

**DALLAH HEALTHCARE COMPANY**  
A SAUDI JOINT STOCK COMPANY

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**FOR THE THREE MONTH PERIOD**  
**ENDED 31 MARCH 2020**  
**AND REVIEW REPORT OF INTERM CONDENSED**  
**CONSOLIDATED FINANCIAL INFORMATION**

**DALLAH HEALTHCARE COMPANY**  
**A SAUDI JOINT STOCK COMPANY**  
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**FOR THREE MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)**

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## Review report for interim condensed consolidated financial information

To the shareholders of  
**Dallah Healthcare Company**  
A Saudi Joint Stock Company

Riyadh – the Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Dallah Healthcare Company** (“the Company”) and its subsidiaries (collectively referred to as the “Group”) as of 31 March 2020 and the Interim condensed consolidated statement of profit or loss and other comprehensive income and the interim condensed consolidated statements of changes in equity and cash flows for the three month period then ended, and a summary of significant accounting policies and other selected notes from (1) to (16).

Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statement in accordance with International Accounting Standard (“IAS 34”) “*Interim Financial Reporting*” endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements 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 endorsed in the Kingdom of Saudi Arabia, accordingly we are not able 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 interim condensed consolidated financial statements are not prepared in all material respects in accordance with IAS (34) endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Dr. Mohamed A. Al-Amri  
Certified Public Accountant  
License Number 60



25 Ramadan 1441 (H)  
18 May 2020 (G)

**DALLAH HEALTHCARE COMPANY**  
**A SAUDI JOINT STOCK COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 March 2020**

	<b>Note</b>	<b>As of 31 March 2020 (Unaudited) SR</b>	<b>As of 31 December 2019 (Audited) SR</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,126,815,111	2,102,520,973
Intangible assets		18,676,912	18,719,692
Investment in associate	4	138,362,301	140,951,919
Financial assets at fair value through other comprehensive income	5	3,569,720	3,584,585
Financial assets at fair value through profit or loss	6	56,446,967	35,706,967
		<u>2,343,871,011</u>	<u>2,301,484,136</u>
<b>Current assets</b>			
Inventory		114,161,108	104,534,336
Prepayments and other debit balances		84,100,371	83,808,296
Due from related parties		7,910,648	6,595,090
Contract assets with customers	9	1,096,302	1,961,722
Trade receivables	7	383,299,745	329,354,627
Cash and cash equivalents		130,118,073	88,326,259
		<u>720,686,247</u>	<u>614,580,330</u>
<b>TOTAL ASSETS</b>		<u><b>3,064,557,258</b></u>	<u><b>2,916,064,466</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the Company's shareholders			
Share capital	1	750,000,000	750,000,000
Statutory reserve - Share premium	1	211,142,305	211,142,305
Statutory reserve – Transferred from net profit		27,109,010	27,109,010
Treasury shares	1	(190,452,878)	(190,452,878)
Retained earnings		694,056,701	724,696,633
Cumulative valuation effect of financial assets at fair value through other comprehensive income		(381,961)	(367,096)
<b>Total Equity</b>		<u><b>1,491,473,177</b></u>	<u><b>1,522,127,974</b></u>
<b>Non-current liabilities</b>			
Long term Murabaha financing	8	858,080,001	839,268,569
Long term lease liability		4,221,515	5,585,688
Long term retentions		489,739	468,244
Employees benefit liability		142,757,839	127,942,142
		<u>1,005,549,094</u>	<u>973,264,643</u>
<b>Current liabilities</b>			
Trade payables		130,585,378	110,878,833
Accrued expenses and other credit balances		62,434,034	67,408,495
Contract liabilities with customers	9	30,120,836	17,212,922
Short term Murabaha financing	8	129,638,332	69,647,000
Current portion of long term Murabaha financing	8	113,571,546	112,106,343
Short term lease liability		11,060,397	13,411,227
Short term retentions		33,258,721	24,595,402
Due to related parties		403,444	766,464
Dividend payable	10	49,882,000	-
Zakat		6,580,299	4,645,163
		<u>567,534,987</u>	<u>420,671,849</u>
<b>Total liabilities</b>		<u><b>1,573,084,081</b></u>	<u><b>1,393,936,492</b></u>
<b>Total equity and liabilities</b>		<u><b>3,064,557,258</b></u>	<u><b>2,916,064,466</b></u>

