



**Dallah
Healthcare**

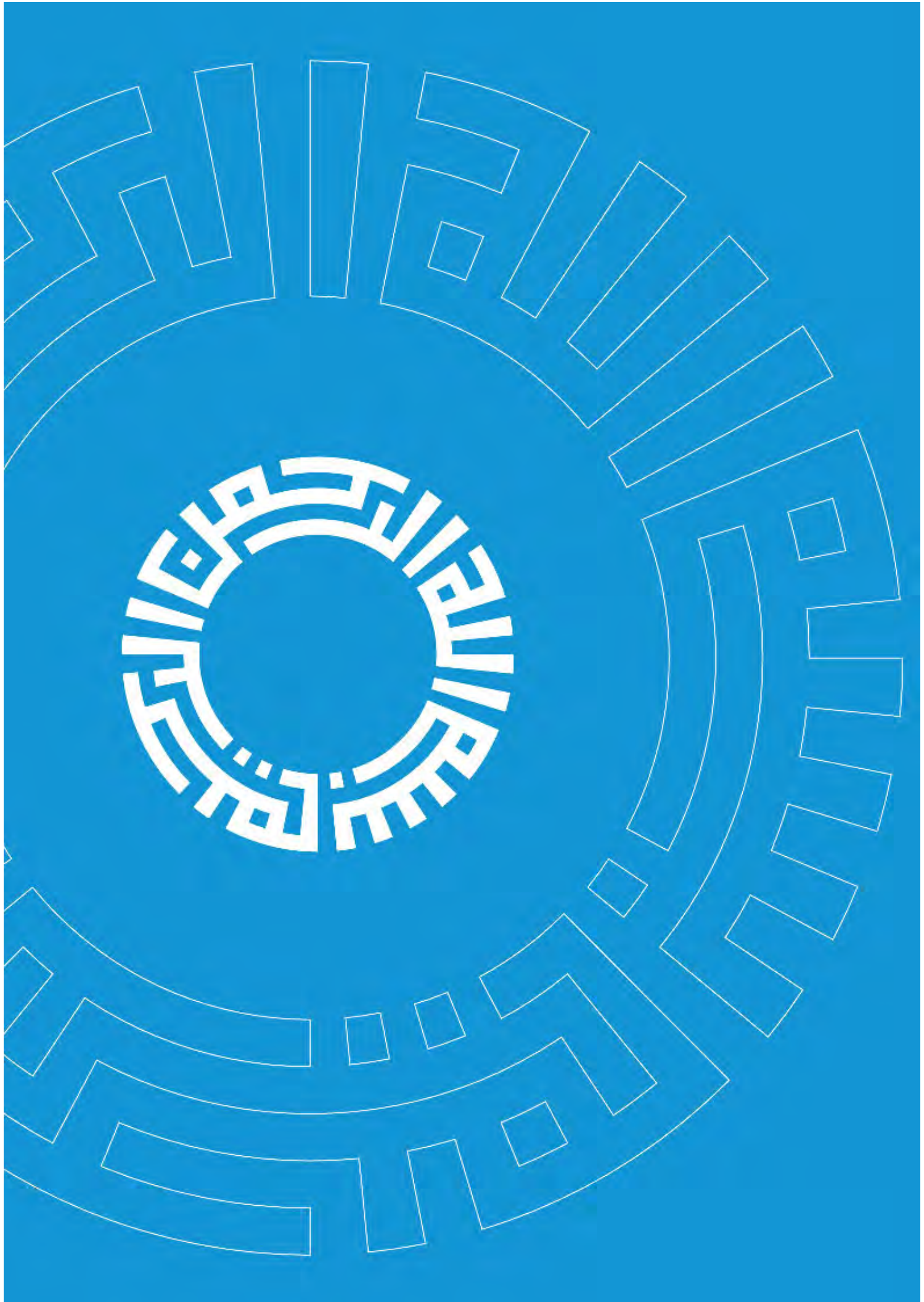


Dallah Healthcare

Board of Directors' report for the fiscal year

2019





The Chairman's Message



Dear Shareholders of Dallah Health Company,

On behalf of the Board of Directors and myself, it is my pleasure to present you the annual report of Dallah Healthcare for the year ending on December 31, 2019. The purpose of this report is to expound on the developments, achievements and challenges experienced by the company over the year.

We started a journey over thirty years ago with a limited capacity hospital; This single hospital has since become a major edifice, that encompasses a number of hospitals with large clinical capacities, as well as a diversity of healthcare services and activities. As a result of this transformation, we have been able to compete and flourish, despite the ever-present challenges. Part of our success has been an expansive strategy that maintains the ethical and professional principles of the company, which is supported by the country's position in the National Transformation Program 2020 and in line with Vision 2030.

