

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS
ENDED 30 JUNE 2020
AND INDEPENDENT AUDITORS' REVIEW REPORT**

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
TABLE OF CONTENTS

	Page
Independent auditors' review report	2
Interim condensed consolidated statement of financial position as of 30 June 2020	3
Interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2020	4
Interim condensed consolidated statement of changes in equity for the period ended 30 June 2020	5
Interim condensed consolidated statement of cash flows for the period ended 30 June 2020	6
Selected notes to the interim condensed consolidated financial statements for the period ended 30 June 2020	7 – 15

Independent auditors' review report

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 30 June 2020 and the Interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six-month periods ended 30 June 2020 and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other selected notes from (1) to (15).

Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statement in accordance with International Accounting Standard 34 – ("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 on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 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 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



28 Thul-Hijjah 1441 (H)
18 August 2020 (G)

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	As of 30 June 2020 (Unaudited) SR	As of 31 December 2019 (Audited) SR
ASSETS			
Non-current assets			
Property, plant and equipment		2,109,791,470	2,102,520,973
Intangible assets		18,634,132	18,719,692
Investment in an associate	4	137,663,319	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>2,326,105,608</u>	<u>2,301,484,136</u>
Current assets			
Inventory		112,923,872	104,534,336
Prepayments and other debit balances		113,188,823	83,808,296
Due from related parties		7,507,702	6,595,090
Contract assets with customers	9	1,887,913	1,961,722
Trade receivables	7	353,200,227	329,354,627
Cash and cash equivalents		87,786,683	88,326,259
		<u>676,495,220</u>	<u>614,580,330</u>
TOTAL ASSETS		<u>3,002,600,828</u>	<u>2,916,064,466</u>
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the company's shareholders			
Share capital	1	750,000,000	750,000,000
Statutory reserve - share premium		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		701,050,013	724,696,633
Cumulative valuation effect of financial assets at fair value through other comprehensive income		(381,961)	(367,096)
Total Equity		<u>1,498,466,489</u>	<u>1,522,127,974</u>
Non-current liabilities			
Long term Murabaha financing	8	899,299,852	839,268,569
Long term lease liabilities		3,861,282	5,585,688
Long term Retentions		-	468,244
Employees benefit liability		139,753,869	127,942,142
		<u>1,042,915,003</u>	<u>973,264,643</u>
Current liabilities			
Trade payables		90,936,760	110,878,833
Accrued expenses and other credit balances		83,430,396	67,408,495
Contract liabilities with customers	9	22,094,683	17,212,922
Short term murabaha financing	8	144,628,274	69,647,000
Current portion of long term murabaha financing	8	79,269,921	112,106,343
Short term lease liabilities		9,561,668	13,411,227
Short term Retentions		25,365,303	24,595,402
Due to related parties		174,234	766,464
Zakat		5,758,097	4,645,163
		<u>461,219,336</u>	<u>420,671,849</u>
Total liabilities		<u>1,504,134,339</u>	<u>1,393,936,492</u>
Total equity and liabilities		<u>3,002,600,828</u>	<u>2,916,064,466</u>

The accompanying notes from 1 to 15 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 AND SIX MONTH PERIODS ENDED 30
JUNE 2020

	Note	For the three-month period ended		For the six-month period ended 30	
		30 June		June	
		2020	2019	2020	2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		SR	SR	SR	SR
Revenue	9	247,560,227	286,003,151	562,165,325	607,150,632
Cost of revenue		(179,787,331)	(193,544,773)	(388,634,255)	(394,428,491)
Gross profit		67,772,896	92,458,378	173,531,070	212,722,141
Selling and marketing expenses		(4,993,552)	(5,359,619)	(11,600,136)	(12,137,488)
General and administrative expenses		(56,139,751)	(63,040,535)	(125,621,841)	(134,813,121)
Expected credit loss , Other debit balances provisions		1,332,188	(5,996,757)	(1,920,781)	(6,466,999)
Operating income		7,971,781	18,061,467	34,388,312	59,304,533
Other income and losses, net		3,815,818	3,756,085	7,240,882	6,676,810
Finance charges	8	(4,917,507)	(6,442,444)	(10,992,280)	(12,209,107)
Share of loss from investment in an associate	4	(698,982)	(781,816)	(3,288,600)	(1,304,466)
Net profit before Zakat		6,171,110	14,593,292	27,348,314	52,467,770
Zakat		822,202	751,598	(1,112,934)	(1,957,956)
Net profit		6,993,312	15,344,890	26,235,380	50,509,814
Net profit attributable to the Company's shareholders		6,993,312	15,344,890	26,235,380	50,509,814
Other comprehensive income:					
<u>Items will not be reclassified subsequently to profit or loss</u>					
Change in valuation of financial assets at fair value through other comprehensive income		-	(25,244)	(14,865)	(76,014)
Other comprehensive income		-	(25,244)	(14,865)	(76,014)
comprehensive income		6,993,312	15,319,646	26,220,515	50,433,800
Comprehensive income attributable to the Company's shareholders		6,993,312	15,319,646	26,220,515	50,433,800
Earnings per share	11	0,10	0.21	0,37	0.68

