DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
AND THE INDEPENDENT AUDITOR'S REPORT

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT February 22, 2016

To the Shareholders of Dallah Healthcare Holding Company
(A Saudi Joint Stock Company)

Scope of audit

We have audited the accompanying consolidated balance sheet of Dallah Healthcare Holding Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and the related notes No. 1 to 26, which form an integral part of these consolidated financial statements. These consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion

In our opinion, such consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in Saudi Arabia appropriate to the circumstances of the Group; and

- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's By-laws with respect to the preparation and presentation of consolidated financial statements.

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DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

Consolidated balance sheet
(All amounts in Saudi Riyals unless otherwise stated)

		As at December 31,	
Assets	**Notes**	**2015**	**2014**
Current assets			
Cash and cash equivalents	4	**93,403,056**	65,044,078
Accounts receivable, net	5	**259,493,368**	239,506,715
Inventories, net	6	**87,980,415**	94,593,670
Prepayments and other assets, net	7	**103,927,620**	86,084,771
Due from related parties, net	14	**825,047**	819,676
Deferred underwriting expenses	1	**-**	4,148,353
		545,629,506	490,197,263
Non-current assets			
Long-term receivables		**-**	5,547,778
Investments	8	**138,000,426**	136,409,017
Investment in an associate	9	**141,424,895**	-
Property and equipment, net	10	**1,144,907,276**	1,013,529,175
Intangible assets	11	**30,666,270**	27,244,000
		1,454,998,867	1,182,729,970
Total assets		**2,000,628,373**	1,672,927,233
Liabilities and shareholders' equity			
Current liabilities			
Short-term murabaha finance	12	**82,260,866**	136,567,340
Current portion of long-term murabaha finance	12	**65,583,334**	15,000,000
Trade accounts payable		**64,625,152**	69,320,481
Accrued expenses and other liabilities	13	**50,066,188**	48,448,969
Due to related parties	14	**567,657**	836,195
Zakat payable	21	**9,715,479**	9,086,498
		272,818,676	279,259,483
Non-current liabilities			
Long-term murabaha finance	12	**245,453,716**	45,000,000
Employees' termination benefits	15	**89,349,273**	74,726,391
		334,802,989	119,726,391
Total liabilities		**607,621,665**	398,985,874
Shareholders' equity			
Share capital	16	**590,000,000**	472,000,000
Statutory reserve	17	**398,251,315**	398,251,315
Fair value reserve for available for sale investments		**14,543,457**	13,335,176
Retained earnings		**390,211,936**	390,354,868
Total shareholders' equity		**1,393,006,708**	1,273,941,359
Total liabilities and shareholders' equity		**2,000,628,373**	1,672,927,233
Contingencies and commitments	23		

The notes from 1 to 26 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

Consolidated income statement
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31, 2015	2014
Operating revenues, net		**985,441,197**	858,747,112
Operating costs		**(578,306,254)**	(500,176,882)
Gross profit		**407,134,943**	358,570,230
Operating expenses			
Selling and marketing	18	**(17,018,700)**	(22,103,624)
General and administrative	19	**(219,739,809)**	(191,382,757)
Income from operations		**170,376,434**	145,083,849
Share in losses of an associate	9	**(475,105)**	-
Other income, net	20	**9,463,206**	11,539,257
Financial charges		**(4,633,556)**	(461,993)
Income before zakat		**174,730,979**	156,161,113
Zakat	21	**(9,673,911)**	(9,046,368)
Net income for the year		**165,057,068**	147,114,745
Earnings per share	16, 22		
Income from operations for the year		**2.89**	2.46
Net income for the year		**2.80**	2.49
Weighted average number of outstanding shares		**59,000,000**	59,000,000

The notes from 1 to 26 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

Consolidated cash flow statement
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended December 31, 2015	2014
Cash flows from operating activities			
Net income for the year		**165,057,068**	147,114,745
Adjustments for non-cash items:			
Write-off of deferred underwriting expense	1	**4,148,353**	-
Depreciation of property and equipment	10	**56,303,377**	45,040,423
Provision for doubtful debts	5,7,14	**14,879,204**	12,233,862
Provision for inventories obsolescence	6	**5,933,454**	87,786
Provision for employees' termination benefits	15	**22,699,993**	22,027,729
Loss on disposal of property and equipment	20	**2,098,659**	32,192
Share in losses of an associate	9	**475,105**	-
Zakat provision	21	**9,673,911**	9,046,368
Changes in working capital:			
Accounts receivable		**(31,667,913)**	(29,516,279)
Inventories		**679,801**	(36,227,335)
Prepayment and other assets		**(17,898,474)**	(23,869,564)
Due from related parties		**2,400,088**	(148,590)
Trade accounts payable		**(4,695,329)**	15,805,594
Accrued expenses and other liabilities		**1,617,219**	7,186,255
Due to related parties		**(268,538)**	(111,895)
Employees' termination benefits paid	15	**(8,077,111)**	(7,834,201)
Zakat paid	21	**(9,044,930)**	(11,430,362)
Net cash generated from operating activities		**214,313,937**	149,436,728
Cash flow from investing activities			
Additions to available for sale investments	8	**(383,128)**	(115,017)
Additions to investment in an associate	9	**(141,900,000)**	-
Proceeds on maturity of investment	8	**-**	100,000,000
Additions to property and equipment	10	**(190,047,198)**	(235,182,846)
Proceeds from sale of property and equipment		**267,061**	259,265
Additions to intangible assets	11	**(3,422,270)**	-
Net cash utilized in investing activities		**(335,485,535)**	(135,038,598)
Cash flow from financing activities			
Proceeds of short-term murabaha finance		**1,318,781,991**	552,665,292
Repayments of short-term murabaha finance		**(1,373,088,465)**	(537,047,602)
Proceeds of long-term murabaha finance		**329,037,050**	60,000,000
Repayments of long-term murabaha finance		**(78,000,000)**	-
Dividends paid	24	**(47,200,000)**	(70,800,000)
Deferred underwriting expenses	1	**-**	(4,148,353)
Net cash generated from financing activities		**149,530,576**	669,337
Net change in cash and cash equivalents		**28,358,978**	15,067,467
Cash and cash equivalents at beginning of the year		**65,044,078**	49,976,611
Cash and cash equivalents at end of the year	4	**93,403,056**	65,044,078
Supplementary information for non-cash transactions			
Write-off of receivables bad debts	5	**11,591,843**	4,064,763
Write-off of inventories obsolescence	6	**2,901,315**	126,295
Write-off bad debts of prepayment and other current assets	7	**258,336**	-
Unrealized gain from revaluation of available for sale investments	8	**1,208,281**	7,662,542

