

**Gulf Medical Projects Company PJSC**

**Independent auditor's report on review of  
condensed consolidated interim financial statements  
For the six months period ended June 30, 2019**

**Gulf Medical Projects Company PJSC**  
Condensed consolidated interim financial statements

For the six months period ended June 30, 2019

---

<b>Index</b>	<b>Page</b>
Independent auditor's report on review of the condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of income	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial statements	7-18

Ref: AP/2923/August 2019

**Independent auditor's report on review of the condensed consolidated interim financial statements****The Shareholders  
Gulf Medical Projects Company PJSC  
United Arab Emirates****Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of **Gulf Medical Projects Company PJSC** (the "Company") and its subsidiary (collectively referred to as the "Group") which comprise the condensed consolidated interim statement of financial position as at June 30, 2019 and the condensed consolidated interim statement of income, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-months period then ended. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

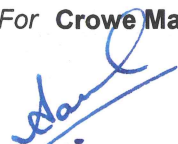
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

**Other matter:**

The consolidated financial statements for the Group for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on the consolidated financial statements on February 20, 2019. Furthermore, the condensed consolidated interim financial statements for the six months period ended June 30, 2018 were reviewed by another auditor who expressed an unqualified conclusion on August 02, 2018.

For Crowe Mak



**Atik Munshi**  
Senior Partner  
Regn. No. 483  
Sharjah - United Arab Emirates



August 4, 2019

# Gulf Medical Projects Company PJSC

Condensed consolidated interim statement of financial position

As at June 30, 2019

	Notes	Jun 30, 2019 (Unaudited) AED '000'	Dec 31, 2018 (Audited) AED '000'
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	758,323	769,282
Intangible assets	6	2,266	2,923
Investment properties	7	96,726	96,726
Investments at fair value through other comprehensive income (FVTOCI)	8	146,720	142,186
<b>Total non current assets</b>		<b>1,004,035</b>	<b>1,011,117</b>
<b>Current assets</b>			
Inventories	9	14,764	14,259
Due from an associate	10	5,101	5,389
Investments at fair value through profit or loss (FVTPL)	8	111	115
Accounts and other receivables	11	196,838	188,958
Cash and bank balances	12	175,029	247,951
<b>Total current assets</b>		<b>391,843</b>	<b>456,672</b>
<b>Total assets</b>		<b>1,395,878</b>	<b>1,467,789</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	13	698,916	698,916
Reserves		278,452	278,452
Cumulative change in fair value of investment measured at fair value through other comprehensive income (FVTOCI)		(161,353)	(165,887)
Retained earnings		261,529	320,173
Equity attributable to equity holders of the parent company		1,077,544	1,131,654
Non-controlling interest	14	29,256	27,833
<b>Total equity</b>		<b>1,106,800</b>	<b>1,159,487</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		16,809	16,639
Bank loans	16	59,242	85,842
<b>Total non-current liabilities</b>		<b>76,051</b>	<b>102,481</b>
<b>Current liabilities</b>			
Accounts and other payables	17	159,827	152,621
Bank loans	16	53,200	53,200
<b>Total current liabilities</b>		<b>213,027</b>	<b>205,821</b>
<b>Total liabilities</b>		<b>289,078</b>	<b>308,302</b>
<b>Total equity and liabilities</b>		<b>1,395,878</b>	<b>1,467,789</b>

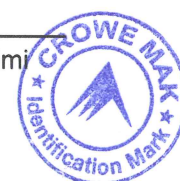
The accompanying notes constitute an integral part of these condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved for issue on behalf of the Board of Directors on August 04, 2019.

Sheikh Dr. Faisal Bin Khalid Khalid Al Qasimi  
(Chairman)

2

Sheikh Majid Bin Faisal Khalid Al Qasimi  
(Managing Director)





