements are categorized within the fair value hierarchy. This is described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

§ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy, as explained above.

4.4 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3. Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

4. Summary of significant accounting policies (continued)

4.4 Revenue recognition (continued)

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Patient services
The patient services revenue is recognized when the services are rendered to the patient net off for any discount or rebates and expected rejections at the time of providing services to the patients.

Sale of goods
The sales from medicine, cosmetics, medical supplies and medical equipment are recognized when goods are delivered to patients and all the control have been transferred to them. The sales are recorded net off any discount or rebates and expected rejections at the time of delivery of goods to the patients.

Rental income
Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the interim consolidated statement of income.

Others
All other revenues are recognized on an accrual basis.

Upon the adoption of IFRS 15, for advance from customer or accounts receivable, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

4. Summary of significant accounting policies (continued)

4.5 Foreign currencies

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the interim consolidated statement of financial position date are translated into Saudi Riyals at the exchange rate prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim consolidated statement of income, if material.

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Items of equity (except retained earnings and non-controlling interest) are translated at the rate prevailing on the acquisition date.
- Assets and liabilities are translated using the exchange rate prevailing at the statement of financial position date.
  - interim consolidated statement of income items are translated using the weighted average rate for the year. Material gains and losses are translated at the rate prevailing on the date of their occurrence.
- All resulting exchange differences, if material, are recognized as a separate component of equity.

When those entities are partially sold or disposed of, exchange differences that were recorded in equity are recognized in the interim consolidated statement of income as part of the gains or losses on sale.

4.6 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to interim consolidated statement of income over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

4.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such costs include the cost of replacing parts of the property and equipment, borrowing costs for long-term construction projects if the recognition criteria are met and decommissioning and site restoration costs, if applicable.

Depreciation is calculated on all property and equipment, other than land and capital work-in-progress, at the following useful lives calculated to write off the cost of each asset on a straight-line basis over its expected useful life:

	Years
Buildings	10 – 33
Leasehold improvements	The estimated useful life or lease period, whichever is lower
Medical and general equipment	5 – 10
Motor vehicles and ambulances	4 – 10
Furniture, fixtures and office equipment	4 – 6.67

Capital work-in-progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

4. Summary of significant accounting policies (continued)

4.7 Property and equipment (continued)

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the interim consolidated statement of income as the expense is incurred.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the interim consolidated statement of income under other operating income when the asset is de-recognized.

The expected useful lives and residual values of property and equipment are reviewed annually and adjusted prospectively as appropriate. The review of the asset lives and residual values of properties and equipment takes into consideration the plans of the business and levels of expenditure incurred on an ongoing basis to maintain the property and equipment in a fit and proper state for their ongoing use at hospitals and the forecast timing of disposal.

4.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the interim consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized as income immediately in the interim consolidated statement of income.

4. Summary of significant accounting policies (continued)

4.9 Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short term leases and leases of low value assets as follows:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4. Summary of significant accounting policies (continued)

4.9 Leases (continued)

Impact on adoption of IFRS 16 “Leases”

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

In the current period, the Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019.

The Group elected to use the practical expedient available on transition to IFRS 16 not to reassess whether a contract contains a lease or not, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group also adopted the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases that are expiring during 2019.
(c) Excluded initial direct cost from measuring the right-of-use asset at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

Nature of the effect of adoption of IFRS 16

Prior to adoption of IFRS 16:
The Group has lease contracts for renting commercial buildings, accommodations and offices. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease based on the substance of the arrangement at the inception date.

A lease was classified as a finance lease that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liabilities.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as operating expense in the interim consolidated statement of profit or loss on a straight-line basis over the lease term. Any prepaid and accrued amounts were recognised under prepayments and other payables, respectively.

After adoption of IFRS 16:
Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application. Under modified retrospective approach right-of use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. Accordingly, the comparative information is not restated.

4. Summary of significant accounting policies (continued)

4.9 Leases (continued)

The change in accounting policy affected the following items in the interim consolidated statement of financial position on 1 January 2019:

- Right-of-use assets of SR 227,616,107 were recognised and presented under property and equipment in the interim consolidated statement of financial position.
- Lease liabilities of SR 209,036,772 were recognised and included under lease liabilities.
- Prepaid expenses and other assets of SR 18,579,335 related to previous operating leases were reclassified to the right-of-use assets.

For the three months ended 31 March 2019:

- Depreciation expense increased by SR 6,977,447 relating to the depreciation of additional assets recognised (i.e., increase in right-of-use assets).
- Rent expense decreased by SR 11,461,567 relating to previous operating leases.
- Finance costs increased by SR 1,959,718 relating to the interest expense on additional lease liabilities recognised.
- Cash flows from operating activities increased by SR 6,856,151 and cash flows from financing activities decreased by SR 10,210,750 representing the payments for the principal and interest of recognised lease liabilities.