The notes from 1 to 26 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

Consolidated statement of changes in shareholders' equity
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Share capital	Statutory reserve: Share premium	Statutory reserve: Transfers from net income	Fair value reserve of available for sale investments	Retained earnings	Total shareholders' equity
January 1, 2015		**472,000,000**	**371,142,305**	**27,109,010**	**13,335,176**	**390,354,868**	**1,273,941,359**
Net income for the year		**-**	**-**	**-**	**-**	**165,057,068**	**165,057,068**
Increase in share capital	16	**118,000,000**	**-**	**-**	**-**	**(118,000,000)**	**-**
Dividends paid	24	**-**	**-**	**-**	**-**	**(47,200,000)**	**(47,200,000)**
Change in unrealized gain from available for sale investments	8	**-**	**-**	**-**	**1,208,281**	**-**	**1,208,281**
December 31, 2015		**590,000,000**	**371,142,305**	**27,109,010**	**14,543,457**	**390,211,936**	**1,393,006,708**
January 1, 2014		472,000,000	371,142,305	27,109,010	5,672,634	314,040,123	1,189,964,072
Net income for the year		-	-	-	-	147,114,745	147,114,745
Dividends paid	24	-	-	-	-	(70,800,000)	(70,800,000)
Change in unrealized gain from available for sale investments	8	-	-	-	7,662,542	-	7,662,542
December 31, 2014		472,000,000	371,142,305	27,109,010	13,335,176	390,354,868	1,273,941,359

The notes from 1 to 26 form an integral part of these consolidated financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

1 GENERAL INFORMATION

Dallah Healthcare Holding Company (the "Company") was established in the kingdom of Saudi Arabia as a limited liability company under commercial registration No. 1010128530 dated 13 Rabi II 1415H (corresponding to September 18, 1994) in Riyadh. The Company's board of directors declared Dallah Healthcare Holding Company as a Saudi Closed Joint Stock Company on 14 Jumad I 1429H (corresponding to May 20, 2008). On 28 Dhu Al Qa'dah 1433H (corresponding to October 14, 2012), the Company obtained an approval to be transferred to a public joint stock company by issuing 14.2 million shares in an initial public offering with a nominal value of SR 142 million, as a result of the offering, a share premium of SR 371 million was included in the Company's statutory reserve. The Company became a listed company in the Saudi Capital Market on 4 Safar 1434H (corresponding to December 17, 2012).

The objectives of the Company are to operate, manage and maintain the healthcare facilities, wholesale and retail of medicals, surgical equipment, artificial parts, handicapped and hospital equipment and manufacturing medicines, pharmaceuticals, herbals, health, cosmetics, detergents, disinfectants and packaging in the Kingdom of Saudi Arabia.

Construction in progress – On 26 Ramadan 1435H (corresponding to July 23, 2014) the Board of Directors of the Company approved the expansion plan in the lots of land owned by the Company located in Dallah Hospital Complex – Al Nakheel District in Riyadh. This preliminary plan included the development of three locations around Dallah Hospital with initial estimated cost of SR 500 million.

The Company has completed the design of Dallah Hospital project - South of Riyadh (Namar), and the estimated total cost for the project amounted to SR 920 million. As part of this project, the construction structure contracts of this hospital has been signed on 25 Ramadan 1436H (corresponding to July 12, 2015), and these contracts value amounted to SR 137.7 million.

Dr. Erfan and Bagedo General Hospital ("The acquired company") - The Company in 2014 signed an agreement to acquire Dr. Erfan and Bagedo General Hospital. The acquired company was valued at SR 750 million. In exchange for acquiring the shares of the two partners in the acquired company, the Company will issue 7,471,980 new shares for the two partners in addition to SR 150 million in cash. On 11 Jumad Al-Akhr 1436H (corresponding to March 31, 2015), the acquisition agreement was expired and the two parties of the target company decided not to renew the said agreement. Accordingly, the Company has written-off the deferred underwriting expenses related to such procedures amounted to SR 4.1 million during the first quarter of 2015 which were recorded under current assets.

Mawared Al Nakheel for Development and Medical Operation Company - The Company was established on 20 shabaan 1436H (corresponding to June 7, 2015) as a limited liability company with share capital amounting to SR 1,000,000. On 27 Shawal 1436H (corresponding to august 12, 2015) the partners agreed to liquidate this company which has not commenced any activities since establishment.