## Gulf Medical Projects Company PJSC

Condensed consolidated interim statement of income

For the six months period ended June 30, 2019

	Note	Six months period ended		Three months period ended	
		Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'
Revenue		268,841	237,309	131,082	116,755
Cost of revenue	19	(197,927)	(190,787)	(97,975)	(95,356)
Gross profit		70,914	46,522	33,107	21,399
Fair value (loss)/profit of investments at FVTPL		(4)	(17)	6	3
(Loss) from an associate		(488)	(411)	(197)	(290)
Other income		14,279	46,706	8,563	24,627
Administrative expenses	20	(53,285)	(45,328)	(27,446)	(21,985)
Finance cost		(2,876)	(3,584)	(1,371)	(1,849)
<b>Profit for the period from continuing operations</b>		<b>28,540</b>	<b>43,888</b>	<b>12,662</b>	<b>21,905</b>
(Loss) for the period from discontinued operations		(5,429)	(3,962)	(3,925)	(2,097)
<b>Net Profit for the period</b>		<b>23,111</b>	<b>39,926</b>	<b>8,737</b>	<b>19,808</b>
<b>Attributable to:</b>					
Equity holders of the parent company		20,248	36,207	8,179	18,424
Non-controlling interest		2,863	3,719	558	1,384
		<b>23,111</b>	<b>39,926</b>	<b>8,737</b>	<b>19,808</b>
<b>Earnings per share (AED per share)</b>	21	<b>0.029</b>	<b>0.052</b>	<b>0.012</b>	<b>0.026</b>

The accompanying notes constitute an integral part of these condensed consolidated interim financial statements



**Gulf Medical Projects Company PJSC**

Condensed consolidated interim statement of comprehensive income

For the six months period ended June 30, 2019

	Six months period ended		Three months period ended	
	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'
<b>Net Profit for the period</b>	<b>23,111</b>	<b>39,926</b>	<b>8,737</b>	<b>19,808</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to the income statement:</b>				
Loss on sale of investment at FVTOCI	-	(1,879)	-	(1,879)
Change in fair value of investments at FVTOCI	4,534	(46,294)	(9,172)	(19,132)
Total other comprehensive income / (loss)	4,534	(48,173)	(9,172)	(21,011)
<b>Total comprehensive income / (loss) for the period</b>	<b>27,645</b>	<b>(8,247)</b>	<b>(435)</b>	<b>(1,203)</b>
<b>Attributable to :</b>				
Equity holders of the parent company	24,782	(11,966)	(993)	(2,587)
Non-controlling interest	2,863	3,719	558	1,384
	<b>27,645</b>	<b>(8,247)</b>	<b>(435)</b>	<b>(1,203)</b>
<b>Attributable to equity holders of the parent company arises from:</b>				
Continuing operations	30,211	(8,004)	2,932	(490)
Discontinued operations	(5,429)	(3,962)	(3,925)	(2,097)
	<b>24,782</b>	<b>(11,966)</b>	<b>(993)</b>	<b>(2,587)</b>

The accompanying notes constitute an integral part of these condensed consolidated interim financial statements