Impact on the interim consolidated statement of financial position (increase/(decrease)) as at 1 January 2019:

	SR
Assets	
Property and equipment – right-of-use assets	227,616,107
Prepaid expenses and other assets	(18,579,335)
Total assets	**209,036,772**
Liabilities	
Lease liabilities	209,036,772
Total liabilities	**209,036,772**

Impact on the interim consolidated statement of income (increase/(decrease)) for the three months ended 31 March 2019:

	SR
Depreciation expense (included in cost of revenue and general and administrative expenses)	(6,977,447)
Rent expense (included in cost of revenue and general and administrative expenses)	(2,081,014)
Operating profit	**(9,058,461)**
Finance costs	(1,959,718)
Income for the year	**(11,018,179)**

4. Summary of significant accounting policies (continued)

4.9 Leases (continued)

Nature of the effect of adoption of IFRS 16 (continued)

Impact on the interim consolidated statement of cash flows (increase/(decrease)) for the three months ended 31 March 2019:

	SR
Net cash flows from operating activities	6,856,151
Net cash flows from financing activities	(10,210,750)

Reconciliation of lease liabilities pursuant to IFRS 16:

	SR
Minimum lease payments under Operating leases as of 31 December 2018	**222,911,230**
Recognition exemption:	
For short-term leases	(2,181,430)
For leases of low-value assets	(17,000)
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(11,676,028)
Liabilities additionally recognised based on the initial application of IFRS 16 as of 1 January 2019	**209,036,772**
Liabilities from finance leases as of 31 December 2018	-
Liabilities from leases as of 1 January 2019	**209,036,772**

Amounts recognised in the interim consolidated statement of financial position

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Property and equipment – right-of use assets SR	**Lease liabilities SR**
As at 1 January 2019	227,616,107	209,036,772
Depreciation expense	(6,977,447)	-
Finance cost	-	1,959,718
Payments	-	(10,210,750)
As at 31 March 2019	**220,638,660**	**200,785,740**

Set out below, are the amounts recognised in the interim consolidated statement of income:

	For the three months ended 31 March 2019 SR
Depreciation expense of right-of-use assets	6,977,447
Finance cost on lease liabilities	1,959,718
Rent expense - short-term leases	2,181,430
Rent expense - leases of low-value assets	17,000
Total amounts recognised in the interim consolidated statement of income	**11,135,595**

4. Summary of significant accounting policies (continued)

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition
A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date.

Classification
The Group classifies its financial assets into the following measurement categories:

§ Those to be measured subsequently at amortized cost;
§ Fair value through other comprehensive income;
§ Fair value through profit or loss.

The classification depends on the Group's contractual terms of the financial assets cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (FVTPL). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Measurement
All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at fair value through the interim consolidated statement of income and other comprehensive income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through the profit or loss are expensed in the interim consolidated statement of income and other comprehensive income.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through the profit or loss or other comprehensive income (irrevocable election at the time of recognition).

De-recognition
A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either the Group has transferred substantially all the risks and rewards of the asset or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the interim consolidated statement of income and other comprehensive income.

Offsetting
Financial assets and liabilities are offset and the net amount is presented in the interim consolidated statement of financial position when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. Summary of significant accounting policies (continued)

4.11 Financial instruments (continued)

Impairment
At each reporting date, the Group applies a three-stage approach to measuring expected credit losses ("ECL") on financial assets accounted for at amortized cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

a) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

b) Stage 2: Lifetime ECL - not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

c) Stage 3: Lifetime ECL - credit impaired
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For equity instruments measured at FVOCI, impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and for debt instruments measured at FVOCI, impairment gains or losses are recognized in the interim consolidated statement of income and other comprehensive income.

For trade receivables only, the Group recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Objective evidence that financial assets are impaired may include indications that a debtor or a company of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Group measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

4.12 Cash and cash equivalents

Cash and cash equivalents in the interim consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

4. Summary of significant accounting policies (continued)

4.13 Inventories

Inventories are measured at the lower of cost or net realizable value with due allowance for any obsolete or slow moving items, near to expiry items and damages. Cost is determined using the weighted average method.

Cost includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

4.14 Provisions

General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group may expect some or all of a provision to be reimbursed, for example under an insurance contract, these reimbursements are recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the interim consolidated statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.15 Employees' end-of-service benefits

The Group operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The plan is unfunded. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in interim consolidated statement of income on the defined benefit liability are recognized immediately in the interim consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to interim consolidated statement of income in subsequent periods.

Past service costs are recognized in interim consolidated statement of income on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation in the interim consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

4.16 Zakat and Value Added Tax (VAT)

Zakat is provided for in accordance with General Authority of Zakat and Tax ("GAZT") regulations in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the interim consolidated statement of income. Any differences in the estimations is recorded when the final assessment is approved at which time the provision is adjusted.

Zakat is calculated on a consolidated basis for the Company and its 100% legally owned subsidiaries since 31 December 2009. Accordingly, the Company and its 100% legally owned subsidiaries are considered as a single entity for the purposes of Zakat calculation. As for the subsidiaries which are less than 100% owned by the Company, Zakat is calculated on a standalone basis.

The subsidiary registered in free zone - Dubai, United Arab Emirates and the branch in the Kingdom of Bahrain, are not subject to any Zakat or taxation.

4. Summary of significant accounting policies (continued)

4.16 Zakat and Value Added Tax (VAT) (continued)

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the interim consolidated statement of financial position.