The accompanying consolidated financial statements include the accounts of the Company and its following subsidiaries (collectively as the "Group"), operating under individual commercial registrations:

Subsidiaries	Commercial Registration	Country of incorporation	Ownership percentage as at December 31, 2015	2014
Dallah Pharma Company	1010410613	Saudi Arabia	**98%**	98%
Afyaa Al-Nakheel for Supporting Services Company Limited	1010404576	Saudi Arabia	**99%**	99%

The Company has an actual ownership of 100% in Dallah Pharma and Afyaa Al Nakheel, as the remaining equity in both companies are owned by other parties on behalf of the Company.

Dallah Pharma Company- Dallah Pharma Company was established on 13 Jumad II 1435 H (corresponding to April 13, 2014) as a limited liability company with a share capital of SR 4 million. The activities of the company are the wholesale and retail trade in herbal and cosmetic products, food, milk and baby supplies, detergents, medical and surgical supplies and their maintenance and spare parts, chemicals, importing, exporting, marketing on behalf of others and operating factories and warehouses. The Company decided to transfer the operations of the Company's branch (Dallah Pharma) and its assets and liabilities to Dallah Pharma Company effective January 1, 2015

(All amounts in Saudi Riyals unless otherwise stated)

Afyaa Al-Nakheel for Supporting Services Company Limited - Afyaa Al-Nakheel for Supporting Services Company Limited was established on 13 Rabe'e II 1435 H (corresponding to January 14, 2014) as a limited liability company with a share capital of SR 50,000, the activities of this company are to establish and provide maintenance services to hospitals and medical centers and other supporting services. Afyaa Al-Nakheel Company mainly provides its services to the Group.

The accompanying consolidated financial statements include the accounts of the Group's following branches, operating under individual commercial registrations:

Branch	Commercial registration	City
Head Office	2057004306	Al Khafji
Dallah Hospital	1010132622	Riyadh
Medicine Warehouse (Dallah Pharma)	2050071905	Dammam
Medicine Warehouse (Dallah Pharma)	1010128997	Riyadh
Medicine Warehouse (Dallah Pharma)	4030140769	Jeddah
Medicine Warehouse (Dallah Pharma)	5855053632	Khamis Mushait
Medicine Warehouse (Dallah Pharma)	4030265250	Jeddah
Medicine Warehouse (Dallah Pharma)	1010381470	Riyadh
Dallah Pharma Factory	4030249929	Jeddah
Dallah Health Care Company's Clinical Complex	1010428613	Riyadh
Dallah Pharma Factory For Medicines	4030278471	Jeddah

The accompanying financial statements were approved by the Company's Board of Directors on 9 Jumad Al-Awal 1437H (corresponding to February 18, 2016).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting as modified by revaluation of available-for-sale investment to fair value and compliance with the accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries where the Company has actual ownership rights of 50% or more/ controls more than half of its voting rights or has the ability to direct its financial and operational policies. All major inter-company transactions and balances are eliminated on consolidation.

2.3 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future which, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Provision for doubtful debts
A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. For significant individual amounts, assessment is made at individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering the past recovery rates.

(b) Provision for inventories obsolescence
Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively, and an allowance applied according to the inventory type and the degree of ageing or obsolescence based on expected selling prices.

(c) Estimated impairment of intangible assets
The Company annually verifies whether there is an impairment of intangible assets in line with the accounting policies of the Group. Recoverable amounts from cash generating units are updated based on the calculation of the value in use. Such calculation requires the use of estimations.

(d) Estimated useful lives of property and equipment

The Group's useful lives of property and equipment are reviewed by the management at least once a year at the end of each financial year. When the expected useful life of an asset is difference from the prior expectations, changes are accounted for as changes in the accounting estimates and are charged to the consolidated income statement. Such estimates may have significant impact on the book value of property and equipment and on the amount of depreciation charged to the consolidated income statement.

2.4 Investments

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying consolidated balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of impairment losses, if any.

The Group's share of its associates' post-acquisition income or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognized in the consolidated income statement.

(c) Available-for sale investments

Available-for-sale investments principally consist of less than 20% equity investments in certain quoted/unquoted investments including investments in mutual funds. These investments are included in non-current assets unless management intends to sell such investments within twelve months from the consolidated balance sheet date.

These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date of consolidated financial statements as follows:

(i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments;
(ii) Fair values of investments in mutual funds are based on last unit price of the fund announced by Fund Manager before or at period end; and
(iii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. Where information is not available and there is no indication of impairment in the investment value, and cost is considered the fair value.

Cumulative adjustments arising from revaluation of these investments are reported as separate component of equity as fair value reserve until the investment is disposed.

(d) Held to maturity investments

Held to maturity investments are carried at cost (adjusted for any premium or discount), less any decline in value which is other than temporary. Such investments are classified as non-current assets with the exception of investments maturing in the following twelve months.

2.5 Impairment of financial assets value and uncollectability

Financial assets are reviewed for impairment at date of each consolidated balance sheet date whenever there is an objective evidence that a certain financial asset suffered impairment. When such evidence exists, impairment loss is recognized in the consolidated income statement. Impairment of value is determined as follows:

(a) Assets recognized at fair value - impairment in value represents the difference between cost and fair value net of impairment losses previously recognized in the consolidated income statement.

(b) Assets recognized at cost - impairment in value represents the difference between book value and present value of future cash flows discounted on the basis of prevailing interest rate in the market of similar asset.

(c) Assets recognized at amortized cost – impairment in value represents the difference between book value and present value of future cash flows discounted using original effective interest rate.