**Gulf Medical Projects Company PJSC**

Condensed consolidated interim statement of changes in equity

For the six months period ended June 30, 2019

**Attributable to equity holders of the parent company**

	Share capital		Reserves		Cumulative change in fair value of investment measured - FVTOCI		Retained earnings		Total		Non-controlling interest		Total	
	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'
Balance at January 01, 2018 (audited)	698,916	-	268,875	(94,092)	420,797	1,294,496	33,357	1,327,853	-	-	-	-	-	-
Effect on adoption of IFRS 9	-	-	-	-	(32,522)	(32,522)	(11,935)	(44,457)	-	-	-	-	-	-
Adjusted balance as at January 01, 2018 (audited)	698,916	-	268,875	(94,092)	388,275	1,261,974	21,422	1,283,396	-	-	-	-	-	-
Profit for the six months period ended June 30, 2018	-	-	-	-	36,207	36,207	3,719	39,926	-	-	-	-	-	-
Other comprehensive (loss)	-	-	-	(46,294)	(1,879)	(48,173)	-	(48,173)	-	-	-	-	-	-
Total comprehensive income/(loss) (unaudited)	-	-	-	(46,294)	34,328	(11,966)	3,719	(8,247)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(69,892)	(69,892)	-	(69,892)	-	-	-	-	-	-
Board of directors remuneration	-	-	-	-	(100,000)	(100,000)	-	(100,000)	-	-	-	-	-	-
Board of directors remuneration	-	-	(1,748)	-	1,748	-	-	-	-	-	-	-	-	-
Transfer of revaluation surplus related to land and buildings	-	-	267,127	(140,386)	254,459	1,080,116	25,141	1,105,257	-	-	-	-	-	-
<b>Balance at June 30, 2018 (unaudited)</b>	<b>698,916</b>	<b>-</b>	<b>267,127</b>	<b>(140,386)</b>	<b>254,459</b>	<b>1,080,116</b>	<b>25,141</b>	<b>1,105,257</b>	<b>-</b>	<b>-</b>	<b>25,141</b>	<b>-</b>	<b>1,105,257</b>	
<b>Balance at January 01, 2019 (audited)</b>	<b>698,916</b>	<b>-</b>	<b>278,452</b>	<b>(165,887)</b>	<b>320,173</b>	<b>1,131,654</b>	<b>27,833</b>	<b>1,159,487</b>	<b>-</b>	<b>-</b>	<b>27,833</b>	<b>-</b>	<b>1,159,487</b>	
Profit for the six months period ended June 30, 2019	-	-	-	-	20,248	20,248	2,863	23,111	-	-	2,863	-	23,111	
Other comprehensive income	-	-	-	4,534	-	4,534	-	4,534	-	-	-	-	4,534	
Total comprehensive income (unaudited)	-	-	-	4,534	20,248	24,782	2,863	27,645	-	-	2,863	-	27,645	
Cash dividends	-	-	-	-	(69,892)	(69,892)	-	(69,892)	-	-	-	-	(69,892)	
Board of directors remuneration	-	-	-	-	(9,000)	(9,000)	-	(9,000)	-	-	-	-	(9,000)	
Net movements	-	-	-	-	-	-	(1,440)	(1,440)	-	-	(1,440)	-	(1,440)	
<b>Balance at June 30, 2019 (unaudited)</b>	<b>698,916</b>	<b>-</b>	<b>278,452</b>	<b>(161,353)</b>	<b>261,529</b>	<b>1,077,544</b>	<b>29,256</b>	<b>1,106,800</b>	<b>-</b>	<b>-</b>	<b>29,256</b>	<b>-</b>	<b>1,106,800</b>	

The accompanying notes constitute an integral part of these condensed consolidated interim financial statements



**Gulf Medical Projects Company PJSC**  
Condensed consolidated interim statement of cash flows

For the six months period ended June 30, 2019

	<b>Six months period ended</b>	
	<b>Jun 30, 2019 (Unaudited) AED '000'</b>	<b>Jun 30, 2018 (Unaudited) AED '000'</b>
<b>Cash flows from operating activities</b>		
Profit for the period from continuing operations	28,540	43,888
(Loss) for the period from discontinued operations	(5,429)	(3,962)
Net Profit for the period	<u>23,111</u>	<u>39,926</u>
<b>Adjustments for:</b>		
Depreciation	16,975	17,187
Amortization	219	266
Fair value loss of investments at FVTPL	4	17
Loss from an associate	488	411
Employees end of service benefits	2,828	2,890
Provision for impairment of accounts receivable	12,563	16,669
Provision for slow-moving inventory items	8	251
Deferred income realized	-	(14,750)
Loss on disposal of intangible assets	438	-
Loss/(Gain) on sale of property and equipment	978	(8,280)
<i>Operating cash flows before changes in operating assets and liabilities</i>	<u>57,612</u>	<u>54,587</u>
(Increase) / Decrease in inventories	(513)	1,246
(Increase) / Decrease in due from an associate	(200)	90
(Increase) in accounts receivable and others	(20,443)	(26,072)
Increase / (decrease) in accounts and other payables	7,206	(7,169)
Settlements of employees end of service benefits	(2,658)	(979)
<b>Net cash from operating activities</b>	<u>41,004</u>	<u>21,703</u>
<b>Cash flow from investing activities</b>		
Decrease in fixed deposits	34,224	235,794
Purchase of property and equipment	(8,994)	(3,729)
Proceed from sale of investment at FVTOCI	-	1,116
Proceeds from sale of property and equipment	2,000	15,467
<b>Net cash from investing activities</b>	<u>27,230</u>	<u>248,648</u>
<b>Cash flow from financing activities</b>		
Repayment of bank loans	(26,600)	(26,600)
Cash dividends paid	(69,892)	(69,892)
Board of directors remuneration paid	(9,000)	(100,000)
Net movement in non-controlling interest	(1,440)	-
<b>Net cash (used) in financing activities</b>	<u>(106,932)</u>	<u>(196,492)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(38,698)</b>	<b>73,859</b>
Cash and cash equivalents, beginning of period	<u>85,901</u>	<u>33,056</u>
<b>Cash and cash equivalents at end of period (Note 23)</b>	<u><u>47,203</u></u>	<u><u>106,915</u></u>

The accompanying notes constitute an integral part of these condensed consolidated interim financial statements





## **Gulf Medical Projects Company PJSC**

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

---

### **1 Status and activities**

**Gulf Medical Projects Company PJSC** (hereinafter referred to as the "**Company**") is a public joint stock company incorporated in Sharjah by an Amiri Decree No.48/79 issued by His Highness The Ruler of Sharjah on 02 August 1979.

