DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED JUNE 30, 2013 AND
INDEPENDENT AUDITORS' REVIEW REPORT

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim financial statements (unaudited)
For the three-month and six-month periods ended June 30, 2013

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT July 18, 2013

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

Scope of review

We have reviewed the accompanying interim balance sheet of Dallah Healthcare Holding Company (the "Company") as of June 30, 2013 and the interim income statement for the three-month and six-month periods ended June 30, 2013, and the statements of cash flows and changes in shareholders' equity for the six-month period then ended, and the related notes which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together will all the information and explanations which we required.

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

Review conclusion

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

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DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim balance sheet
(All amounts in Saudi Riyals unless otherwise stated)

		As at June 30,	
		2013	2012
Assets	Note	(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents		**71,697,573**	85,273,191
Short-term investments	4	**200,275,342**	-
Accounts receivable, net		**196,776,313**	148,045,101
Inventories, net		**60,014,883**	34,322,669
Prepayments and other assets, net		**58,041,738**	46,667,147
Due from related parties		**2,717,928**	2,868,613
Property held for sale		-	7,933,819
Deferred underwriting expenses		-	8,047,814
		589,523,777	333,158,354
Non-current assets			
Long-term investments	5	**123,836,378**	11,529,824
Property, plant and equipment, net	1	**548,858,024**	390,353,485
Goodwill	1	**28,688,004**	-
		701,382,406	401,883,309
Total assets		**1,290,906,183**	735,041,663
Liabilities and shareholders' equity			
Current liabilities			
Trade accounts payable		**61,235,564**	49,306,994
Short-term murabaha finance		**9,000,000**	52,038,551
Accrued expenses and other liabilities		**41,431,049**	36,885,788
Due to related parties		**840,501**	974,815
Liabilities against capital leases		-	1,678,330
Zakat payable		**10,000,000**	6,876,873
		122,507,114	147,761,351
Non-current liability			
Employees' termination benefits		**55,511,901**	43,577,649
Total liabilities		**178,019,015**	191,339,000
Shareholders' equity			
Share capital	1	**472,000,000**	330,000,000
Statutory reserve	1	**398,251,315**	21,278,052
Fair value reserve		**2,552,896**	(3,304,000)
Retained earnings		**240,082,957**	195,728,611
Total shareholders' equity		**1,112,887,168**	543,702,663
Total liabilities and shareholders' equity		**1,290,906,183**	735,041,663
Capital commitments	6		

The notes on pages 6 to 14 form an integral part of these interim financial statements.

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim income statement
(All amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2013 (Unaudited)	**2012 (Unaudited)**	**2013 (Unaudited)**	**2012 (Audited)**
Operating revenue	**187,793,433**	161,321,968	**371,524,438**	315,366,023
Cost of operating	**(107,116,731)**	(87,589,218)	**(206,451,653)**	(168,813,976)
Gross profit	**80,676,702**	73,732,750	**165,072,785**	146,552,047
Operating expenses				
Selling and marketing	**(3,290,457)**	(2,098,572)	**(6,424,075)**	(4,023,129)
General and administrative	**(40,994,083)**	(26,451,532)	**(76,686,159)**	(53,254,220)
Provision for doubtful debts	**(6,203,420)**	(7,025,244)	**(13,387,259)**	(13,115,033)
Income from operation	**30,188,742**	38,157,402	**68,575,292**	76,159,665
Other income, net	**2,679,297**	1,516,419	**4,824,070**	2,843,638
Financial charges	**(707,753)**	(1,286,226)	**(707,753)**	(1,286,226)
Income before zakat	**32,160,286**	38,387,595	**72,691,609**	77,717,077
Zakat	**(8,519,522)**	(1,300,335)	**(10,015,878)**	(2,666,693)
Net income for the period	**23,640,764**	37,087,260	**62,675,731**	75,050,384
Earnings per share:				
Income from operations	**0.64**	1.15	**1.45**	2.30
Non-operating loss	**(0.14)**	(0.03)	**(0.12)**	(0.03)
Net income for the period	**0.50**	1.12	**1.33**	2.27
Weighted average number of outstanding shares	**47,200,000**	33,000,000	**47,200,000**	33,000,000

The notes on pages 6 to 14 form an integral part of these interim financial statements.