2.6 Segment reporting

(a) Business segment

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

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

(b) Geographical segment

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

2.7 Foreign currency translations

(a) Reporting currency

The consolidated financial statements of the Company are presented in Saudi Riyals which is the reporting currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

(All amounts in Saudi Riyals unless otherwise stated)

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.9 Accounts receivable

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

2.10 Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method/batch. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. The provision is provided for obsolescence inventories.

2.11 Property and equipment

Property and equipment are carried at cost less accumulated depreciation except construction in progress which is carried at cost. Depreciation is recognized in the consolidated income statement, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Number of years
• Buildings	16 - 33
• Leasehold improvements	Shorter of estimated useful life (5) or lease period
• Machinery and equipment	3 - 10
• Medical equipment	6 - 8
• Furniture and fixtures	5 - 10
• Vehicles	4

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within other (gain/loss) in the consolidated income statement.

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

2.12 Intangible assets

Include licenses of manufacturing products and licenses of medical, herbal products and leasehold rights which represent the amount paid to lessor to acquire land lease contract. These intangible assets are not amortized, since they have indefinite useful life and are tested annually for impairment. The intangible assets which have definite useful life represented in the amount paid to acquire a land lease contract are amortized over the remaining contract period.

They also include the goodwill resulted from the acquisition which is tested annually for impairment.

2.13 Impairment of non-current assets

Property and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date. A reversal of an impairment loss is recognized for intangible assets other than goodwill.

2.14 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods received and services rendered, whether or not billed to the Group.

2.15 Provisions

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

2.16 Zakat

The Company and its subsidiaries are subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Provision of zakat is calculated as per the zakat base prepared on the basis of the consolidated financial statements of Dallah Health Care Holding Company and its subsidiaries directly or indirectly owned by the Group. The calculated zakat provision is then distributed between the Company and its subsidiaries. Any differences between the provision and the final assessment are recorded at the approval of the final assessment, when the provision is closed.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.17 Employees' termination benefits

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

2.18 Revenues

Revenue is recognized, net of commercial and quantity discounts and insurance companies' rejections, when service is provided or when goods are delivered or accepted by customers. Other revenues are recorded when realized. The value of services provided which are not yet invoiced is recognized as accrued revenue at year-end.

Dividend income is recognized when the right to receive payment is established from the Group.

2.19 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting standards. Allocations between selling, marketing and of general and administrative expenses, cost of revenues, when required, are made on a consistent basis.

2.20 Murabaha financing

Murabaha financing is recognized at the proceeds received, net of transaction costs incurred, if any. Murabaha finance costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other murabaha finance costs are recognized in the consolidated income statement.

2.21 Earnings per share

Earnings per share represent the share of ordinary shares in available income for ordinary shares. Earnings per share are computed for operating income, non-operating (loss) income and net income for the two years ended December 31, 2015 and 2014 based on the weighted average number of outstanding shares during these two years.

2.22 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of net income for the year to a statutory reserve until such reserve equals 50% of the share capital transfer is made at year-end. This reserve is not currently available for distribution to the shareholders. Share premium is being transferred to statutory reserve according to Article No. 98 of the Saudi Regulations for Companies.

2.23 Operating Leases

Rental expenses under operating leases are charged to the consolidated income statement over the period of the respective lease using the straight-line method.

2.24 Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the General Assembly of the Company.

2.25 Reclassifications

Certain reclassifications have been made in the comparative year consolidated financial statements to conform to current year presentation.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is subjected to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Senior management is responsible for risk management. Major risks comprise currency risk, cash flows of interest rate risk), price risk, credit risk, liquidity risk and fair value risk.

Financial instruments carried on the consolidated balance sheet include cash and cash equivalents, investments, accounts receivable, due from/to related parties, prepayments and other current assets, murabaha finance, trade accounts payable and accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

3.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not have concentration of significant currency risk as its transactions are principally in Saudi Riyals, Jordanian Dinars and US dollars. Management monitors changes in currency rates and believes that currency risk is insignificant.

3.2 Fair value and cash flow interest rate risk

Fair value and cash flow interest rate risks are the exposures to various risk associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to fair value and cash flow interest rate risks as murabaha finance has a fixed finance rate.

3.3 Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to the risk of price with respect to ownership of shares held by the Group and classified as available for sale investment in the consolidated statement of financial position. The Group has diversified its investment portfolio in order to manage the price risk arising from investments in equity securities.

3.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash is placed with banks with sound credit ratings. Accounts receivable are carried net of provision for doubtful debts. A percentage of approximately 31% of accounts receivable are due from governmental bodies as at December 31, 2015 (December 31, 2014: approximately 30 %).

(All amounts in Saudi Riyals unless otherwise stated)

3.5 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

3.6 Fair value

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

4 Cash and cash equivalents

	2015	2014
Cash in hand	**1,123,050**	953,747
Cash at banks	**92,280,006**	64,090,331
	93,403,056	65,044,078

5 Accounts receivable, net

	2015	2014
Receivables	**283,010,641**	257,386,793
Less: Allowance for doubtful debts	**(23,517,273)**	(17,880,078)
	259,493,368	239,506,715

The summary for the movement of provision for doubtful debts is as follows:

	2015	2014
January 1	**17,880,078**	13,303,916
Addition	**17,229,038**	8,640,925
Write-off of bad debts	**(11,591,843)**	(4,064,763)
December 31	**23,517,273**	17,880,078