The main activities of the company and its subsidiary (collectively referred to as "**the Group**") are general hospital, general clinic, import, hospitals management, construction of medicine product factories, trading in medical equipment and its instruments, medicine and medical tools.

The Company is domiciled in Sharjah city and its registered address is P.O. Box : 5385, Sharjah, United Arab Emirates.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting".

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's audited annual consolidated financial statements for the year ended 31 December 2018.

These condensed consolidated interim financial statements do not include all of the information and footnotes required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated audited financial statements as at and for the year ended December 31, 2018. In addition, results for the six months period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ended December 31, 2019.

#### **2.2 Basis of measurement**

These condensed consolidated interim financial statements are prepared under the historical cost convention except for certain elements which has been measured on the basis of fair value/valuation.

These condensed consolidated interim financial statements are presented in Arab Emirates Dirham (AED), which is the Group's Functional Currency. Amounts in the condensed consolidated interim financial statements are rounded to the nearest Thousand Arab Emirates Dirham (AED. '000').

#### **2.3 Judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as that were applied to consolidated financial statements for the year ended 31 December 2018.

#### **2.4 Financial risk management**

The Group's financial risk management objective and policies are consistent with those disclosed in audited consolidated financial statements for the year ended 31 December 2018.

#### **2.5 Basis of consolidation**

The condensed consolidated interim financial statements incorporate the interim financial statements of the parent company and entity controlled by the company (its subsidiary). Control is evidenced by the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the condensed interim financial statements of subsidiaries to bring their accounting policies into line with those used by the company.





## Gulf Medical Projects Company PJSC

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

### 2 Basis of preparation (continued)

#### 2.5 Basis of consolidation (continued)

The details of the subsidiary are as follows:

Company	% of ownership		Principal activities	Country of incorporation
	Jun 30, 2019	Jun 30, 2018		
Al Zahra (Pvt.) Hospital Dubai LLC	68.38%	68.38%	General Hospital	UAE

All significant intra-company transactions, balances, income and expenses are eliminated in full, on consolidation.

Non-controlling interests represent the portion of net assets not held by the Group and are represented separately in the condensed consolidated interim statement of income, condensed consolidated interim statement of comprehensive income and within equity in the condensed consolidated interim statement of financial position separately from parent's shareholders' equity.

### 3 Summary of significant accounting policies

#### 3.1 Property and equipment

The property and equipment are carried at their cost/revaluation less any accumulated depreciation and any accumulated impairment. Cost includes purchase cost together with any incidental costs of acquisition.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item and the cost of the item can be measured reliably.

The cost of day to day service of property and equipment is expensed as incurred.

Depreciation of an asset begins when it is available for use in the manner intended by management.

	<u>Estimated useful lives</u>
	<u>Years</u>
Hospital buildings	10 – 40
Hospital furniture and equipment	5 – 10
Motor vehicles	3 – 5
Other furniture and equipment	3

No depreciation is charged on land and capital work-in-progress. The depreciation charge for each period is recognized in the consolidated statement of income.

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate at each reporting date. An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than estimated recoverable amount.

Gain or loss arising on disposal of any item of property and equipment (calculated as the difference between the net disposal proceeds, and the carrying amount of the assets) is recognized in the consolidated statement of income.

Capital work-in-progress is stated at cost on present property that is being constructed or developed for future use. When commission, Capital work-in-progress is transferred to the respective category and depreciated in accordance with the Group's policy.



### **3 Summary of significant accounting policies (continued)**

#### **3.2 Investment properties**

Land and buildings owned by the Group for the purpose of generating rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes are classified as investment properties. Investment properties are initially measured at cost includes expenditures that are directly attributable to the acquisition of the investment properties.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in consolidated statement of income.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in consolidated statement of income when an investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income within "Other operating income" in the year of retirement or disposal.