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

**DALLAH HEALTHCARE COMPANY**  
**A SAUDI JOINT STOCK COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020**

	<u>Note</u>	<b>For the three month period ended</b>	
		<b>31 March</b>	
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b><u>SR</u></b>	<b><u>SR</u></b>
Revenue	9	<b>314,605,098</b>	321,147,481
Cost of revenue		<b><u>(208,846,924)</u></b>	<u>(200,883,718)</u>
<b>Gross profit</b>		<b>105,758,174</b>	120,263,763
Selling and marketing expenses		<b>(6,606,584)</b>	(6,777,869)
General and administrative expenses		<b>(69,482,090)</b>	(71,772,586)
Expected credit loss provision		<b><u>(3,252,969)</u></b>	<u>(470,242)</u>
<b>Operating income</b>		<b>26,416,531</b>	41,243,066
Other income and losses, net		<b>3,425,064</b>	2,920,725
Finance charges	8	<b>(6,074,773)</b>	(5,766,663)
Group share of loss of associates	4	<b><u>(2,589,618)</u></b>	<u>(522,650)</u>
<b>Net profit before Zakat</b>		<b>21,177,204</b>	37,874,478
Zakat		<b><u>(1,935,136)</u></b>	<u>(2,709,554)</u>
<b>Net profit</b>		<b><u>19,242,068</u></b>	<u>35,164,924</u>
<b>Net profit attributable to the Company's shareholders</b>		<b><u>19,242,068</u></b>	<u>35,164,924</u>
<b>Other comprehensive income:</b>			
<u>Items will not be reclassified subsequently to profit or loss</u>			
Change in financial assets at fair value through other comprehensive income	5	<b>(14,865)</b>	(50,770)
<b>Other comprehensive income</b>		<b><u>(14,865)</u></b>	<u>(50,770)</u>
<b>Comprehensive income</b>		<b><u>19,227,203</u></b>	<u>35,114,154</u>
<b>Comprehensive income attributable to the Company's shareholders</b>		<b><u>19,227,203</u></b>	<u>35,114,154</u>
Earnings per share	11	<b>0,27</b>	0,47

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

**DALLAH HEALTHCARE COMPANY**  
**A SAUDI JOINT STOCK COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020**

		Share capital	Statutory reserve "Share premium"	Statutory reserve "Transfer from net income"	Treasury Shares	Retained earnings	The cumulative effect of valuation of financial assets at fair value through other comprehensive income	Total equity
	Note	SR	SR	SR	SR	SR	SR	SR
<b>For the three month period ended 31 March 2020 (Unaudited)</b>								
As of 1 January 2020		750,000,000	211,142,305	27,109,010	(190,452,878)	724,696,633	(367,096)	1,522,127,974
Net profit		-	-	-	-	19,242,068	-	19,242,068
Other comprehensive income		-	-	-	-	-	(14,865)	(14,865)
Comprehensive income		-	-	-	-	19,242,068	(14,865)	19,227,203
Dividends	10	-	-	-	-	(49,882,000)	-	(49,882,000)
As of 31 March 2020		750,000,000	211,142,305	27,109,010	(190,452,878)	694,056,701	(381,961)	1,491,473,177
<b>For the three month period ended 31 March 2020 (Unaudited)</b>								
As of 1 January 2019		590,000,000	371,142,305	27,109,010	-	613,209,624	(255,893)	1,601,205,046
Net profit		-	-	-	-	35,164,924	-	35,164,924
Other comprehensive income		-	-	-	-	-	(50,770)	(50,770)
Comprehensive income		-	-	-	-	35,164,924	(50,770)	35,114,154
Issuing bonus shares	1	160,000,000	(160,000,000)	-	-	-	-	-
Purchase of treasury shares	1	-	-	-	(9,999,559)	-	-	(9,999,559)
As of 31 March 2019		750,000,000	211,142,305	27,109,010	(9,999,559)	648,374,548	(306,663)	1,626,319,641