4.17 Standards issued but not yet effective

The following is an overview of accounting standard changes that the Group will be required to adopt in future years. The Group continues to assess the impact of these standards on the interim consolidated financial statements.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. This standard is not applicable to the Group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. This is not applicable to the Group since the Group is not operating in complex multinational tax environment.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its interim consolidated financial statements.

4. Summary of significant accounting policies (continued)

4.17 Standards issued but not yet effective (continued)

Annual Improvements 2015-2017 Cycle (issued in December 2017)
These improvements include:

· **IFRS 3 Business Combinations**
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

· **IFRS 11 Joint Arrangements**
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

· **IAS 12 Income Taxes**
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its interim consolidated financial statements.

· **IAS 23 Borrowing Costs**
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its interim consolidated financial statements.

5. Significant accounting judgments, estimates, assumptions

5.1 Estimates and assumptions

The preparation of the Group's interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

5. Significant accounting judgments, estimates, assumptions (continued)

5.1 Estimates and assumptions (continued)

Revenue Recognition
The application of IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligations
The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

Determination of transaction prices
The Group is required to determine the transaction price in respect of each of its agreements with customers (mainly insurance companies). In making such judgment the Group assess the impact of any variable consideration in the contract, due to discount, insurance claims rejection or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers
In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognized when services or control over the assets that is subject of contract is transferred to the patients.

Allowance for doubtful debts
For accounts receivables, the Group applies the simplified approach. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Employees' end-of-service benefits
The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of property and equipment
The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

5. Significant accounting judgments, estimates, assumptions (continued)

5.1 Estimates and assumptions (continued)

Provision for inventories
Inventories are held at the lower of cost or net realizable value. When inventories become slow moving or obsolete or near to expiry or damages, an estimate is made for their fair value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are slow moving or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Fair value measurement of financial instruments
When the fair value of financial assets and financial liabilities recorded in the interim consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5.2 Critical judgements in applying accounting standards

The following critical judgements have been applied in the interim consolidated financial statements:

Component parts of property and equipment

The Group's assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

Determination of control and significant influence

Management's judgement in assessing control over interim consolidated subsidiaries:

Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees.

In certain cases where the Group owns less than 50% of voting rights, it may still be the single largest partner with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

5. Significant accounting judgments, estimates, assumptions (continued)

5.2 Critical judgements in applying accounting standards (continued)

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of 5 to 15 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

6. Segment Information

Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Financial Officer as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments.

The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group.

The identified key segments are Hospitals, Pharmacies, and others.

The segment results for the period ended 31 March 2019 and the reconciliation of the segment measures to the respective statutory items included in the interim consolidated financial information are as follows:

As at 31 March 2019	**Hospitals**	**Pharmacies**	**Others**	**Total**
		SR' millions		
Saudi Arabia:				
Total assets	5,788	215	1,308	7,311
Total liabilities	2,185	247	793	3,225
Outside Saudi Arabia				
Total assets	559	-	-	559
Total liabilities	66	-	-	66
Total				
Total assets	6,347	215	1,308	7,870
Total liabilities	2,251	247	793	3,291
For the period ended 31 March 19				
Saudi Arabia:				
Revenue	914	207	15	1,136
Gross profit	325	71	11	407
Outside Saudi Arabia:				
Revenue	110	-	1	111
Gross profit	15	-	1	16
Total				
Revenue	1,024	207	16	1,247
Gross profit*	340	71	12	423
Unallocated income (expenses)				
Selling and marketing				(58)
General and administrative				(117)
Operating income				248
Share of income of associates				2
Finance costs				(6)
Other income				16
Income before zakat				260
Zakat				(26)
Income for the period				234

6. Segment Information (continued)

As at 31 December 2018	**Hospitals**	**Pharmacies**	**Others**	**Total**
		SR' millions		
Saudi Arabia:				
Total assets	5,661	234	1,071	6,966
Total liabilities	1,894	234	774	2,902
Outside Saudi Arabia				
Total assets	566	-	9	575
Total liabilities	76	-	6	82
Total				
Total assets	6,227	234	1,080	7,541
Total liabilities	1,970	234	780	2,984

Period ended 31 March 2018 (Unaudited)	**Hospitals**	**Pharmacies**	**Others**	**Total**
		SR' millions		
Saudi Arabia:				
Revenue	874	189	7	1,070
Gross profit	274	64	3	341
Outside Saudi Arabia:				
Revenue	96	-	3	99
Gross profit	17	-	3	20
Total				
Revenue	970	189	10	1,169
Gross profit*	291	64	6	361
Unallocated income (expenses)				
Selling and marketing				(40)
General and administrative				(100)
Operating income				221
Share of income of associates				2
Finance costs				(4)
Other income				19
Income before zakat				238
Zakat				(22)
Income for the period				216

*Cost of revenue includes employees' cost amounting to SR 312.4 million (2018: SR 316.1 million).