Transfers are made to investment properties when only there is a change in use evidenced by ending of owner-occupation on commencement of an operating lease of significant portion of the property to another party. Transfers are made from investment properties when and only when there is a change in use based on the business model.

### **4 New standards and amendments**

The new revised relevant IFRSs effective from 1 January 2019 had no significant impact on the condensed consolidated interim financial position or performance of the Group during the period.



**Gulf Medical Projects Company PJSC**

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

5 Property and equipment	Land	Hospital buildings	Hospital furniture and equipment	Motor vehicles	Other furniture and equipment	Capital work-in-progress	Total
	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'	AED '000'
<b>Cost</b>							
At December 31, 2018 (Audited)	255,018	556,917	123,449	5,251	15,929	2,358	958,922
Additions	-	43	2,532	-	102	6,317	8,994
Sale / disposals	-	(2,603)	(16,672)	-	(1,402)	-	(20,677)
<b>Balance at June 30, 2019 (Unaudited)</b>	<b>255,018</b>	<b>554,357</b>	<b>109,309</b>	<b>5,251</b>	<b>14,629</b>	<b>8,675</b>	<b>947,239</b>
<b>Accumulated Depreciation</b>							
At December 31, 2018 (Audited)	-	84,412	88,521	3,786	12,921	-	189,640
Charge for the period	-	7,673	8,273	453	576	-	16,975
Relating to sale/disposal	-	(2,327)	(14,094)	-	(1,278)	-	(17,699)
<b>Balance at June 30, 2019 (Unaudited)</b>	<b>-</b>	<b>89,758</b>	<b>82,700</b>	<b>4,239</b>	<b>12,219</b>	<b>-</b>	<b>188,916</b>
<b>Net Book Value:</b>							
<b>At June 30, 2019 (Unaudited)</b>	<b>255,018</b>	<b>464,599</b>	<b>26,609</b>	<b>1,012</b>	<b>2,410</b>	<b>8,675</b>	<b>758,323</b>
At December 31, 2018 (Audited)	255,018	472,505	34,928	1,465	3,008	2,358	769,282



## Gulf Medical Projects Company PJSC

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

### 6 Intangible assets

	<b>Software</b> AED '000'	<b>Total</b> AED '000'
<b>Cost:</b>		
At December 31, 2018 (Audited)	3,718	3,718
Sale / disposals	(676)	(676)
<b>Balance at June 30, 2019 (Unaudited)</b>	<b>3,042</b>	<b>3,042</b>
<b>Accumulated Amortization:</b>		
At December 31, 2018 (Audited)	795	795
Charge for the period	219	219
Relating to sale/disposal	(238)	(238)
<b>Balance at June 30, 2019 (Unaudited)</b>	<b>776</b>	<b>776</b>
<b>Net book Value:</b>		
<b>At June 30, 2019 (Unaudited)</b>	<b>2,266</b>	<b>2,266</b>
At December 31, 2018 (Audited)	2,923	2,923

### 7 Investment properties

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> AED '000'	Dec 31, 2018 (Audited) AED '000'
Fair value at January, 01	96,726	103,863
(Decrease) in fair value	-	(7,137)
<b>Fair Value at end of the period / year</b>	<b>96,726</b>	<b>96,726</b>

Investment properties represent investments in land and real estates in the United Arab Emirates.

Investment properties of AED 96,726 thousand mentioned above represent the fair value at the review report date as per the management estimate.

### 8 Financial assets

Financial assets comprise of the following:

#### a) Investments at fair value through other comprehensive income (FVTOCI)

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> AED '000'	Dec 31, 2018 (Audited) AED '000'
Fair value at January, 01	142,186	216,976
Disposal during the period / year	-	(2,995)
Increase/(decrease) in fair value	4,534	(71,795)
<b>Fair value at end of the period / year</b>	<b>146,720</b>	<b>142,186</b>

Investments at FVTOCI represent investment in securities quoted in the local financial market.

#### b) Investments at fair value through profit or loss (FVTPL)

Fair value at 1 January	115	129
Decrease in fair value	(4)	(14)
<b>Fair Value at end of the period / year</b>	<b>111</b>	<b>115</b>

Investments at FVTPL represent investment in securities quoted in a regional financial market.