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

**DALLAH HEALTHCARE COMPANY**  
**A SAUDI JOINT STOCK COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020**

	<b>FOR THE THREE MONTH PERIOD ENDED 31 MARCH</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<u>Note</u>		
<b><u>OPERATING ACTIVITIES</u></b>		
Net profit before zakat	21,177,204	37,874,478
<b><i>Adjustments</i></b>		
Depreciation of property, plant and equipment.	23,502,494	24,285,396
Amortization of intangible assets	42,780	42,780
Employees' benefits provision	16,829,436	10,553,097
Provision for expected credit loss	3,252,969	470,242
Provision for inventory	19,821	22,937
Loss on sale of property, plant, and equipment	3,260	116,817
Share of loss from an associate	2,589,618	522,650
Finance charges	6,074,773	5,766,663
<b><i>Changes in</i></b>		
Trade receivable	(55,614,148)	29,003,965
Contract assets with customers	865,420	(99,643)
Related parties	(1,678,577)	(642,040)
Prepayments and other debit balances	(1,876,014)	(7,643,082)
Inventory	(9,646,593)	(8,218,035)
Trade payable	19,706,544	3,981,573
Contract liabilities with customers	12,907,914	4,832,514
Accrued expenses and other credit balances	(4,974,461)	4,440,706
Retentions	8,684,814	-
<b>Cash flows from operations</b>	<b>41,867,254</b>	<b>105,311,018</b>
Zakat paid	-	(36,636)
Employees' benefits paid	(2,013,739)	(2,227,121)
<b>Net cash generated from operating activities</b>	<b>39,853,515</b>	<b>103,047,261</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Additions to property, plant and equipment	(47,799,892)	(38,283,419)
Proceeds from sale of property, plant and equipment	-	28,762
Paid for purchase of financial assets at fair value through profit or loss	(20,740,000)	-
<b>Net cash used in investing activities</b>	<b>(68,539,892)</b>	<b>(38,254,657)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Proceeds from Murabaha financing	147,461,209	110,803,187
Payment of Murabaha financing	(67,193,242)	(25,916,667)
Lease payment	(3,865,006)	(4,716,963)
Purchase of treasury shares	-	(9,999,559)
Dividends paid	-	(88,240,400)
Finance charges paid	(5,924,770)	(5,456,999)
<b>Net cash generated from (used in) financing activities</b>	<b>70,478,191</b>	<b>(23,527,401)</b>
<b>Net changes in cash and cash equivalents</b>	<b>41,791,814</b>	<b>41,265,203</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>88,326,259</b>	<b>46,359,135</b>
<b>Cash and cash equivalents at end of the period</b>	<b>130,118,073</b>	<b>87,624,338</b>
<b><u>Non-cash transactions</u></b>		
Accrued Dividends	10	49,882,000
Increasing capital by issuing bonus shares	1	-
Record asset and liability of financing leases	-	160,000,000
	-	38,848,780

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

**DALLAH HEALTHCARE COMPANY**  
A SAUDI JOINT STOCK COMPANY  
**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)**  
All amounts are presented in Saudi Riyals unless otherwise indicated

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**1. Overview**

Dallah Healthcare Company (the "Company") was established in the Kingdom of Saudi Arabia as a limited liability company under commercial registration No. 1010128530 dated 13 Rabi Al-Thani 1415H (corresponding to September 18, 1994) in Riyadh.

The Company's board of directors declared Dallah Healthcare Company as a Saudi Closed Joint Stock Company on 14 Jumada 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 company changed its name from "Dallah Healthcare Holding Company" to "Dallah Healthcare Company" based on the approval of the Extraordinary General Assembly held on 16 Safar 1438 AH (corresponding to 16 November 2016).

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.

**Capital**

The share capital of the Company as of 31 March 2020 amounted to SR 750 million comprising 75 million shares stated at SR 10 per share (31 December 2019: SR 750 million comprising 75 million shares stated at SR 10 per share).