6 Inventories, net

	2015	2014
Medicines	**74,898,229**	81,072,108
Raw materials	**6,449,259**	5,655,625
Medical supplies	**4,346,706**	3,824,456
Medical consumables and cosmetics	**3,503,367**	2,743,443
Other	**2,063,877**	1,546,922
	91,261,438	94,842,554
Less: Provision for inventories obsolescence	**(3,281,023)**	(248,884)
	87,980,415	94,593,670

The summary of the movement of provision for inventory obsolescence is as follows:

	2015	2014
January 1	**248,884**	287,393
Additions	**5,933,454**	87,786
Write-off of inventories obsolesce	**(2,901,315)**	(126,295)
December 31	**3,281,023**	248,884

7 Prepayments and other assets, net

	2015	**2014**
Advances to suppliers	**45,701,705**	36,101,057
Prepayments	**23,252,151**	19,166,916
Accrued revenue	**15,308,700**	11,462,106
Retention receivables	**11,844,540**	11,132,626
Employees' advances	**5,506,907**	4,002,592
Other current assets	**4,148,660**	6,257,228
	105,762,663	88,122,525
Less: Provision for doubtful debts	**(1,835,043)**	(2,037,754)
	103,927,620	86,084,771

The summary of the movement of provision for doubtful debts is as follows:

	2015	**2014**
January 1	**2,037,754**	850,276
Additions	**201,652**	1,557,112
Provision reversal	**(146,027)**	(369,634)
Write-off bad debts	**(258,336)**	-
December 31	**1,835,043**	2,037,754

8 Investments

	Country of incorporation	**Ownership percentage**	**2015**	**2014**
Available for sale investment				
Quoted investments:				
Asser Trading, Tourism, Manufacturing, Agricultural, Real Estate and Contracting Company	Saudi Arabia	0.3%	**9,399,792**	9,479,961
Jordanian Pharmaceutical Manufacturing Company	Jordan	0.4%	**398,221**	347,983
Total quoted investments			**9,798,013**	9,827,944
Unquoted investments*:				
Makkah Medical Center Company	Saudi Arabia	7.5%	**3,448,120**	3,448,120
Al Ahsa Medical Services Company	Saudi Arabia	1.1% **	**1,798,145**	1,415,017
Total unquoted investments			**5,246,265**	4,863,137
Other available for sale investments (8-1)			**94,831,148**	93,592,936
Total available for sale investments			**109,875,426**	108,284,017
Held to maturity investments (8-2)			**28,125,000**	28,125,000
Total			**138,000,426**	136,409,017

* The unquoted equity investments are stated at cost less impairment loss.

** Ownership percentage was 0.8% as at December 31, 2014.

8-1 Other available for sale investments

This item represents an investment in the units of a local real estate mutual fund, which complies with Islamic sharia.

8-2 Held to maturity investments

This item represents an investment in Sukuk in US dollars with a maturity of 10 years from the purchase date and it is available for sale before maturity date.

(All amounts in Saudi Riyals unless otherwise stated)

8 Investments (continued)

The movement of investments is listed below:

	2015	2014
January 1	**136,409,017**	228,631,458
Additions to available-for-sale investments	**383,128**	115,017
Proceeds of maturity of investment	**-**	(100,000,000)
Change in unrealized gains	**1,208,281**	7,662,542
December 31	**138,000,426**	136,409,017

9 Investment in an associate

Represents investment in an associate with the amount of SR 129 million, which represents a 30% of the share capital of Dr. Mohammed Rashed Al-Faqeeh Company, which is a limited liability company with an objective to construct general hospital east of Riyadh city. In addition to SR 12.9 million which represents the excess of the purchase price over the share in share capital that has been recorded as goodwill. This associate has not started its activities as of December 31, 2015.

The movement of investment in an associate is listed below:

	2015	2014
January 1	**-**	-
Additions	**141,900,000**	-
Share in net loss	**(475,105)**	-
December 31	**141,424,895**	-

10 Property and equipment, net

	January 1, 2015	Additions	Disposals	Transfers	December 31, 2015
Cost					
Land *	**530,002,198**	**-**	**-**	**-**	**530,002,198**
Buildings	**382,727,498**	**821,209**	**-**	**89,753,501**	**473,302,208**
Leasehold improvements	**48,610,016**	**1,093,934**	**(33,043)**	**11,553,569**	**61,224,476**
Machinery and equipment	**54,997,301**	**5,281,961**	**-**	**1,453,734**	**61,732,996**
Medical equipment	**283,298,346**	**43,908,917**	**(5,771,915)**	**3,282,836**	**324,718,184**
Furniture and fixtures	**19,790,849**	**1,672,553**	**(62,000)**	**-**	**21,401,402**
Vehicles	**7,134,316**	**1,004,949**	**(267,048)**	**-**	**7,872,217**
Construction in progress **	**134,494,585**	**136,263,675**	**(2,027,519)**	**(106,043,640)**	**162,687,101**
Total	**1,461,055,109**	**190,047,198**	**(8,161,525)**	**-**	**1,642,940,782**
Accumulated depreciation					
Buildings	**(167,702,834)**	**(15,001,893)**	**-**	-	**(182,704,727)**
Leasehold improvements	**(36,259,086)**	**(4,131,461)**	**14,042**	-	**(40,376,505)**
Machinery and equipment	**(50,107,257)**	**(2,956,967)**	**-**	-	**(53,064,224)**
Medical equipment	**(177,813,883)**	**(30,790,276)**	**5,738,446**	-	**(202,865,713)**
Furniture and fixtures	**(11,504,539)**	**(2,105,226)**	**43,317**	-	**(13,566,448)**
Vehicles	**(4,138,335)**	**(1,317,554)**	**-**	-	**(5,455,889)**
Total	**(447,525,934)**	**(56,303,377)**	**5,795,805**	-	**(498,033,506)**
Net book value	**1,013,529,175**				**1,144,907,276**