**Gulf Medical Projects Company PJSC**

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

**9 Inventories**

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	Dec 31, 2018 (Audited) AED '000'
Goods for sale (drugs and cosmetics)	8,312	7,029
General stores and hospital supplies	7,604	8,587
Provision for slow-moving items	<b>(1,152)</b>	<b>(1,357)</b>
	<b>14,764</b>	<b>14,259</b>

**10 Balances and transactions with related parties**

In the normal course of business, the Group enters into various transactions with related parties. Related parties represent major shareholders, directors and key management personnel of the group, and entities controlled, jointly controlled or significantly influenced by such parties. The prices and terms of these transactions are agreed with the group's management.

- **Due from an associate**

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	Dec 31, 2018 (Audited) AED '000'
Balance at January 01,	5,389	6,112
Net funds paid to / (received from) an associate	200	(496)
Loss for the period / year transferred	<b>(488)</b>	<b>(227)</b>
<b>Balance at end of the period / year</b>	<b>5,101</b>	<b>5,389</b>

The above balance represents the amount due from Gulf Medical Commercial Agencies (LLC) – Sharjah. As per the management contract the associate is managed and financed by the Group in return for the yearly profit/(loss) generated by the associate has been included in the condensed consolidated interim statement of income for the Group.

- The following are the details of significant related parties transactions :

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	Dec 31, 2018 (Audited) AED '000'
Sales	-	14
Purchases	66	255
Expenses	289	579
Transfer of intangible assets	-	3

- The remuneration, salaries and other benefits of Board of Directors and other members of key management during the period / year were as follows :

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	Dec 31, 2018 (Audited) AED '000'
Board of directors remuneration	9,000	100,000
Board of directors and committee expenses	124	190
Key management salaries and other related benefits	4,212	8,545





## Gulf Medical Projects Company PJSC

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

### 11 Accounts and other receivables

	Jun 30, 2019 (Unaudited) AED '000'	Dec 31, 2018 (Audited) AED '000'
Accounts receivable	260,688	263,731
Provision for impairment of accounts receivable	(84,092)	(97,167)
	<u>176,596</u>	<u>166,564</u>
Prepaid expenses and others (net of provision)	13,679	14,941
Recoverable tax	1,193	2,047
Notes receivable – post-dated cheques	5,370	5,406
	<u>196,838</u>	<u>188,958</u>

The above total include accounts and other receivables for the discontinued operations (Note - 22).

### 12 Cash and bank balances

	Jun 30, 2019 (Unaudited) AED '000'	Dec 31, 2018 (Audited) AED '000'
Cash in hand	311	292
Bank balances - Current and call deposit accounts	46,892	85,609
Fixed deposits	127,826	162,050
	<u>175,029</u>	<u>247,951</u>

The above total include cash and bank balances for the discontinued operations (Note - 22).

### 13 Share capital

	Jun 30, 2019 (Unaudited) AED '000'	Dec 31, 2018 (Audited) AED '000'
Authorized share capital is 698,916,094 ordinary shares of AED 1 each fully paid	698,916	698,916

### 14 Non-controlling interest

a) The details of movement in this item during the period/year are as follows :

	Jun 30, 2019 (Unaudited) AED '000'	Dec 31, 2018 (Audited) AED '000'
Balance at January 01,	27,833	33,357
Effect on adoption of IFRS 9	-	(11,935)
Adjusted balance as at January 01,	27,833	21,422
Share of profit for the period/year	2,863	6,411
Net movements	(1,440)	-
<b>Balance at end of the period / year</b>	<u>29,256</u>	<u>27,833</u>

b) Non-controlling interest mentioned above represents the share of non-controlling as at the condensed consolidated interim statement of financial position date and are as follows:

	%	%
Share in Al Zahra (Pvt) Hospital Dubai LLC	<u>31.62</u>	<u>31.62</u>



**15 Deferred income**

The Group recognized the government grant of plot of land measuring 350,000 square feet granted by government of Dubai with condition of constructing a hospital in the Emirate of Dubai. When the construction of the hospital started a value of AED 315,000 thousand was recorded in the group assets and surplus of land a value of AED 295,000 thousand on the valuation date was recorded as deferred income in the condensed consolidated interim statement of financial position.