7. Cash and cash equivalents

	As at 31 March 2019 SR	As at 31 December 2018 SR
Short-term deposits with banks	827,838,424	778,113,229
Cash at banks	665,441,975	581,764,177
Cash on hand	7,330,261	9,241,021
	1,500,610,660	**1,369,118,427**

8. Accounts receivable

	As at 31 March 2019 SR	As at 31 December 2018 SR
Accounts receivable – trade	1,399,920,534	1,433,550,401
Less:allowance for doubtful debts	(153,677,692)	(122,450,006)
	1,246,242,842	**1,311,100,395**

The movement in the allowance for doubtful debts is as follows:

	As at 31 March 2019 SR	As at 31 December 2018 SR
At the beginning of the period/year	122,450,006	82,131,210
Charged for the year (note 22)	35,206,738	81,696,100
Related to transfer of a subsidiary	(3,979,052)	-
Write-off during the period/year	-	(41,377,304)
At the end of the period/year	**153,677,692**	**122,450,006**

As at 31 March 2019 and 31 December 2018 the ageing analysis of unimpaired trade receivables is as follows:

	Total SR	Less than one year SR	Greater than one year SR
31 March 2019	**1,246,242,842**	1,198,418,066	47,824,776
31 December 2018	**1,311,100,395**	1,250,647,886	60,452,509

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and they are therefore unsecured. As at 31 March 2019 accounts receivable of SR 153,677,692 (as at 31 December 2018: SR 122,450,006) were impaired and fully provided for. Amounts written off during the period relate to individually identified accounts that are considered to be irrecoverable.

As at 31 March 2019, approximately 95% of the Group's accounts receivable's balance was due from various insurance companies and governmental entities (31 December 2018: SR 94%).

The Group's credit terms require receivables to be repaid within 30-90 days of the claim date depending on the type of customer, which is in line with healthcare industry. Due to short credit period offered to customers, a significant amount of accounts receivable are neither past due nor impaired.

9. Inventories

	As at 31 March 2019 SR	As at 31 December 2018 SR
Pharmaceuticals	167,904,994	165,332,944
Medical supplies	82,639,311	111,614,241
Others	31,841,694	27,965,593
	282,385,999	304,912,778
Less: provision for inventories	(3,112,402)	(2,376,123)
	279,273,597	**302,536,655**

Cost of inventories recognized in the interim consolidated statement of income for the period ended 31 March 2019 amounted to SR 247 million (31 March 2018: SR 241.5 million).

10. Prepaid expenses and other assets

	As at 31 March 2019 SR	As at 31 December 2018 SR
Prepaid expenses	71,897,621	101,284,735
Advances to employees	45,407,463	46,272,976
Accrued Revenue	15,022,753	20,607,505
Others	49,051,440	42,060,663
	181,379,277	**210,225,879**

11. Investments in associates

The Group investments in associates comprise of:

- 50% interest in Dr. Abdulaziz Ibrahim Al Ajaji Dental Clinic Group Company ("Ajaji Dental"), a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration no. 1010218565 dated 6 Ramadan 1434H (corresponding to 14 July 2013). Ajaji Dental objectives include establishment and management of hospitals, dentistry centers and laboratories tests and x-rays centers, dentistry colleges and institutes and import and distribute medical equipment.

- 40% interest in Serco Saudi Services Company (previously Antab for Operations and Contracting Company) ("Antab"), a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration no. 1010242254 dated 15 Ramadan 1434H (corresponding to 23 July 2013). Antab objectives include works and maintenance to buildings construction, electricity, mechanical, cooling systems, and building cleaning.

The Group's interest in its associates is accounted for using the equity method in the interim consolidated financial statements. The financial information of the associates are not material at the Group level therefore, summarized financial information of the associates have not been presented.

During the period, the movement of investments in associates is as follows:

For the period ended 31 March 2019	**Opening balance**	**Share in net income**	**Ending balance**
	SR	**SR**	**SR**
Ajaji Dental	33,850,963	1,385,867	35,236,830
Antab	9,637,217	175,649	9,812,866
Total	**43,488,180**	**1,561,516**	**45,049,696**

For the period ended 31 March 2018	Opening balance	Share in net income	Ending balance
	SR	SR	SR
Ajaji Dental	34,450,816	1,287,287	35,738,103
Antab	9,227,138	397,831	9,624,969
Total	**43,677,954**	**1,685,118**	**45,363,072**