(All amounts in Saudi Riyals unless otherwise stated)

10 Property and equipment, net (continued)

	January 1, 2014	Additions	Disposals	Transfers	December 31, 2014
Cost					
Land *	432,377,521	97,624,677	-	-	530,002,198
Buildings	382,535,330	192,168	-	-	382,727,498
Leasehold improvements	44,093,433	3,437,447	-	1,079,136	48,610,016
Machinery and equipment	52,326,746	2,803,030	(132,475)	-	54,997,301
Medical equipment	264,260,396	27,235,361	(8,197,411)	-	283,298,346
Furniture and fixtures	17,669,721	2,160,624	(39,496)	-	19,790,849
Vehicles	5,574,949	1,559,367	-	-	7,134,316
Construction in progress **	35,403,549	100,170,172	-	(1,079,136)	134,494,585
Total	1,234,241,645	235,182,846	(8,369,382)	-	1,461,055,109
Accumulated depreciation					
Buildings	(155,339,919)	(12,362,915)	-	-	(167,702,834)
Leasehold improvements	(32,261,847)	(3,997,239)	-	-	(36,259,086)
Machinery and equipment	(49,077,605)	(1,029,652)	-	-	(50,107,257)
Medical equipment	(160,853,828)	(25,011,350)	8,051,295	-	(177,813,883)
Furniture and fixtures	(9,717,398)	(1,813,771)	26,630	-	(11,504,539)
Vehicles	(3,312,839)	(825,496)	-	-	(4,138,335)
Total	(410,563,436)	(45,040,423)	8,077,925	-	(447,525,934)
Net book value	823,678,209				1,013,529,175

* The Company purchased during 2014 a lot of land next to Dallah Hospital with a total area of 6,300 square meters located in Al Nakheel District from a related party for the purpose of further expansion in Dallah Hospital Complex with a total cost of SR 97.5 million. The value of this lot of land has been fully paid and the ownership has been transferred to the Company during 2014.

** Refer to note 12 for murabaha finance cost which is capitalized as part of construction in progress.

11 Intangible assets

	Goodwill	Manufacturing products licenses	Products licenses	Leasehold rights *	Total
January 1, 2015	**5,091,000**	**10,648,000**	**11,505,000**	-	**27,244,000**
Additions	**-**	**-**	**-**	**3,422,270**	**3,422,270**
December 31, 2015	**5,091,000**	**10,648,000**	**11,505,000**	**3,422,270**	**30,666,270**
January 1, 2014	5,091,000	10,648,000	11,505,000	-	27,244,000
Additions	-	-	-	-	-
December 31, 2014	5,091,000	10,648,000	11,505,000	-	27,244,000

* The leasehold rights represent the amount paid to a lessor for acquiring land lease contract in Jeddah that is amortized over the remaining contract period which is started on 10 Safar 1436H (corresponding to December 2, 2014) and ends on 10 Safar 1456H (corresponding to April 29, 2034).

12 Murabaha financing

The Company signed on murabaha financing from local banks for the purpose of financing the expansion of the Company operations. The murabaha is in Saudi Riyals and bear financial charges in general based on the prevailing commission rate in the market. These murabaha contracts are guaranteed by promissory notes from the Company.

On 27 Ramadan 1435 H (corresponding to July 24, 2014) the Company signed an Islamic financing contract with a local bank with an amount of SR 1,000 million, This financing is to be repaid in monthly instalments for six and a half years after a grace period of 37 months. The Company aims to finance the construction of medical facilities and new hospitals from the proceeds of this financing. A promissory note with a total of SR 1,000 million was signed by the Company for the financing bank.

The Group capitalized SR 5,939,694 in murabaha financing costs during the year ended December 31, 2015 (2014: SR 2,477,461).

The volume of murabaha financing obtained by the Group is approximately SR 1,272 million, of which SR 879 million represents the unused portion as at December 31, 2015 (2014: SR 1,640 million and SR 1,443 million, respectively) (refer to note 26).

The covenants of some of credit facilities require the Group to maintain certain level of financial indicators and some other requirements.

12.1 Maturity profile of long term murabaha financing

Set out below are the maturity details of murabaha financing:

	2015	**2014**
Year ended December 31:		
2015	**-**	15,000,000
2016	**65,583,334**	20,000,000
2017	**71,500,000**	20,000,000
2018	**35,500,000**	5,000,000
2019 and after	**138,453,716**	-
	311,037,050	60,000,000

The book value of murabaha financing is in Saudi Riyals only.

13 Accrued and other liabilities

	2015	**2014**
Employees' related accruals (*)	**25,027,518**	21,115,073
Accrued expenses	**14,774,583**	16,600,652
Other payables	**9,712,050**	9,628,641
Deferred revenues	**149,841**	236,842
Other liabilities	**402,196**	867,761
	50,066,188	48,448,969

(*) Employees' related accruals include balances for vacations, tickets, accrued bonus and other accruals.