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim cash flow statement
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended June 30, 2013 (Unaudited)	2012 (Audited)
Cash flows from operating activities			
Net income for the period		**62,675,731**	75,050,384
Adjustments for non-cash items			
Depreciation of property, plant and equipment		**16,925,602**	13,931,967
Provision for doubtful debts		**13,387,259**	13,115,033
Provision for employees' termination benefits		**8,188,134**	5,207,195
(Gain) loss on sale of property, plant and equipment		**(22,758)**	12,810
Zakat provision		**10,015,878**	2,666,693
Changes in working capital			
Accounts receivable		**(45,856,689)**	(38,768,720)
Inventories		**(22,901,898)**	(3,872,971)
Prepayment and other assets		**9,023,868**	4,649,978
Due from related parties		**(110,416)**	(390,123)
Trade accounts payable		**5,841,310**	245,210
Accrued expenses and other liabilities		**(2,888,002)**	(6,029,736)
Due to related parties		**(299,624)**	(55,289)
Employees' termination benefits paid		**(2,518,892)**	(1,859,596)
Zakat paid		**(5,923,014)**	(3,811,825)
Net cash generated from operating activities		**45,536,489**	60,091,010
Cash flow from investing activities			
Additions to short-term investment		**(100,000,000)**	-
Additions to available for sale investments		**(178,600,000)**	-
Additions to held to maturity investments		**(28,125,000)**	-
Additions to property, plant and equipment		**(125,525,394)**	(24,153,409)
Proceeds from sale of property, plant and equipment		**596,740**	130,790
Payment for acquisition of plant	1	**(36,000,000)**	-
Net cash utilized in investing activities		**(467,653,654)**	(24,022,619)
Cash flow from financing activities			
Short-term murabaha finance, net		**3,968,767**	(25,011,950)
Deferred underwriting expenses		-	(1,843,343)
Liabilities against capital leases		-	(2,434,410)
Dividends paid	7	**(70,800,000)**	(6,478,948)
Net cash utilized in financing activities		**(66,831,233)**	(35,768,651)
Net change in cash and cash equivalents		**(488,948,398)**	299,740
Cash and cash equivalents at beginning of the period		**560,477,651**	84,973,451
Cash and cash equivalents acquired during the period		**168,320**	-
Cash and cash equivalents at end of the period		**71,697,573**	85,273,191
Supplementary information for non-cash transactions			
Write-off of receivables bad debts		-	5,390,416
Unrealized gain (loss) from revaluation of available for sale investments		**5,429,488**	(133,054)
Unpaid portion on acquisition of plant	1	**2,000,000**	-

The notes on pages 6 to 14 form an integral part of these interim financial statements.

DALLAH HEALTHCARE HOLDING COMPANY
(A Saudi Joint Stock Company)
Interim statement of changes in shareholders' equity
(All amounts in Saudi Riyals unless otherwise stated)

			Statutory reserve				
	Note	Share capital	Share premium	Transfers from net income	Fair value reserve	Retained earnings	Total shareholders' equity
2013 (unaudited)							
January 1, 2013		**472,000,000**	**371,142,305**	**27,109,010**	**(2,876,592)**	**248,207,226**	**1,115,581,949**
Net income for the period		-	-	-	-	**62,675,731**	**62,675,731**
Dividends	7	-	-	-	-	**(70,800,000)**	**(70,800,000)**
Change in unrealized gain from available for sale investments		-	-	-	**5,429,488**	-	**5,429,488**
June 30, 2013		**472,000,000**	**371,142,305**	**27,109,010**	**2,552,896**	**240,082,957**	**1,112,887,168**
2012 (audited)							
January 1, 2012		330,000,000	-	13,773,014	(3,170,946)	128,183,265	468,785,333
Net income for the period		-	-	-	-	75,050,384	75,050,384
Transfer to statutory reserve		-	-	7,505,038	-	(7,505,038)	-
Change in unrealized loss in from available for sale investments		-	-	-	(133,054)	-	(133,054)
June 30, 2012		330,000,000	-	21,278,052	(3,304,000)	195,728,611	543,702,663

The notes on pages 6 to 14 form an integral part of these interim 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-Qadah 1433H (corresponding to October 14, 2012), the Company obtained approval to be converted into 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.