12. Property and equipment

	Land SR	Buildings and leasehold improvements SR	Medical and general equipment SR	Motor vehicles and ambulances SR	Furniture, fixtures and office equipment SR	Capital work-in-progress* SR	Right-of-use assets SR	Total SR
Cost:								
At 1 January 2018	**1,399,776,664**	**1,551,992,959**	**1,000,753,676**	**11,882,107**	**398,744,030**	**315,463,267**	**-**	**4,678,612,703**
Additions	172,055,340	3,161,390	33,325,929	-	30,331,449	591,254,135	-	830,128,243
Disposals/transfers	-	757,313	(6,375,770)	(1,666,447)	(1,317,291)	(4,169,095)	-	(12,771,290)
At 31 December 2018	**1,571,832,004**	**1,555,911,662**	**1,027,703,835**	**10,215,660**	**427,758,188**	**902,548,307**	**-**	**5,495,969,656**
Transfer of subsidiary	-	(918,743)	(256,181)	(209,500)	(2,292,246)	-	-	(3,676,670)
Additions	-	225,511	11,938,764	-	12,461,700	120,084,125	227,616,107	372,326,207
Disposals/transfers	-	13,275,254	(3,825,779)	(570,000)	(595,497)	(13,691,287)	-	(5,407,309)
At 31 March 2019	**1,571,832,004**	**1,568,493,684**	**1,035,560,639**	**9,436,160**	**437,332,145**	**1,008,941,145**	**227,616,107**	**5,859,211,884**
Depreciation:								
At 1 January 2018	**-**	**300,987,841**	**479,169,860**	**9,413,977**	**226,907,725**	**-**	**-**	**1,016,479,403**
Charge for the year	-	53,251,126	99,055,895	769,008	47,111,104	-	-	200,187,133
Disposals/transfers	-	(192,312)	(2,953,121)	(1,666,425)	(2,908,021)	-	-	(7,719,879)
At 31 December 2018	**-**	**354,046,655**	**575,272,634**	**8,516,560**	**271,110,808**	**-**	**-**	**1,208,946,657**
Transfer of subsidiary	-	(281,724)	(97,135)	(197,125)	(1,092,977)	-	-	(1,668,961)
Charge for the year	-	12,642,906	24,179,523	172,411	12,334,954	-	6,977,447	56,307,241
Disposals/transfers	-	365,101	(3,429,745)	(570,000)	(457,463)	-	-	(4,092,107)
At 31 March 2019	**-**	**366,772,938**	**595,925,277**	**7,921,846**	**281,895,322**	**-**	**6,977,447**	**1,259,492,830**
Net book value:								
At 31 March 2019	**1,571,832,004**	**1,201,720,746**	**439,635,362**	**1,514,314**	**155,436,823**	**1,008,941,145**	**220,638,660**	**4,599,719,054**
At 31 December 2018	**1,571,832,004**	**1,201,865,007**	**452,431,201**	**1,699,100**	**156,647,380**	**902,548,307**	**-**	**4,287,022,999**

*Capital work-in-progress represents cost incurred to date on different hospital projects of the Group.

** Property and equipment includes land, building and medical equipment amounting to the extent of SR 391,624,915 (31 December 2018: SR 550,641,500) pledged against the loans obtained from the Ministry of Finance (note 27).

12. Property and equipment (continued)

The depreciation charge has been allocated in the interim consolidated statement of income as follows:

	For the period ended	
	31 March 2019 SR	31 March 2018 SR (Unaudited)
Cost of revenue	46,489,888	41,326,829
General and administrative expenses (note 23)	9,438,465	8,392,731
Selling and marketing expenses (note 22)	378,888	379,752
	56,307,241	**50,099,312**

13. Accounts payable

	As at 31 March 2019 SR	As at 31 December 2018 SR
Accounts payable	444,645,888	459,366,072
Contractors' payables and retentions	64,688,983	68,630,879
Others	3,476,121	3,613,995
	512,810,992	**531,610,946**

*****Included in the accounts payable are balances payable to related parties amounting to SR 52,359,549 (31 December 2018: SR 54,279,081).

14. Related party disclosures

Related parties represent shareholders, Director and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Significant transactions with related parties in the ordinary course of business which are included in the interim consolidated financial statements are summarized as follows:

			For the period ended	
Nature of transaction	**Related party**	**Relationship**	**31 March 2019 SR**	**31 March 2018 SR (Unaudited)**
Capital work-in-progress	Masah Contracting Company	Other related party	4,583,161	13,249,097
Purchases and services	Antab Serco.	Associate	16,381,249	14,631,107
Revenue	Ajaji Dental	Associate	9,426,575	9,706,085
Board of directors and its committee remuneration	Members of the Board of Directors and its committees	Other related parties	424,995	450,000

Balances payable to related parties are disclosed in note 13.

14. Related party disclosures (continued)

Compensation of key management personnel of the Group

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	For the period ended	
	31 March 2019 SR	**31 March 2018 SR (Unaudited)**
Short-term employee benefits	1,153,374	1,181,700
Post-employment and medical benefits	30,500	30,500
Board of Directors and its committees remuneration	424,995	450,000
Total compensation paid to key management personnel	1,608,869	1,662,200

15. Accrued expenses and other liabilities

	As at 31 March 2019 SR	**As at 31 December 2018 SR**
Accrued employees' salaries and benefits	306,411,896	301,417,509
Dividends payable (note 21)	165,015,210	103,360,353
Accrued expenses	91,141,985	75,972,940
Others	27,069,328	22,486,563
	589,638,419	**503,237,365**

16. Zakat payable

The Group's Zakat provision for the period ended 31 March 2019 amounted to SR 26,328,177 (31 March 2018: SR 21,610,014) which is charged to the interim consolidated statement of income and determined in accordance with the GAZT regulations.

a. Zakat provision

The movement in Zakat provision as of 31 March 2019 and 31 December 2018 is as follows:

	As at 31 March 2019 SR	**As at 31 December 2018 SR**
Balance at beginning of the year	79,135,807	82,388,707
Charge for the period/year	26,328,177	81,329,717
Paid during the period/year	(56,753,899)	(84,582,617)
	48,710,085	**79,135,807**

16. Zakat payable (continued)

b. Zakat status

The Company has filed its consolidated zakat returns (for the Company and fully owned subsidiaries) to GAZT and obtained zakat certificates for all years up to 31 December 2018. The final Zakat assessments have been received for all years up to 2016 and the Company has recorded all differences between Zakat provision and the approved final assessments and settled all Zakat liabilities resulted from such assessments.