14 Related party matters

14.1 Related party transactions

Significant transactions and balances with related parties in the ordinary course of business which does not include preferred transactions, included in the consolidated financial statements are summarized as follows:

(All amounts in Saudi Riyals unless otherwise stated)

	Related party	2015	2014
Travel tickets	Affiliate company	**6,605,172**	6,295,755
Technical support	Affiliate company	**4,689,150**	693,800
Salaries and bonuses of the Company's executive directors		**3,613,600**	3,393,600
Directors' remunerations (refer to note 19)		**3,555,970**	3,487,810
Revenues	Shareholders	**1,123,668**	654,959
Maintenance of air conditions	Affiliate company	**702,723**	1,209,440
Food stuff and other	Affiliate company	**467,303**	1,068,069
Purchase of land (refer to note 10)	Shareholder	**-**	97,500,000

14.2 Related party balances

Year-end balances resulting from transactions with related parties are listed below:

a) Due from related parties

	2015	2014
Dallah Al Baraka Holding Company	**810,847**	807,828
Al Baraka Medical Clinic	**-**	2,231,084
Other	**14,200**	186,223
	825,047	3,225,135
Less: Provision for doubtful debts	**-**	(2,405,459)
	825,047	819,676

The summary of the movement of provision for doubtful debts is as follows:

	2015	2014
January 1	**2,405,459**	-
Addition	**-**	2,405,459
Provision reversal	**(2,405,459)**	-
December 31	**-**	2,405,459

b) Due to related parties

	2015	2014
Dareen Travel Agency	**355,172**	384,758
Dallah Trading Company	**7,147**	235,528
Other	**205,338**	215,909
	567,657	836,195

15 Employees' termination benefits

	2015	2014
January 1	**74,726,391**	60,532,863
Provision	**22,699,993**	22,027,729
Payments	**(8,077,111)**	(7,834,201)
December 31	**89,349,273**	74,726,391

(All amounts in Saudi Riyals unless otherwise stated)

16 Share capital

The share capital of the Company as of December 31, 2015 amounting to SR 590,000,000 (2014: SR 472,000,000) comprises of 59 million shares (2014: 47.2 million shares) stated at SR 10 per share.

The Board of Directors of the Company proposed in its meeting held on 29 Rabe'e' II 1436H (Corresponding to February 18, 2015) increase in the Company's share capital by 25% through transferring an amount of SR 118 million from the retained earnings account by issuing one bonus share for every four existing shares of the shareholders. Accordingly, the Company's share capital will be increased from SR 472 million divided by 47.2 million shares to SR 590 million divided by 59 million shares. This increase in share capital has been approved by the shareholders in the General Assembly meeting subsequent to the date of consolidated financial statement on 28 Dul-al-Hijjah 1436H (corresponding to October 12, 2015). Earnings per share was recalculated retrospectively for prior year based on the new number of shares. The legal formalities for the increase was completed at a subsequent date to this consolidated financial statements.

17 Statutory reserve

In accordance with Saudi Regulations for Companies and the Company's Articles of Association, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 50% of the capital. No transfer has been made to statutory reserve during 2015 since the statutory reserve reached more than 50% of the Company's share capital. The statutory reserve in these consolidated financial statement represents the statutory reserve of the Company. This reserve is not currently available for distribution to shareholders.

18 Selling and marketing expenses

	2015	2014
Advertising and promotion	**10,336,485**	14,999,430
Salaries, wages and benefits	**4,956,124**	4,374,724
Marketing incentives	**226,312**	1,087,018
Other	**1,499,779**	1,642,452
	17,018,700	22,103,624

19 General and administrative expenses

	Notes	2015	2014
Salaries, wages and benefits		**135,342,315**	114,413,914
Material		**26,216,806**	26,678,147
Maintenance and services		**18,908,234**	12,456,817
Professional fees		**6,210,746**	1,955,280
Provision for doubtful debts, net*		**5,526,428**	12,233,862
Utilities		**3,623,647**	2,605,173
Rentals		**3,610,035**	4,319,159
Board of Directors and related committees remunerations	14	**3,555,970**	3,487,810
Insurance		**2,996,482**	1,359,130
Stationary		**2,735,650**	2,307,979
Depreciation		**1,597,352**	1,198,267
Permissions and licenses		**1,386,156**	889,072
Training and development		**1,050,047**	2,298,970
Other		**6,979,941**	5,179,177
		219,739,809	191,382,757

* During the year ended December 31, 2015, the Company collected an amount of SR 9,531,237 net of collection fees and it is related to a receivable balance written-off in prior years.

(All amounts in Saudi Riyals unless otherwise stated)

20 Other income, net

	2015	2014
Education support	**3,096,757**	4,397,495
Rentals	**4,770,997**	2,923,210
Buffet	**1,558,910**	1,255,410
Investments income	**979,148**	1,071,630
Dividends received	**400,844**	400,844
Commissions earned	**-**	1,040,700
Loss on disposal of property and equipment	**(2,098,659)**	(32,192)
Other	**755,209**	482,160
	9,463,206	11,539,257

21 Zakat

21.1 Components of the zakat base:

The components of the zakat base consist of the following and are subject to certain adjustments as per the regulations of the Department of Zakat and Income Tax after reclassifying the financial information of 2014 based on the zakat return submitted to the Department of Zakat and Income Tax:

	2015	2014
Zakat base		
Shareholders' equity	**1,213,406,183**	1,113,491,438
Provisions	**56,642,121**	49,171,149
Loans used in financing non-current assets	**258,793,897**	114,862,482
Adjusted net income	**269,098,814**	230,562,226
	1,797,941,015	1,508,087,295
Less: Property and equipment, net	**(1,144,907,276)**	(1,018,549,523)
Investments	**(237,231,969)**	(94,948,841)
Long-term receivables	**-**	(5,547,778)
Intangible assets	**(27,244,000)**	(27,244,000)
Zakat base	**388,557,770**	361,797,153

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Zakat is payable at 2.5 percent of higher of the zakat base or adjusted net income.