The accompanying notes from 1 to 15 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 SIX MONTH PERIOD ENDED 30 JUNE 2020

		Share capital	Statutory reserve "Share premium"	Statutory reserve "Transfer from net income"	Treasury Shares	Retained earnings	Cumulative effect of valuation of financial assets at fair value through other comprehensive income	Total equity
	<u>Note</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
For the six month period ended 30 June 2020 (Unaudited)								
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		-	-	-	-	26,235,380	-	26,235,380
Other comprehensive income		-	-	-	-	-	(14,865)	(14,865)
Comprehensive income		-	-	-	-	26,235,380	(14,865)	26,220,515
Dividends	10	-	-	-	-	(49,882,000)	-	(49,882,000)
As of 30 June 2020		750,000,000	211,142,305	27,109,010	(190,452,878)	701,050,013	(381,961)	1,498,466,489
For the six month period ended 30 June 2019 (Unaudited)								
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		-	-	-	-	50,509,814	-	50,509,814
Other comprehensive income		-	-	-	-	-	(76,014)	(76,014)
Comprehensive income		-	-	-	-	50,509,814	(76,014)	50,433,800
Issuing bonus shares	1	160,000,000	(160,000,000)	-	-	-	-	-
Purchase of treasury Shares	1	-	-	-	(190,452,878)	-	-	(190,452,878)
As of 30 June 2019		750,000,000	211,142,305	27,109,010	(190,452,878)	663,719,438	(331,907)	1,461,185,968

The accompanying notes from 1 to 15 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 SIX MONTH PERIOD ENDED 30 JUNE 2020

	FOR THE SIX MONTH PERIOD ENDED 30 JUNE	
	2020	2019
	(unaudited)	(unaudited)
<u>Note</u>		
<u>OPERATING ACTIVITIES</u>		
Net profit before zakat	27,348,314	52,467,770
<i>Adjustments</i>		
Depreciation of property, plant and equipment.	45,751,810	49,099,799
Amortization of intangible assets	85,560	85,560
Employees' benefits provision	15,208,605	15,596,263
Provision for expected credit loss	7 (456,696)	6,466,999
Provision for other debit balances	2,377,477	-
Provision for inventory	154,665	22,937
Loss on sale of property, plant, and equipment	3,260	116,817
Share of loss from an associate	4 3,288,600	1,304,466
Finance charges	10,992,280	12,209,107
<i>Changes in</i>		
Accounts receivable	(23,388,905)	17,228,153
Contract assets with customers	73,809	793,400
Related parties	(1,504,842)	(756,336)
Prepayments and other debit balances	(31,758,003)	150,655
Inventory	(8,544,201)	1,837,462
Accounts payable	(19,942,073)	(9,705,114)
Contract liabilities with customers	4,881,761	8,861,887
Accrued expenses and other credit balances	16,021,902	2,042,109
Retentions	301,657	-
Cash flows from operations	40,894,980	157,821,934
Zakat paid	-	(7,334,124)
Employees' benefits paid	(3,396,879)	(4,294,684)
Net cash generated from operating	37,498,101	146,193,126
<u>INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(53,025,567)	(91,061,118)
Paid for purchase financial assets at fair value through other comprehensive income	(20,740,000)	-
Proceeds from sale of property, plant and equipment	-	28,762
Paid under the investment account	-	(22,299,240)
Net collections from financial assets at fair value through other comprehensive income	-	1,748,145
Net cash used in investing activities	(73,765,567)	(111,583,451)
<u>FINANCING ACTIVITIES</u>		
Proceeds from Murabaha financing	468,427,493	761,103,748
Payment of Murabaha financing	(366,251,358)	(416,111,967)
Lease payment	(5,836,873)	(7,368,154)
Purchase of treasury shares	1 -	(190,452,878)
Dividends paid	(49,882,000)	(88,240,400)
Finance Charges paid	(10,729,372)	(11,611,164)
Net cash generated from financing activities	35,727,890	47,319,185
Net changes in cash and cash equivalents	(539,576)	81,928,860
Cash and cash equivalents at beginning of the period	88,326,259	46,359,135
Cash and cash equivalents at end of the period	87,786,683	128,287,995
<u>Non-cash transactions</u>		
Increasing capital by issuing bonus shares	1 -	160,000,000
Record Asset and liability of financing leases	-	43,043,918

The accompanying notes from 1 to 15 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 AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
All amounts are presented in Saudi riyals unless otherwise indicated

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 II 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 entities, 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 30 June 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 bonus shares, 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. On 25 April, 2019 The Company has amended the Company's Article of Association accordingly.