On 21 Jamada Al-Thani 1440H corresponding 26 February 2019, the Extraordinary General Assembly meeting has approved the increase of the Company's capital from SR 590 million to SR 750 million (59 million shares to 75 million shares) through granting bonus shares with one share for each 3.69 share. As a result, the capital has increased by transferring SR 160 million from statutory reserve (share premium) to the capital. accordingly, on 25 April 2019 the Company amended its Article of Association

**Treasury Shares**

On 21 Jamada Al-Thani 1440H corresponding 26 February 2019, the Extraordinary General Assembly has approved the purchasing of 3,750,000 of the Company's shares as treasury shares. To be financed from the Company's own resources. The Board of directors has been delegated to complete the purchasing proves in one transaction or over several transactions in a period of 12 months as maximum from the resolution date of the Extraordinary General Assembly meeting. On 31 March 2020, the number of shares purchased is 3,740,000 shares at cost of 190,452,878 Saudi Riyals. (At 31 March 2019 the number of shares purchased is 194,381 shares at cost of 9,999,559 Saudi Riyals). Thus, the Company has completed the purchase of treasury shares within the authorized number in accordance with the approval of the Extraordinary General Assembly.



**DALLAH HEALTHCARE COMPANY**  
**A SAUDI JOINT STOCK COMPANY**  
**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)**  
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These interim condensed consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The following is an overview of subsidiaries:

Name of subsidiary	Share in equity %		Country of operation and commercial register	Principal activity
	As of 31 March 2020	As of 31 December 2019		
Dallah Pharma Company	100%	100%	Kingdom of Saudi Arabia commercial registration No.1010410613	Pharmaceutical, herbal & cosmetic distribution & manufactory.
Afyaa Al-Nakheel for Supporting Services Co. Limited	100%	100%	Kingdom of Saudi Arabia commercial registration No.1010404576	Provide manpower & Support services to hospitals and medical centres.
Dallah Namar Hospital Health Co.	100%	100%	Kingdom of Saudi Arabia commercial registration No.1010495218	Operating, managing, equipping and developing hospitals and healthcare facilities, medical polyclinics, and compounds, owning lands.

**2. Basis of accounting**

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard – (“IAS 34”) “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia. The accompanying condensed consolidated interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

The accompanying interim condensed financial statements do not include all the information that is required to prepare a complete set of financial statements in accordance with International Financial Reporting Standards.

The interim condensed consolidated financial statements have been prepared at historical cost, except for:

- Employee benefit obligation which is measured in accordance with an actuarial valuation.
- Financial assets at fair value through profit of loss which is measured at fair value.
- Financial assets at fair value other comprehensive income which is measured at fair value.

The Saudi Riyal is the functional and presentation currency of the Group.

**3. Summary significant accounting policies and estimates**

**Accounting policies**

The accounting policies applied to the condensed consolidated interim financial statements are the same as those accounting policies applied for the Group financial statements as of 31 December 2019.

There are no new standards that have been issued, however, a number of amendments to the standards are effective as of 1 January 2020 and they have been explained in the Group's consolidated financial statements as of 31 December 2019. These amendments have no material impact on the Group's interim condensed consolidated financial statements.

**DALLAH HEALTHCARE COMPANY**  
A SAUDI JOINT STOCK COMPANY  
**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020 (UNAUDITED)**  
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**Estimates**

The significant estimates used by the management when applying the Group's accounting policies and the significant sources of uncertainties in the estimates were similar to those shown in the consolidated financial statements for the year ended 31 December 2019. However, the Group has reviewed the important sources of judgments and estimates as shown in Note no. (14).

**4. Investment in associate**

Investment in associate comprises as follows:

Associate	Ownership share (%)		Country of operation and incorporation	Principal activity
	As of 31 March 2020	As of 31 December 2019		
Dr. Mohammed Rashed Al-Faqeeh Company	31.21%	31.21%	Kingdom of Saudi Arabia	Owning, operating and maintaining the hospital and health centers

The movement of the investment can be summarized as follows:

	As at 31 March 2020	As at 31 December 2019
Opening balance	140,951,919	145,160,732
Adjustment	-	478,566
Share of loss from associate	(2,589,618)	(4,590,704)
Share of comprehensive income from associate	-	(96,675)
Ending balance	138,362,301	140,951,919

The aggregate amounts of certain financial information of the associate can be summarized as follows:

	As at 31 March 2020	As of 31 December 2019
Current assets	34,214,355	38,914,022
Non-current assets	736,989,947	698,574,269
Current liabilities	46,565,308	42,397,229
Non-current liabilities	325,144,273	287,298,942
Profit or loss from continuing operation	(8,297,399)	(14,709,079)
Other comprehensive income	-	(275,824)
Comprehensive income	(8,297,399)	(14,984,903)
Equity	399,494,721	407,792,120

In the opinion of management, there has been no impairment in the carrying value of the Group's investment in associate as at the reporting period.