West Riyadh Land - On 10 Rajab 1434H (corresponding to May 17, 2013) the Company has purchased a lot of land located west of Riyadh City, with a total amount of SR 59.5 million, to construct a new hospital on it. The construction of this hospital is expected to start in the second quarter of 2014.

Dallah Pharma Factory (the "Factory") Al-Dawara Factory for Pharmaceuticals, Herbals and Cosmetics ("Formerly") - On Rabee' Awal 2, 1434H (corresponding to January 14, 2013), the Company signed a sale contract ("the agreement") to acquire 100% of the assets and liabilities of the Factory as well as transferring all the licenses and the land lease on which the Factory is constructed in Jeddah from the owner to the Company against net consideration of SR 38 million. The Company paid SR 19 million at the date of signing the contract, and paid SR 17 million during the three months ended June 30, 2013 and the remaining amount of SR 2 million, was recorded as part of the current liabilities in the balance sheet for the current period. Both parties agreed, as per the agreement, to transfer all the rights and obligations related to the ownership of such assets and liabilities on January 14, 2013 being the date of transferring the actual control to the Company ("Acquisition Date"). The legal proceeding to transfer the ownership of the purchased assets to the Company has been completed during the three months ended June 30, 2013.. The Company has initially recorded the Factory's assets and liabilities in its accounting records as per the audited financial statements of the Factory as at December 31, 2012, and as a result of the acquisition, a goodwill has been recorded in the amount of SR 28.7 million, which represents the excess of the purchase price over the initial value of the acquired assets of SR 9.3 million. The Company will assess the fair value of the transferred assets and liabilities within one year from the acquisition date, in accordance with Business Combination Accounting Standard issued by the Saudi Organization for Certified Public Accountants and the Company will adjust the initial recorded value of the assets, liabilities and goodwill included in the financial statements retroactively to reflect the new information to be obtained at completion of assessment process from the facts and circumstances existed at acquisition date, and according to the terms of the agreement, the Company bears the expenses related to the acquisition.

Following is a summary of the amounts recorded for the Factory at January 14, 2013 (the acquisition date) for each major category of assets and liabilities:

Current assets:	
Cash and cash equivalents	168,320
Accounts receivable, net	4,542,136
Inventories	3,351,457
Prepayments and other assets	518,472
	8,580,385
Non-current assets:	
Property, plant and equipment, net	3,204,425
Total assets	11,784,810
Current liabilities:	
Trade accounts payable	521,579
Accrued expenses and other liabilities	1,232,708
	1,754,287
Non-current liability:	
Employees' termination benefits	718,527
Total liabilities	2,472,814
Net assets acquired	9,311,996

(All amounts in Saudi Riyals unless otherwise stated)

The accompanying interim financial statements include the accounts of the Company and its following branches, operating under individual commercial registrations:

Branch	Commercial registration	City
Dallah Hospital	1010132622	Riyadh
Head Office	2057004306	Al Khafji
Medicine Warehouse (Dallah Pharma)	2050071905	Dammam
Medicine Warehouse (Dallah Pharma)	1010128997	Riyadh
Medicine Warehouse (Dallah Pharma)	4030140769	Jeddah
Dallah Pharma Factory	4030249929	Jeddah

The accompanying interim financial statements includes all adjustments which consisting primarily of normal recurring dues and that the Company's management deems necessary to display the preliminary lists of the financial position and the results of income and cash flows fairly. The results of the initial period are not necessarily an accurate indicator of the Company's annual results, financial statements should be read in primary and related disclosures with the audited annual financial statements and notes thereto for the year ended December 31, 2012.

The accompanying interim financial statements were approved by the Company's management on July 17, 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The interim financial statements have been prepared in accordance with interim financial reports standards promulgated by the SOCPA. The accounting policies applied in the preparation of these interim financial statements are in line with those policies used in the preparation of the annual financial statements for the year ended December 31, 2012. Significant accounting policies are summarized as follows.