Treasury Shares

On 21 Jamada Al-Thani 1440H corresponding 26 February 2019, the Extraordinary General Assembly meeting has approved the purchasing of 3,750,000 of the Company’s shares as treasury shares. To be financed from Company's own resources. The Board of directors has been delegated to complete the purchasing transaction in one or several phases in a period of 12 months as maximum from the resolution date of the Extraordinary General Assembly meeting. On 30 June 2020, the number of shares purchased is 3,740,000 shares at cost of SR 190,452,878 (At 30 June 2019 the number of shares purchased is 3,740,000 shares at cost of SR 190,452,878). The Company has completed the purchase of treasury shares as authorized by Extraordinary General Assembly.

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
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Subsidiaries

These 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 30 June 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 34 – (“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:

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

Function and presentation currency

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

3. Summary of 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 annual 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.

Amendments to International Financial Reporting Standard No. (16) “Lease Contracts”

International Financial Reporting Standard No. (16) “Lease Contracts” has been amended to provide a practical way to hold tenants accountable for rental value adjustments as a result of the Coronavirus pandemic. The amendments provide some conditions that, if they are met, the entity will not need to assess whether the rental adjustment meets the definition of a lease amendment.

These amendments do not have a 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 AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
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Judgment and 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 an associate

Investment in an associate comprises as follows:

	Ownership interest in equity as of 30 June 2020	Ownership interest in equity as of 31 December 2019	Country of operation and incorporation	Principal activity
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 30 June 2020	As at 31 December 2019
Opening balance	140,951,919	145,160,732
Share of loss from an associate	(3,288,600)	(4,590,704)
Share of other comprehensive income from an associate	-	(96,675)
Adjustment	-	478,566
Ending balance	137,663,319	140,951,919

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

	As at 30 June 2020	As of 31 December 2019
Current assets	41,103,005	38,914,022
Non-current assets	759,608,995	698,574,269
Current liabilities	56,442,553	42,397,229
Non-current liabilities	355,311,732	287,298,942
Profit or loss from continuing operation	(10,537,006)	(14,709,079)
Other comprehensive income	-	(275,824)
Comprehensive income	(10,537,006)	(14,984,902)
Equity	388,957,715	407,792,120

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

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
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5. Financial assets at fair value through other comprehensive income

	Country	Ownership %	As at 30 June 2020	Ownership %	As at 31 December 2019
Unquoted					
Jordanian Pharmaceutical Manufacturing Company(1)	Jordan	0.4%	121,600	0.4%	136,465
Makkah Medical Canter Company(2)	Saudi Arabia	7.5%	3,448,120	7.5%	3,448,120
			3,569,720		3,584,585

Unquoted financial assets

According to the management, the unquoted financial assets have not met any of the indicators according to IFRS (9) "Financial Instruments" which indicates that when 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.

(1) On 16 March 2020 corresponding to 21 Rajab 1441, and in accordance with the provisions of the Instructions for Listing Securities at the Amman Stock Exchange - Jordan, the trading of the Company's shares was suspended, Accordingly, the investment was transferred to be among the unquoted financial assets.

(2) On 30 June 2020 corresponding to 9 Thul-Qi'dah 1441, The Company signed a final agreement to purchase shares in Makkah Medical Center Company, so that its ownership becomes 86.1%. For more details, please refer to Note 10.

6. Financial assets at fair value through profit or loss

	As of 30 June 2020	As of 31 December 2019
MEFIC private equity opportunities fund 3	35,706,967	35,706,967
MERAS Arabia Medical Holding Company	20,740,000	
	56,446,967	35,706,967

MEFIC Private Equity Opportunities Fund 3

As of 30 June 2020, the Company owns 41.6% (31 December 2019: 41.6%) of the units of MEFIC Private Equity Opportunities Fund 3, the goal of the fund 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 30 June 2020 amounted to SAR 35,706,967 (31 December 2019: Saudi Riyals 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.

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A SAUDI JOINT STOCK COMPANY
SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
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7. Trade receivables

	As of 30 June 2020	As of 31 December 2019
Trade receivables	383,586,140	360,197,236
Less: Provision for expected credit losses	(30,385,913)	(30,842,609)
	<u>353,200,227</u>	<u>329,354,627</u>

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

	for the period /year ended	
	30 June 2020	31 December 2019
Balance as at 1 January	30,842,609	24,868,296
Charge	4,530,492	14,440,953
Reversal	(4,987,188)	(8,466,640)
Ending balance	<u>30,385,913</u>	<u>30,842,609</u>

All of the Group's Accounts receivable have been reviewed for indicators of impairment. 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.