**DALLAH HEALTHCARE COMPANY**  
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**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. Financial assets at fair value through other comprehensive income**

	<b>Country</b>	<b>Ownership %</b>	<b>As at 31 March 2020</b>	<b>Ownership %</b>	<b>As at 31 December 2019</b>
<b>Quoted:</b>					
Jordanian Pharmaceutical Manufacturing Company	Jordan	0.4%	121,600	0.4%	136,465
<b>Unquoted</b>					
Makkah Medical Center Company	Saudi Arabia	7.5%	3,448,120	7.5%	3,448,120
			<b>3,569,720</b>		<b>3,584,585</b>

**Unquoted financial assets**

According to management, the unquoted financial assets have not met any of the indicators according to IFRS (9) "Financial Instruments" which indicates that cost may not represent the fair value of these instruments, as a result, the cost of these instruments has been considered as the best estimate of their fair value.

**6. Financial assets at fair value through profit or loss**

**MEFIC Private Equity Opportunities Fund 3**

As of 31 March 2020, the Company owns 41.6% (31 December 2019: 41.6%) of the units of MEFIC Private Equity Opportunities Fund 3, and the fund objective is to achieve a high return on long-term capital and investment in the health sector.

The book value of the Company's share in the fund units as of 31 March 2020 amounted to SR 35,706,967 (31 December 2019: SR 35,706,967).

**MERAS Arabia Medical Holding Company**

During the first quarter of 2020, the Company purchased 17% of the shares of MERAS Arabia Medical Holding Company (A Limited Liability Company). The Company is specialized in the field of cosmetic and dental medicine. The cost of the purchase amounted to SR 20,740,000.

**7. Trade receivables**

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>
Trade receivables	415,811,384	360,197,236
Less: Provision for expected credit losses	(32,511,639)	(30,842,609)
	<b>383,299,745</b>	<b>329,354,627</b>

The summary of movement for provision for expected credit losses is as follows:

	<b>For the period / year ended</b>	
	<b>31 March 2020</b>	<b>31 December 2019</b>
Balance as at 1 January	30,842,609	24,868,296
Charge	1,886,729	14,440,953
Reversal	(217,699)	(8,466,640)
Ending balance	<b>32,511,639</b>	<b>30,842,609</b>

The indicators of impairment were reviewed for all trade receivables. In the opinion of management, there has been no impairment in the carrying value of trade receivable other than the recorded provision of expected credit losses.

**DALLAH HEALTHCARE COMPANY**  
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**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. Murabaha financing**

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>
<b>Non-current</b>		
Long - term Murabaha	<b>858,080,001</b>	839,268,569
<b>Current</b>		
Short-term Murabaha	<b>129,638,332</b>	69,647,000
Current portion of long-term Murabaha	<b>113,571,546</b>	112,106,343
<b>Total current Murabaha</b>	<b>243,209,878</b>	181,753,343
<b>Total Murabaha financing</b>	<b>1,101,289,879</b>	1,021,021,912

The Group has Murabaha finance contracts with local banks, Murabaha contracts are denominated in Saudi Riyals and bear financial charges based on prevailing finance cost in the market. Murabaha contracts for the purpose of financing the construction of new medical facilities and hospitals under construction and with working capital financing, Murabaha contracts are secured by order bonds.

As of 31 March 2020, Murabaha financing being granted to the Group amounted to SR 1,618 million (31 December 2019: SR 1,618 million). SR 1,101 has been used as at 31 March 2020 (31 December 2019: SR 1,020 million).

The financing cost related to the Murabaha capitalized on property, plant and equipment for the three month period ended 31 March 2019 amounted to SR 2.89 million (For the three month period ended 31 March 2019: SR 2,78 million).