The construction of the hospital was fully completed in the previous years and the hospital started generating income from its operations. The management resolved to recognize the grant in profit and loss by transferring deferred income to condensed consolidated interim statement of income in a systematic basis over the useful life of the asset which is as follows:

	<b>Jun 30, 2019 (Unaudited) AED '000'</b>	<b>Dec 31, 2018 (Audited) AED '000'</b>
Balance at January 01,	-	152,269
Transferred portion as realized income	-	(29,500)
Written off	-	(122,769)
<b>Balance at end of the period</b>	<b>-</b>	<b>-</b>

During prior year, the Group released the restriction on trading in the granted land to a freehold land with tradable status. This was done in compliance with all the conditions required from the concerned Grant Department (Government of Dubai). Therefore the balance of deferred income was closed to be in line with fair value of land and building constructed thereon as at December 31, 2018.

**16 Bank loans**

	<b>Jun 30, 2019 (Unaudited) AED '000'</b>	<b>Dec 31, 2018 (Audited) AED '000'</b>
Non-current	<b>59,242</b>	85,842
Current	<b>53,200</b>	53,200
	<b>112,442</b>	139,042

**17 Accounts and other payables**

	<b>Jun 30, 2019 (Unaudited) AED '000'</b>	<b>Dec 31, 2018 (Audited) AED '000'</b>
Accounts payable	<b>52,238</b>	46,747
Uncollected portion of repayments to shareholders	<b>1,091</b>	1,091
Shareholders' dividends payable	<b>6,832</b>	6,832
Notes payable - post-dated cheques	<b>4,018</b>	5,248
Accrued expenses	<b>6,446</b>	8,825
Provision for staff leave salaries and air passage	<b>13,654</b>	13,265
Provision for claims	<b>30,000</b>	30,000
Accrued interest payable	<b>1,308</b>	1,587
Income received in advance	<b>6,625</b>	5,934
Staff payable	<b>1,379</b>	423
Others	<b>36,236</b>	32,669
	<b>159,827</b>	152,621

The above total include accounts and other payables for the discontinued operations (Note 22).



## Gulf Medical Projects Company PJSC

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

### 18 Segment information

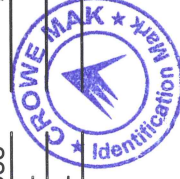
The Board of Directors are chief operating decision makers. The management determines the operation segments based on segments identified for the purpose of allocation resources and assessing performance.

The Group's reportable segments are organized into two major segments as follows:

- i) Health services and others  
Principally providing health, medical care and other related services.
- ii) Investments  
Principally concerned with Investment properties and investment in securities.

The financial analysis according to the business segments are as follows :

	Health Services & others		Investments		Total	
	Six months period ended Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Six months period ended Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Six months period ended Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'
<b>Revenue:</b>						
Total revenue including discontinued operations	273,885	244,791	9,884	21,076	283,769	265,867
<b>Result:</b>						
Segment result	70,914	46,522	(492)	(428)	70,422	46,094
Unallocated administrative expenses	-	-	-	-	(56,161)	(48,912)
Operating profit / (loss)					14,261	(2,818)
Other income	4,513	25,713	9,766	20,993	14,279	46,706
Profit from continuing operations					28,540	43,888
(Loss) from discontinued operations					(5,429)	(3,962)
Non-controlling interest					(2,863)	(3,719)
Profit for the period					20,248	36,207
<b>Other information:</b>						
Segment assets	1,140,533	1,392,577	255,345	281,022	1,395,878	1,673,599
Segment liabilities	244,033	414,197	45,045	109,688	289,078	523,885
Capital expenditure	8,994	3,729	-	-	8,994	3,729
Depreciation & amortization	17,194	17,453	-	-	17,194	17,453





## Gulf Medical Projects Company PJSC

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

### 19 Cost of revenue

	Six months period ended		Three months period ended	
	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'
Salaries and other related benefits	114,618	116,689	56,801	58,994
Supplies and services	66,538	57,250	32,780	28,145
Depreciation	16,604	16,662	8,309	8,121
Amortization	167	186	85	96
	<b>197,927</b>	<b>190,787</b>	<b>97,975</b>	<b>95,356</b>