8. Murabaha financing

	As of 30 June 2020	As of 31 December 2019
Non-current		
Long -term Murabaha Finance	899,299,852	839,268,569
Current		
Short-term Murabaha Finance	144,628,274	69,647,000
Current portion of long-term Murabaha	79,269,921	112,106,343
Total current Murabaha	<u>223,898,195</u>	<u>181,753,343</u>
Total Murabaha	<u>1,123,198,047</u>	<u>1,021,021,912</u>

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 finance the construction of new medical facilities and hospitals under construction and with working capital financing, Murabaha contracts are secured by order bonds.

As of 30 June 2020, Murabaha financing being granted to the Group amounted to SR 1,681 million (31 December 2019: SR 1,618 million). SR 1,123 has been used as at 30 June 2020 (31 December 2019: SR 1,021 million).

During the period ended 30 June 2020, the Group capitalized financial charges amounted to SR 5.1 million (for the Six-months period ended 30 June 2019: SR 5.7 million).

The Group recorded finance charges in the statement of profit or loss and other comprehensive income for the period ended 30 June 2020 amounting to SR 10.7 million (for the Six-months period ended 30 June 2019: SR 11.6 million)

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
All amounts are presented in Saudi riyals unless otherwise indicated

9. Contracts with customers

	For the period ended 30 June	
	2020	2019
Revenues classification		
Revenue from services	394,790,002	450,168,297
Revenue from sale of medicine	167,375,323	156,982,335
	562,165,325	607,150,632
Timing of Revenue recognition		
Over time	222,882,451	215,529,893
At point in time	339,282,874	391,620,739
	562,165,325	607,150,632
Contracts Balances		
	As of	As of
	30 June	31 December
	2020	2019
Trade receivables (Note 7)	353,200,227	329,354,627
Contract assets	1,887,913	1,961,722
Contract liabilities	22,094,683	17,212,922

10. Meeting, and major decisions

- On 30 June 2020, corresponding to 9 Thnu al-Qai'dah 1441, the company signed a final agreement to purchase shares in the Makkah Medical Center Company "Closed Joint Stock Company" with a value of SR 161.1 million, so that its ownership of the Company is 86.1%. Makkah Medical Center Hospital (owned by Makkah Medical Center) 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 the possibility of future expansion, the transaction is funded from the Company's own resources in addition to obtaining additional financing from local financial institutions. There is no financial impact on the accompanying financial statements as a result of this agreement.
- 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). And 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 holds 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 a 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.

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
All amounts are presented in Saudi riyals unless otherwise indicated

-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.

There is no financial impact on the accompanying financial statements as a result of these agreements.

- On 26 February 2020, corresponding to 2 Rajab 1441 And in accordance with the mandate of the Ordinary General Assembly on 1 May 2019 to 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 year 2019 amounting to SR 52,500,000. Dividend have been distributed in the second quarter of 2020 after deducting treasury shares.
- 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. SR 150 million will be used from the statutory reserve - the issue premium. The capital increase will be authorized after the approval of the extraordinary general assembly and the relevant government authorities.

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.

	For the Three month period ended		For the Six-month period ended	
	As of 30 June 2019	As of 30 June 2019	As of 30 June 2019	As of 30 June 2019
Net income	6,993,312	15,344,890	26,235,380	50,509,814
Weighted average of outstanding shares	71,260,000	73,097,259	71,260,000	73,940,086
Earnings per share	,010	0,21	0,37	0.68

The net loss of Dallah Namar Hospital Health Company amounted to SR 34.1 million for the period ended 30 June 2020 (for the six period ended 30 June 2019: SR 49.2 million).

DALLAH HEALTHCARE COMPANY
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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
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12. Contingencies and commitments

Capital commitments

As at 30 June 2020, the Group had capital commitments that mainly relate to the construction contracts of the expansion of Dallah Hospital Al-Nakheel and the construction of Dallah Namar Hospital Health Company amounting to SR 66.7 million (31 December 2019: SR 117,5 million).

Contingent liabilities

As at 30 June 2020, the Group has a contingent liability in the form of bank guarantees amounting to SR 39.7 million which have been issued 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. (31 December 2019: SR 17.5 million). Ending on 29 October 2020.

As at 30 June 2020, There are letters of credit amounting to SR 37.9 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 hospital services. Accordingly, presenting different segmental information is not considered necessary. 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 condensed consolidated financial statements

Earlier this 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 Kingdom 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 an associate
- Financial assets at fair value through profit or loss

DALLAH HEALTHCARE COMPANY
A SAUDI JOINT STOCK COMPANY
SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2020 (UNAUDITED)
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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. Approval of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been approved by the management on 27 Thul-Hijjah 1441H corresponding 17 August 2020 G.