The recorded finance charges in the statement of profit or loss for the three month period ended 31 March 2020 has reached SR 5.92 million (For the three month period ended 31 March 2019: SR 5.45 million)

**9. Contracts with customers**

	<b>For the three month period ended</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Revenues classification</b>		
Revenue from rendering services	<b>227,830,631</b>	239,221,831
Revenue from sale of medicine	<b>86,774,467</b>	81,925,650
	<b>314,605,098</b>	321,147,481
<b>Timing of revenue recognition</b>		
Over time	<b>121,270,020</b>	115,952,963
At point in time	<b>193,335,078</b>	205,194,518
	<b>314,605,098</b>	321,147,481

**Contracts Balances**

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>
Trade receivables (Note 7)	<b>383,299,745</b>	329,354,627
Contract assets with customers	<b>1,096,302</b>	1,961,722
Contract liabilities with customers	<b>30,120,836</b>	17,212,922

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**Contract assets with customers**

Contract assets related to not billed revenues. The balance of this account is based on the number of continuous not billed services as of 31 March 2020.

There is no recognized provision for expected credit losses on contract assets due to its near due dates.

**Contract liability with customers**

The contract liability is mainly represented in the volume discount for customers which is depend on the contracts terms.

Up to the period end as of 31 March 2020, there is no revenue recorded was including in contract liability as of 1 January 2020 or revenue which already fulfilled during the year 2019.

**10. Meeting, and major decisions**

On 23 February 2020 corresponding to 29 Jumada Al Akhirah 1441H. The Group signed non-binding memorandum of understanding ("MoU") with Makkah Medical Center Company in connection with the acquisition of a majority stake (The proposed deal) for cash. Makkah Medical Center hospital (owned by Makkah Medical Center Company) is considered to be one of the top private sector hospitals in the Holy Capital, with a clinical capacity of 120 beds and 40 outpatient clinics, with potential future expansion. Dallah Healthcare Company currently owns 7.5% of the shares of Makkah Medical Centre Company. The final value of the transaction will be paid in cash based on Due diligence results. This MoU is valid from signing date between the two parties up to 30 June 2020.

On 26 February 2020, corresponding to 2 Rajab 1441. According to the delegation of the Ordinary General Assembly on 1 May 2019, for the Board of Directors to distribute interim dividends, the Company's Board of Directors decided to distribute cash dividends to shareholders for the second half of the fiscal year 2019 amounting to SR 52,500,000. Dividend distributions of SR 49,882,000 have been recognized after deducting the due for treasury shares held by the Company.

On 26 February 2020, corresponding to 2 Rajab 1441, the Company's board of directors recommended increasing the Company's capital by granting bonus shares to the Company's shareholders, so that the capital becomes SR 900 million instead of SR 750 million. Provided that the bonus shares be used SR 150 million from the statutory reserve - the issue premium.

**11. Earnings per share**

Earnings per share are calculated based on the weighted average number of shares outstanding. The diluted earnings per share are the same as the basic earnings per share because the Group does not have any issued diluted instruments.

	<b>As of 31 March 2020</b>	<b>As of 31 March 2019</b>
Net income	<b>19,242,068</b>	35,164,924
Weighted average of outstanding shares	<b>71,260,000</b>	74,950,013
Basic and diluted earnings per share	<b>0.27</b>	0.47

The net loss of Dallah Namar Hospital Health Company amounted to SR 21.6 million for the period ended 31 March 2020 (For the three month period ended 31 March 2019: SR 24.8 million).

## **12. Contingencies and commitments**

### **Capital commitments**

As at 31 March 2020, the Group has capital commitments that mainly related to the construction contracts of the expansion of Dallah Hospital Al-Nakheel and the construction of Dallah Namar Hospital Health Company amounting to SR 69,36 million (31 December 2019: SR 117,5 million).

### **Contingent liabilities**

As at 31 March 2020, the Group has a contingent liability in the form of bank guarantees amounting to SR 39,97 million which have been issued on behalf of the Group in the normal course of business (31 December 2019: SR 37,4 million).

Bank guarantees include a third party bank guarantee issued on 2018, on behalf of Dr. Mohammed Al faqeeh hospital “an associate company”, amounting to SR 17.5 million, ending on 29 October 2020.

As at 31 March 2020, there are letters of credit amounting to SR 39.6 million (31 December 2019: SR 35.9 million)

There are some legal cases 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.