### 20 Administrative expenses

	Six months period ended		Three months period ended	
	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'
Staff salaries and benefits	25,446	11,784	13,759	5,353
Board of directors and committee expenses	124	112	67	56
Electricity and water expenses	3,642	3,697	2,005	2,091
Advertising and publicity	2,198	2,632	731	869
Provision for impairment of accounts receivable	12,247	16,016	5,671	7,783
Government expenses	2,719	3,027	1,252	1,506
Telephone, fax and postage	568	553	297	277
Insurance	549	551	283	263
Rent	324	293	178	147
Donation & Charity	900	1,000	900	1,000
Legal and professional fees	1,210	1,634	665	797
Banks and credit card charges	762	737	355	366
Provision for slow-moving items	8	224	6	189
Miscellaneous expenses	2,588	3,068	1,277	1,288
	<b>53,285</b>	<b>45,328</b>	<b>27,446</b>	<b>21,985</b>

### 21 Basic earnings per share

	Six months period ended		Three months period ended	
	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'	Jun 30, 2019 (Unaudited) AED '000'	Jun 30, 2018 (Unaudited) AED '000'
Profit for the period attributable to equity holders	20,248	36,207	8,179	18,424
Number of shares (Share '000')	698,916	698,916	698,916	698,916
<b>Basic earnings per share (AED)</b>	<b>0.029</b>	<b>0.052</b>	<b>0.012</b>	<b>0.026</b>



## Gulf Medical Projects Company PJSC

Notes to the condensed consolidated interim financial statements

For the six months period ended June 30, 2019

### 22 Discontinued operation

On May 14, 2019, Board of Director approved closure of the Gulf Medical Enter. Co. (Dubai Br) - Al Zahra Pvt Medical Centre, Dubai, United Arab Emirates with effect from June 30, 2019. The branch is reported as a discontinued operation in the current period, along with comparative figures.

Financial information relating to the discontinued operation for the period of the date of closure is set out below:

#### 22.1 Financial information and cash flow information

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>	<u>Jun 30, 2019</u>	<u>Jun 30, 2018</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>AED '000'</u>	<u>AED '000'</u>	<u>AED '000'</u>	<u>AED '000'</u>
Revenue	<b>5,044</b>	7,482	<b>1,143</b>	3,547
Cost of revenue	<b>(8,144)</b>	(9,878)	<b>(3,429)</b>	(4,643)
Gross (loss)	<b>(3,100)</b>	(2,396)	<b>(2,286)</b>	(1,096)
Other income	<b>(1,406)</b>	(60)	<b>(1,411)</b>	(260)
Administrative expenses	<b>(923)</b>	(1,506)	<b>(228)</b>	(741)
(Loss) for the period	<b>(5,429)</b>	(3,962)	<b>(3,925)</b>	(2,097)
				<b>Jun 30, 2019</b>
				<b>(Unaudited)</b>
				<b>AED '000'</b>
Net cash (used in) / from operating activities				<b>(2,290)</b>
Net cash from investing activities				<b>1,998</b>
<b>Net (decrease) in cash and cash equivalents</b>				<b>(292)</b>

#### 22.2 Carrying amounts of assets and liabilities as of the date of closure were as follows:

	<b>June 30, 2019</b>
	<b>(Unaudited)</b>
	<b>AED '000'</b>
Accounts and other receivables	<b>2,214</b>
Cash and bank balances	<b>701</b>
<b>Total assets</b>	<b>2,915</b>
Accounts and other payables	<b>2,836</b>
Due to related parties	<b>5,508</b>
<b>Total liabilities</b>	<b>8,344</b>
<b>Net assets</b>	<b>(5,429)</b>





**23 Cash and cash equivalents**

At June 30, 2019 and 2018 “cash & cash equivalents” included in the condensed consolidated interim statement of cash flows comprise the following items:

	<b>Six months period ended</b>	
	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	<b>Jun 30, 2018</b> <b>(Unaudited)</b> <b>AED '000'</b>
Cash in hand	311	391
Bank balances	46,892	106,524
	<b>47,203</b>	<b>106,915</b>

**24 Contingent liabilities / commitments**

**i) Contingent liabilities**

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	<b>Dec 31, 2018</b> <b>(Audited)</b> <b>AED '000'</b>
Letter of guarantee	2,743	2,844

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liability.

**ii) Commitments**

Commitments of the group as at the condensed consolidated interim statement of financial position date are as follows :

	<b>Jun 30, 2019</b> <b>(Unaudited)</b> <b>AED '000'</b>	<b>Dec 31, 2018</b> <b>(Audited)</b> <b>AED '000'</b>
Capital purchases	38,478	16,347