2.2 Critical accounting estimates and judgments

The preparation of interim financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim 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 period are discussed below:

(a) Provision for doubtful debts

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. 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 and 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.

2.3 Investments

(a) 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 balance sheet date. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date 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.

(b) 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.

2.4 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.

2.5 Foreign currency translations

(a) Reporting currency

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

(b) Transactions and balances

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

(All amounts in Saudi Riyals unless otherwise stated)

2.6 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.

2.7 Short-term deposit

Short-term deposit includes high liquid deposit with original maturity of three months or more but not more than one year from the purchase date. Income is recorded on accrual basis using the agreed income rate.

2.8 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 Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the interim income statement. 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 in the interim income statement.

2.9 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. A provision is provided for obsolescence inventories.

2.10 Business combination and goodwill

Business combination related to the acquisition of asset or group of assets is accounted for using the acquisition method of accounting. Cost of acquisition is measured as fair value of total consideration at the acquisition date.

When the Company acquires, it assesses the appropriateness of the classification of the acquired financial assets and liabilities in accordance with the contractual terms, economic conditions and other related factors at the acquisition date.

Goodwill is initially measured at cost which represents the excess of the consideration value over the fair value of the net assets and liabilities acquired and identifiable by itself. If the consideration value is less than the fair value of the net assets acquired, the difference is included directly in the interim income statement.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of assessing impairment, goodwill resulted from business combination, from the acquisition date, is allocated to each cash-generating unit or groups of cash generating units which are expected to benefit from the business combinations, irrespective of the allocation of other assets or liabilities of the Group to those units or group of units.

2.11 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation except construction in progress which is carried at cost. Land is not depreciated. Depreciation is charged to the interim 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
• Motor vehicles	4

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

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

2.12 Impairment of non-current assets

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

2.13 Accounts payable and accruals

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

2.14 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.

2.15 Zakat

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Provision for zakat for the Company is charged to the income statement. Additional amounts payable, if any, at the finalization of final assessment are accounted for when such amounts are determined.

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

2.16 Employees' termination benefits

Employees' termination benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the interim 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 interim 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.

2.17 Revenue

Revenue is recognized upon providing the services to customers and upon delivery of products and accepted by customers. Other income is recognized when they occur. The value of services provided which are not yet invoiced are recognized as accrued revenue at the end of the period.

2.18 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 operating as required under generally accepted accounting principles. Allocations between selling, marketing and of general and administrative expenses, cost of operating, when required, are made on a consistent basis.

2.19 Murabaha finance

Murabaha finance 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 charged to the interim income statement.

2.20 Earnings per share

Earnings per share are computed for operating income, non-operating loss and net income for the three-month and six-month periods ended June 30, 2013 and 2012 based on the weighted average number of outstanding shares during the period.

2.21 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.

2.22 Leases

a) Capital leases

The Company accounts for property and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments.

Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to interim income statement using the straight-line method at the rates applicable to the related assets.

b) Operating leases

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

2.23 Dividends

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

2.24 Reclassifications

Certain reclassifications have been made in the comparative figures to conform with the presentation for the current period.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the interim balance sheet include cash and cash equivalents, investments, accounts receivable, due from/to related parties, prepayments and other current assets, short-term murabaha finance, trade accounts payable and accrued 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 interim financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Risk management is carried out by senior management. The most important risks are currency risk, fair value and cash flow interest rate risks, credit risk, liquidity risk and fair value risk.

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 transactions are principally in Saudi Riyals, Jordanian Dinars and US dollars. The management monitors the changes in currencies exchange rates, and believes that currency risk is insignificant.

(All amounts in Saudi Riyals unless otherwise stated)

3.2 Fair value and cash flow interest rate risks

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 the deposit and the murabaha finance have a fixed profit rate or a fixed finance rate.

3.3 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 and deposit are placed with local banks with sound credit ratings. Accounts receivable are carried net of provision for doubtful debts.

3.4 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.

3.5 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 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 SHORT-TERM INVESTMENTS

Short-term investments as at June 30, consists of the following:

	2013	2012
Deposit *	100,000,000	-
Available-for-sale investment **	100,275,342	-
	200,275,342	-

* Short-term deposit represents cash deposited with one of local banks as complex short-term deposit that complies with Islamic Sharia with a profit rate approximate the market prevailing profit rate and matures within one year.