Asharq Alawsat Pharmacies Company has obtained Zakat certificate up to 31 December 2018. The final Zakat assessments have been received for all years up to 2016 and the Company has recorded all differences between Zakat provision and the approved final assessments and settled all Zakat liabilities resulted from such assessments.

Al Afia Pharmacies Company have obtained the Zakat certificate up to 31 December 2018. Sehat Al Sharq Medical Limited Company, Gharb Jeddah Hospital Company and Al Wosta Medical Limited Company have received a facilitation letter from GAZT for the year 31 December 2017, as these companies are still under development and have no operating income. During 2018, Sehat Al Sharq Medical Limited Company has received the final Zakat assessments for all the years upto 2016 and no differences have been identified from the actual returns submitted.

17. Government grant

	As at 31 March 2019 SR	As at 31 December 2018 SR
As at 1 January	50,140,095	-
Received during the period/year	-	50,140,095
Recognized during the period/year	(545,004)	-
As at 31 December	**49,595,091**	**50,140,095**
Current	2,180,004	2,706,944
Non-current	47,415,087	47,433,151
	49,595,091	**50,140,095**

Balance of the grant represents the recognition of the fair value of the interest free loan obtained in October 2018 from Ministry of Finance to fund the construction of the new hospital in Khobar and the purchase of medical and non-medical equipment. The conditions and contingencies attached to the grant has been met.

18. Employees' end-of-service benefits

a. Net defined benefit expense recognized in profit or loss

	For the period ended	
	31 March 2019 SR	31 March 2018 SR (Unaudited)
Current service cost	10,778,962	10,468,648
Interest cost on benefit obligation	2,789,670	2,062,182
Net defined benefit expense	**13,568,632**	**12,530,830**

b. Changes in the present value of the employees' end-of-service benefits:

	SR
Employees' end-of-service benefits as at 1 January 2018	**220,103,792**
Interest cost on defined benefit obligation	8,793,969
Current service cost	41,398,353
Actuarial gain on the employees' end-of-service benefits recognized in OCI	(8,103,771)
Benefits paid	(28,139,827)
Employees' end-of-service benefits as at 31 December 2018	**234,052,516**
Transfer of a subsidiary	(1,315,141)
Interest cost on defined benefit obligation	2,789,670
Current service cost	10,778,962
Actuarial loss on the employees' end-of-service benefits recognized in OCI	1,496,175
Benefits paid	(5,293,064)
Employees' end-of-service benefits as at 31 March 2019	**242,509,118**

c. Significant assumptions

	31 March 2019 %	31 December 2018 %
Discount rate	4.77	4.77
Future salary increases	3.00	3.00

A quantitative sensitivity analysis for salary change assumption on the defined benefit obligation as at 31 March 2019:

<u>31 March 2019</u>			Impact on employees' end-of-service benefits	
Sensitivity level	**Change in assumption**	**Base value SR**	**Increase in assumption SR**	**Decrease in assumption SR**
Discount rate	1%	242,509,118	233,995,028	257,197,830
Future salary increases	1%	242,509,118	254,433,260	236,353,355

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

19. Issued share capital

The Company's authorised, issued and paid-up share capital comprise of 350,000,000 shares of SR 10 each amounting to SR 3,500,000,000

As at 31 March 2019 and 31 December 2018, the shareholding of the Company was as follows:

	Number of Shares	Shareholding %
Dr. Sulaiman Abdulaziz Sulaiman Al Habib	169,885,330	48.54%
Muhammad Abdulaziz Al Habib and Sons Holding Company	169,885,330	48.54%
Mr. Hisham Sulaiman Abdulaziz Al Habib	7,000,000	2.00%
Mr. Mohammad Sulaiman Abdulaziz Al Habib	3,229,340	0.92%
	350,000,000	**100.00%**

20. Statutory reserve

In accordance with Saudi Regulations for Companies and the Group's bylaws, the Company has established a statutory reserve by appropriation of 10% of the annual net profit until the reserve is equal to 30% of share capital. This statutory reserve is not available for distribution to shareholders currently.

21. Dividend distribution

The Board of Directors in their meetings during 2019 decided to distribute interim dividends of SR 0.60 per share totaling to SR 210,000,000 (2018: dividends of SR 1.14 per share totaling to SR 400,000,000) which are due for approval during the Company's upcoming general assembly.