## **13. Segmental information**

The Group’s operations principally consist of one main operating segment, which is health services. Accordingly, presenting different segmental information is not applicable. Furthermore, the vast majority of the Group’s operations are conducted in the Kingdom of Saudi Arabia.

## **14. The effect of Corona virus (COVID-19) on the interim condensed consolidated financial statements**

At the beginning of year 2020, the existence of novel corona virus (COVID-19) was confirmed. Since then the virus spread across the globe including Saudi Arabia and significantly affected business and commercial activities due to suspension of activities considered non-essential including restrictions on movement of the general public. The healthcare sector has been classified as an essential service by the government and as a result no restrictions have been placed by the government of Kingdome of Saudi Arabia on the Company’s operations or its supply chain.

The Group witnessed a drop in outpatient visits since March 2020 when the partial curfew was introduced, however, Dallah hospitals operate in all of their departments in accordance with updates and preventive precautions taken by the relevant authorities

The Management is also currently working with the relevant authorities to find out the support mechanism and the extent of benefiting from the ministerial decisions to support the private sector to reduce the effects of precautionary measures.

The Group's management has re-measured some of the estimates and judgments that are based on it in the accompanying process of preparing the accompanying interim condensed consolidated financial statements, which can be explained as follows:

### **The impairment of long-term assets**

The company re-estimated the expected cash flows and the discount rates used in determining the recoverable value of long-term assets. In management opinion there is no impairment in the value of these assets. The management study included the following assets:

- Intangible assets
- Property, plant and equipment, including the right-of-use assets
- Investment in associate
- Financial assets at fair value through profit or loss

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**Provision for expected credit losses**

The Group reconsidered the probability default for the majority of customers, the Management believe that the majority of the Company's clients are top Companies in the Kingdom and Companies that have good financial solvency, in addition to debts with government entities and therefore the management estimated that there are no current indicators to amend the expected credit loss model used.

Management continues to monitor the situation closely with focus on sustainability of supply chain, availability of sufficient cash balances to fund the operation requirements, availability of required pharmaceuticals and consumables. The management and those charged with governance will continue to observe the situation and once there is more clarity on the impact, the Company will update all stakeholders as per regulatory requirements.

**15. Subsequent Events**

In light of the Memorandum of Understanding "MoU" concluded between Dallah Healthcare Company and Kingdom Investment and Development Company related to the share swap transaction owned by Kingdom Investment and Development Company in Care Shield Holding Company Ltd. for shares in Dallah Healthcare Company in addition to a cash consideration. Care Shield Holding Limited Company owns Medical Projects Services Company Limited (Kingdom Hospital), Consulting Clinics Company (LLC). and Modern Clinics Pharmacy Company (LLC).

On 15 May 2020, corresponding to 22 Ramadan 1441 AH, the Company signed the following final sale and purchase agreements, according to which the Company acquires 58.64% of the shares of (Care Shield Holding Company):

- A share swap agreement with the Kingdom Investment and Development Company to buy 6,820,370 shares in Care Shield Holding Company Ltd. (Representing 54.56% of the capital) with amount of SR 300 million, in exchange for (1) swap 3,740,000 shares representing all the treasury shares of Dallah Healthcare Company, (Representing of 4.99% of the capital) with amount of SR 168 million, and (2) cash consideration of SR 114 million.

- The agreement is subject to a number of conditions, including obtaining the approval of the competent authorities, and obtaining the approval of the Extraordinary General Assembly of the shareholders of the Company. Each of Dallah Healthcare Company and the Kingdom Investment and Development Company may terminate this agreement if its conditions are not fulfilled within six months from the date of the agreement.

-Agreements with two shareholders in Care Shield Holding Company Ltd. to purchase 509,260 of their shares in the Company (Representing 4.08% of the capital) for a cash consideration of SR 22 million.

These agreements are subject to a number of conditions, including the right of Dallah Healthcare Company to terminate the agreement if the transaction is not completed with the Kingdom Investment and Development Company.

**16. Approval of the Interim condensed consolidated financial statements**

The interim condensed consolidated financial statements have been approved by the management on 25 Ramadan 1441H corresponding 18 May 2020 G.

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