** Available-for-sale investment represents cash invested in highly liquid mutual fund which complies with Islamic Sharia.

5 LONG-TERM INVESTMENTS

Available for sale investments

Quoted equity investments:	Country	Ownership percentage	2013	2012
Asser Trading, Tourism and Manufacturing Company	Kingdom of Saudi Arabia	1.0%	**7,114,981**	6,193,040
Jordanian Pharmaceutical Manufacturing Company	Hashemite Kingdom of Jordan	0.5%	**473,892**	588,664
			7,588,873	6,781,704
Unquoted equity investments *:				
Makkah Medical Center Company	Kingdom of Saudi Arabia	8.0%	**3,448,120**	3,448,120
Al Ehsa for Medical Services Company	Kingdom of Saudi Arabia	0.8%	**1,300,000**	1,300,000
			4,748,120	4,748,120
			12,336,993	11,529,824
Other available for sale investments (5-1)			**83,374,385**	-
Total available for sale investments			**95,711,378**	11,529,824
Held to maturity investments (5-2)			**28,125,000**	-
			123,836,378	11,529,824

* The unquoted equity investments are stated at cost.

5-1 Other available for sale investments
This item represents an investment in the units of a listed local real estate mutual fund, which complies with Islamic Sharia.

5-2 Held to maturity investments
This item represents an investment in Sukuk in US dollars with a maturity of 10 years from the purchase date.

6 CAPITAL COMMITMENTS

As of June 30, 2013, the Company has a capital commitments related to Dallah Hospital out-patient clinics expansion, amounting to SR 11.3 million.

7 DIVIDENDS

On 11 Jumad Alakhar 1434H (corresponding to April 21, 2013), the General Assembly approved the distribution of cash dividends to the Company's shareholders for the fiscal year 2012 in the total amount of SR 70.8 million at SR 1.5 per share.

8 SEGMENTAL INFORMATION

The Company consists of the following main business segments:

a) Dallah Hospital
b) Medicine Warehouse (Dallah Pharma)
c) Head office

The Company operates only in the Kingdom of Saudi Arabia.

(All amounts in Saudi Riyals unless otherwise stated)

The Company's operations consist of the following business segments:

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

Medicine Warehouse segment (Dallah Pharma) - The objectives of the segment are to import, distribute, wholesale and retail of medicals. Also, manufacturing of medicines, pharmaceuticals, herbal, health, cosmetics, detergents, disinfectants, and packaging.

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 hospital equipments.

The following is a summary of selected financial information as at June 30 and for the six-month period ended June 30, to the above-mentioned business segments:

	June 30, 2013 (Unaudited)				
			Head Office		
	Dallah Hospital	Dallah Pharma	Operations	Headquarter	Total
Operating revenue	327,997,315	33,314,516	10,212,607	-	371,524,438
Cost of operating	(180,654,337)	(17,410,205)	(8,387,111)	-	(206,451,653)
Gross profit	147,342,978	15,904,311	1,825,496	-	165,072,785
Net income (loss) for the period	75,673,526	4,565,059	1,386,445	(18,949,299)	62,675,731
Total assets	726,352,440	87,412,261	29,833,446	447,308,036	1,290,900,183
Total liabilities	132,353,085	14,740,339	6,323,181	24,602,410	178,019,015

	June 30, 2012 (Audited)				
			Head Office		
	Dallah Hospital	Dallah Pharma	Operations	Headquarter	Total
Operating revenue	278,890,810	24,738,119	11,737,094	-	315,366,023
Cost of operating	(148,869,442)	(12,235,502)	(7,709,032)	-	(168,813,976)
Gross profit	130,021,368	12,502,617	4,028,062	-	146,552,047
Net income (loss) for the period	70,957,291	7,868,911	3,834,161	(7,609,979)	75,050,384
Total assets	582,729,933	43,885,357	29,788,734	78,637,639	735,041,663
Total liabilities	106,225,955	12,917,736	2,425,897	69,769,412	191,339,000