22. Selling and marketing expenses

	For the period ended	
	31 March 2019 SR	31 March 2018 SR (Unaudited)
Allowance for doubtful debts (note 8)	35,206,738	21,660,653
Promotion and advertisement	10,755,446	8,841,842
Employees' salaries, wages and other related benefits	10,200,347	8,093,154
Depreciation (note 12)	378,888	379,752
Others	1,904,706	1,630,296
	58,446,125	**40,605,697**

23. General and administrative expenses

	For the period ended	
	31 March 2019 SR	31 March 2018 SR (Unaudited)
Employees' salaries, wages and other related benefits	71,344,065	63,599,158
Depreciation (note 12)	9,438,465	8,392,731
Directors' remuneration and management incentive	7,424,995	450,000
Licenses and government fees	4,705,857	1,302,429
Rent (note 26)	2,892,230	4,537,527
Utilities and communication	4,089,270	3,190,968
Professional fees	2,711,268	2,781,749
Housekeeping	2,654,327	4,354,232
Bank charges and commissions	2,105,751	2,665,767
Travel	1,598,457	590,310
Repair and maintenance	1,039,268	2,181,217
Fees and subscriptions	365,452	542,408
Others	6,375,190	5,193,254
	116,744,595	**99,781,750**

24. Other income

	For the period ended	
	31 March 2019 SR	31 March 2018 SR (Unaudited)
Finance income	6,464,968	1,375,736
Rental income	3,575,240	3,701,548
Scientific support from suppliers	2,800,266	2,595,628
HRDF receipts	-	9,818,780
Loss on disposal of property and equipment	(233,482)	(338,890)
Others	3,972,280	2,145,493
	16,579,272	**19,298,295**

25. Earnings per share

Basic and diluted earnings per share ("EPS") is calculated by dividing the income for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as the regular or basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

The following table reflects the operating income, income and share data used in the basic and diluted EPS computations:

Basic and diluted operating income per share.

	2019 SR	2018 SR (Unaudited)
Operating income for the period	**248,176,062**	**221,009,616**
Weighted average number of ordinary shares	**350,000,000**	**350,000,000**
Basic and diluted earnings per share	**0.71**	**0.63**

Basic and diluted earnings per share.

	2019 SR	2018 SR (Unaudited)
Income for the period attributable to equity holders of the parent	**234,080,241**	**216,526,599**
Weighted average number of ordinary shares	**350,000,000**	**350,000,000**
Basic and diluted earnings per share	**0.67**	**0.62**

26. Commitments and contingencies

Operating lease commitments – Group as a lessee

Commitments for minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 March 2019 SR	As at 31 December 2018 SR
Within one year	14,309,898	51,374,431
After one year but not more than five years	-	137,518,083
More than five years	-	34,018,716
	14,309,898	**222,911,230**

Operating lease payments represent rentals payable by the Group for renting lands and buildings.

Payments under operating lease recognized as an expense during the period ended 31 March 2019 amounted to SR 2,081,014 (31 March 2018 SR: 12,539,948).

26. Commitments and contingencies (continued)

Capital commitments

The Group has capital commitment for construction of hospitals, as follows:

	As at 31 March 2019 SR	As at 31 December 2018 SR
Capital commitments	**387,284,557**	**415,646,751**

Letters of credit and guarantee

The Group has contingencies related to, as follows:

	As at 31 March 2019 SR	As at 31 December 2018 SR
Letters of credit	93,060,374	56,209,004
Letters of guarantee	73,518,806	72,914,138
	166,579,180	**129,123,142**

27. Financial assets and liabilities

27.1 Long-term borrowings

	As at 31 March 2019 SR	As at 31 December 2018 SR
Current-poriton of loans and borrowings:		
Local banks (i)	239,116,755	214,309,407
Ministry of Finance (ii)	14,203,407	14,203,407
	253,320,162	**228,512,814**
Non-current portion of loans and borrowings:		
Local banks (i)	996,595,403	951,735,826
Ministry of Finance (ii)	377,421,509	386,521,242
	1,374,016,912	**1,338,257,068**

i) Loans from local banks

The Group was financed through Islamic facilities in the form of long-term and short-term loans (Tawarruq) from local banks. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SIBOR" plus an agreed margin. The facilities are secured by corporate promissory notes. The Group is subject to compliance with certain financial covenants, such as maintenance of leverage ratio, with which the Group is in compliance. Aggregate maturities of loans from local banks are as follows:

	As at 31 March 2019 SR	As at 31 December 2018 SR
Within one year	239,116,755	214,309,407
One to five years	546,266,736	606,407,159
More than five years	450,328,667	345,328,667
	1,235,712,158	**1,166,045,233**

27. Financial assets and liabilities (continued)

27.1 Long-term borrowings (continued)

ii) Loans from Ministry of Finance (MoF)

The Group's long-term financing includes MoF non-interest bearing loans to finance the capital expenditures related to the Company and its subsidiaries. The loan repayment instalments are settled on equal yearly installments. Certain assets are pledged against the loans obtained from the MoF (note 12). Aggregate maturities of loans from MoF are as follows:

	As at 31 March 2019 SR	**As at 31 December 2018 SR**
Within one year	14,203,407	14,203,407
One to five years	101,915,654	111,015,387
More than five years	275,505,855	275,505,855
	391,624,916	**400,724,649**

27.2 Lease liability

Following is the aggregate maturities of lease liabililty:

	As at 31 March 2019 SR	**As at 31 December 2018 SR**
Within one year	53,157,426	-
One to five years	134,333,064	-
More than five years	52,942,000	-
	240,432,490	**-**

	As at 31 March 2019 SR	**As at 31 December 2018 SR**
Future minimum lease payment	240,432,490	-
Less: un-amortized finance charges	(39,646,750)	-
Present value of minimum lease payment	200,785,740	-
Less: curren-portion of lease payment	(45,367,157)	-
	155,418,583	**-**

The Group has lease contracts for renting commercial buildings, accommodations and offices.