21.2 Adjusted net income

	2015	2014
Net income before tax	**174,730,979**	156,161,113
Adjustments	**94,367,835**	74,401,113
Adjusted net income	**269,098,814**	230,562,226

21.3 Provision for zakat movement summarized as follows:

	2015	2014
January 1	**9,086,498**	11,470,492
Provisions	**9,673,911**	9,046,368
Payments	**(9,044,930)**	(11,430,362)
December 31	**9,715,479**	9,086,498

21.4 Zakat status

The Company filed its zakat returns up to December 31, 2014 and obtained unrestricted zakat certificates.

(All amounts in Saudi Riyals unless otherwise stated)

22 Earnings per share

Earnings per share from operating and net income for the two years ended December 31, 2015 and 2014 are computed based on the weighted average number of shares outstanding during these two years of 59.000.000 shares.

23 Contingencies and commitments

a) As at December 31, 2015, the Company has capital commitments that mainly relate to the construction contracts of the expansion of Dallah Hospital and the construction of a hospital in West of Riyadh at the amount of SR 96.2 million (December 31, 2014: SR 50 million).

b) As of December 31, 2015 the Group has contingent liabilities as bank guarantees amounting to SR 4.7 million which were issued on behalf of the Group in the normal course of business (December 31, 2014: SR 17.2 million).

c) There are some legal cases filed against the Group, in the normal course of business, and is currently pleading them, but the final outcome of such cases is not certain yet. Management does not expect the outcome of these cases to be material to the consolidated financial statements of the Group.

24 Dividends

On 10 Rajab 1436H (corresponding to April 29, 2015), the General Assembly approved the Board of Directors recommendation regarding the distribution of cash dividends of SR 47,200,000 for the year ended December 31, 2014 at SR 1 per share which have been fully paid during second quarter of 2015 (2014: SR 70,800,000, which have been paid fully during 2014). Refer also to note 26.

25 Segment information

The Group consists of the following major business segments:

Hospitals segment - The objectives of the segment are to own, manage, operate and maintain the healthcare facilities.

Medicines segment - The objectives of the segment are to import, distribute, wholesale and retail of medicines. Also, manufacturing of medicines, pharmaceuticals, herbals, health, cosmetics, detergents, disinfectants, and packaging materials.

Head Office segment - The objectives of the segment are to operate, manage and maintain the healthcare facilities, wholesale and retail of surgical equipment, artificial parts, handicapped and hospitals equipment and other supporting services.

The Company operates its activities within the Kingdom of Saudi Arabia only.

The following is a summary of selected financial information as at December 31, 2015 and 2014 and for the years then ended, to the above-mentioned business segments:

			Head Office			
2015	**Hospitals**	**Medicines**	**Operations**	**Headquarter**	**Elimination between segments**	**Total**
Operating revenues, net	**917,204,380**	**60,239,734**	**21,264,135**	**-**	**(13,267,052)**	**985,441,197**
Cost of operating	**(531,987,041)**	**(44,139,992)**	**(15,446,273)**	**-**	**13,267,052**	**(578,306,254)**
Gross profit	**385,217,339**	**16,099,742**	**5,817,862**	**-**	**-**	**407,134,943**
Net income (loss) for the year	**223,438,701**	**(17,956,381)**	**3,707,700**	**(61,853,080)**	**17,720,128**	**165,057,068**
Total assets	**974,255,559**	**188,711,113**	**36,536,080**	**848,767,903**	**(47,642,282)**	**2,000,628,373**
Total liabilities	**172,214,785**	**70,972,735**	**7,791,028**	**416,930,297**	**(60,287,180)**	**607,621,665**
Capital expenditure	**71,907,787**	**7,183,790**	**32,700**	**110,922,921**	**-**	**190,047,198**
Depreciations	**49,169,879**	**5,341,379**	**1,351,549**	**440,570**	**-**	**56,303,377**

(All amounts in Saudi Riyals unless otherwise stated)

2014	**Hospitals**	**Medicines**	**Head Office** **Operations**	**Head Office** **Headquarter**	**Elimination between segments**	**Total**
Operating revenues, net	782,787,637	60,353,966	21,673,456	-	(6,067,947)	858,747,112
Cost of operating	(452,196,367)	(39,407,945)	(14,640,517)	-	6,067,947	(500,176,882)
Gross profit	330,591,270	20,946,021	7,032,939	-	-	358,570,230
Net income (loss) for the year	179,703,808	(4,901,776)	3,267,169	(30,990,108)	35,652	147,114,745
Total assets	920,762,624	178,578,169	32,047,997	572,189,945	(30,651,502)	1,672,927,233
Total liabilities	169,431,121	42,311,556	6,050,045	207,830,306	(26,637,154)	398,985,874
Capital expenditure	110,259,446	8,127,537	46,594	116,749,269	-	235,182,846
Depreciations	41,311,224	2,052,414	1,315,456	361,329	-	45,040,423

26 Subsequent events

a) On 30 Rabi' I 1437H (corresponding to January 10, 2016) the Company signed an Islamic Murabaha financing agreement with local bank in the amount of SR 640 million for a financing period of eight years. The facility will be repaid on quarterly installments after a grace period of 3 years. The Company aims from this financing facility to finance Dallah Hospital – Al Nakheel expansions, this facility is guaranteed by promissory note from the Company.

b) On 11 Rabea' II 1437H (corresponding to January 21, 2016), the Board of Directors recommended a distribution of cash dividends to the Company's shareholders for the fiscal year 2015 in the total amount of SR 88,500,000 at SR 1.5 per share. The distribution will be presented for approval by the shareholders in their next General Assembly meeting.