27. Financial assets and liabilities (continued)

27.3 Risk management

The Group's principal financial liabilities mainly comprise long-term loans, accounts payable, advances from customers, amounts due to related parties, accrued expenses and other liabilities and zakat payable. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable, cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into hedging activities.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commission rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loan. The sensitivity analyses in the following sections relate to the position as at 31 December 2018.

Commission rate risk
Commission rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term (note 27.1) and term deposits (note 7) with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

The Group analysis its commission rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of defined markup shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions. The Group is not exposed to any significant commission rate risk.

Currency risk
It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk.

Credit risk
Credit risk is the risk a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk on its cash and cash equivalents, term deposits and accounts receivables as follows:

	As at 31 March 2019 SR	**As at 31 December 2018 SR**
Accounts receivable	1,246,242,842	1,311,100,395
Short-term deposits with banks	827,838,424	778,113,229
Cash at banks	665,441,975	581,764,177
	2,739,523,241	**2,670,977,801**

27. Financial assets and liabilities (continued)

27.3 Risk management (continued)

Accounts receivable
Receivables credit risk is managed subject to the Group's established policy, procedures and control defined to mitigate the credit risk. Receivables of the Group comprise primarily of Insurance Companies, Government and its related ministries and others. The Group seeks to manage its credit risk by setting credit limits, credit period by monitoring outstanding receivables and ensuring close follow-ups. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment terms and conditions are offered. The credit terms are extended to customers where the Group does not expect any inability to pay.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual historical data. The Group evaluates the concentration of risk with respect to receivables as low, as its customers are located in various regions across GCC.

Short-term deposits with banks and cash at banks
Credit risk from balances with banks and financial institution is managed by the Group’s treasury department in accordance with the Group’s policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks. At the reporting date, no significant concentration of credit risk were identified by the management.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis.

The management has developed policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Group maintains sufficient liquidity. Senior management continuously reviews information on the Group’s liquidity developments.

The Group has established a robust mechanism for its cash management ensuring the best use of available cash resources. This requires organising the collection and disbursement systems in such a way as to maximise the investment of idle funds through time deposits and short-term deposits while limiting the borrowings of funds and ensuring availability of the facilities to run its operations.

The Group’s terms of sales and services require amounts to be paid within 30 to 60 days of the date of submitting the invoice. Trade payables are normally settled within 60 to 120 days of the date of purchase.

The table below summarizes the maturities of the Company’s undiscounted financial liabilities at 31 March 2019 and 31 December 2018, based on contractual payment dates and current market interest rates:

As at 31 March 2019	**On demand**	**Within one year**	**One to five years**	**More than five years**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**
Long-term loans	-	253,320,162	648,182,390	725,834,522	1,627,337,074
Lease liability	-	45,893,866	97,943,203	56,948,671	200,785,740
Accounts payable	512,810,992	-	-	-	512,810,992
Accruals and other liabilities	589,638,419	-	-	-	589,638,419
	1,102,449,411	**299,214,028**	**746,125,593**	**782,783,193**	**2,930,572,225**

As at 31 December 2018	**On demand**	**Within one year**	**One to five years**	**More than five years**	**Total**
	SR	**SR**	**SR**	**SR**	**SR**
Long-term loans	-	228,512,814	717,422,546	620,834,522	1,566,769,882
Accounts payable	531,610,946	-	-	-	531,610,946
Accruals and other liabilities	503,237,365	-	-	-	503,237,365
	1,034,848,311	**228,512,814**	**717,422,546**	**620,834,522**	**2,601,618,193**

28. Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2019 and 31 March 2018.

29. Fair values

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents and accounts receivable. Financial liabilities consist of long-term loans, accounts payable, advances from customers, amounts due to related parties, accrued expenses and other liabilities and zakat payable.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values at reporting date largely.

30. Transfer of a subsidiary

On 1 January 2019, the Company has transferred Rawafed Al Seha International Company to a related party at net book value.

Following is the financial information of the subsidiary at date of transaction:

	SR
Assets	
Cash and cash equivalents	2,772,641
Accounts receivable	21,815,289
Due from related parties	19,506,388
Advances to suppliers and contractors	3,445,295
Inventories	34,829,345
Prepaid expenses and other assets	1,749,507
Property and equipment	2,007,709
Total assets	**86,126,174**
Liabilities	
Accounts payable	14,744,988
Advances from customers	610,058
Due to related parties	54,043,351
Accrued expenses and other liabilities	1,650,662
Employees' end-of-service benefits	1,315,141
Total liabilities	**72,364,200**
Net assets disposed	**13,761,974**
Net cash flow from arising on transfer of the subsidiary	
Cash and cash equivalents disposed	**(2,772,641)**

31. Approval of the interim consolidated financial statements

These interim consolidated financial statements were approved for issuance by the Board of Directors on 17 Ramadan 1440H (corresponding to 22 May 2019).