The year 2019 AD carried many challenges that can be summarized as:

The Inauguration of Dallah Hospital - Namar and the increased operating costs required.

The company's continued support for the Ministry of Human Resources' programmes through the implementation of localization programs.

Fierce competition within the healthcare sector and the inauguration of private hospitals in Riyadh.

Opening new marketing channels for pharmaceutical distribution despite the market challenges.

Notwithstanding the foregoing, your company has continued its expansion plans through:

Expansion of the company's business capacity through the acquisition of stakes in medical facilities.

Increasing the clinical capacity of Dallah Hospital - Al Nakheel, which is expected to commence operation by the end of the first quarter of 2020.

Covering the demand for health services in the east and northeast of the capital through our investment in the hospital of Dr. Mohamed Al-Faqih Company, which is expected to operate in 2020.

Expanding management and operation activities by entering into competitions offered by the government and private healthcare sector.

Business Sustainability:

The company is reformulating its strategy to be in line with the presence of the network of hospitals it owns and operates, focusing on the following fundamentals:

Attention to attracting efficient human resources, especially from Saudi doctors, and train employees to increase their qualification and raise the overall work-flow efficiency.

The company also maintains strict policies in reference to the quality of the medical conduct and infection control, which has had a good impact on our hospital auditors.

Governance:

The Board of Directors performs its duties with admirable perseverance and diligence. This year, the Board approved a corporate strategy that aligns with the size of the corporation and the number of hospitals it encompasses. The Board also periodically reviews the corporation's accomplishments and work progress, which included the finalization of the western building of Al Nakheel Hospital, which is an important addition to Dallah Hospital - Al Nakheel. The Board also approved the acquisition plan announced by corporate.

Board committees hold their meetings on a regular basis according to the bylaws and regulations to which the corporation is subject.

Better value for shareholders:

Since the Board of Directors believes that the value of the corporate share in the market is less than its fair value, it bought about 5% of its own shares as treasury shares during the year 2019.

Despite the challenges the corporation faced, its financial performance was better than what analysts expected and in line with the corporate expansion phase. God willing, the corporation will continue to develop its services, expansion and development by supporting our shareholders, our strong financial position and our adherence to our professional and ethical principles.

The Board recommended distributing cash dividends for the first half (0.50 riyals) and for the second half (0.70 riyals) for the year 2019, and bonus shares of one share for every five owned shares that will be presented to the general assembly at its next meeting.

Acknowledgement of gratitude:

Finally, I am honoured to extend my sincere thanks to the corporate shareholders, employees, executive management and the board of directors who provided all the support to the corporate strategy and achievements during the year 2019 AD, as well as the supportive efforts of our government and various supervisory Authorities for their cooperation, hoping for all lasting progress and prosperity.

May God grants us success.

Tarek Bin Othman Al Qasabi
Chairman of the Board

Board of Directors Report

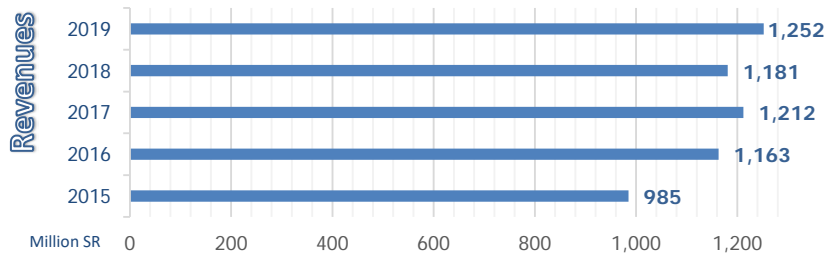
For the fiscal year 2019 AD





Dallah Healthcare

Dallah Healthcare share performance Five years

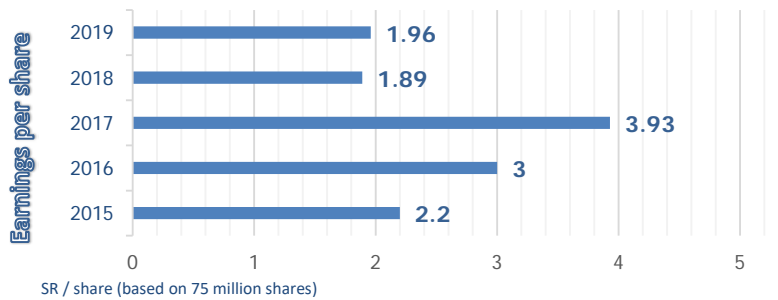


Revenues

In million riyals

1,252
2019

1,181
2018

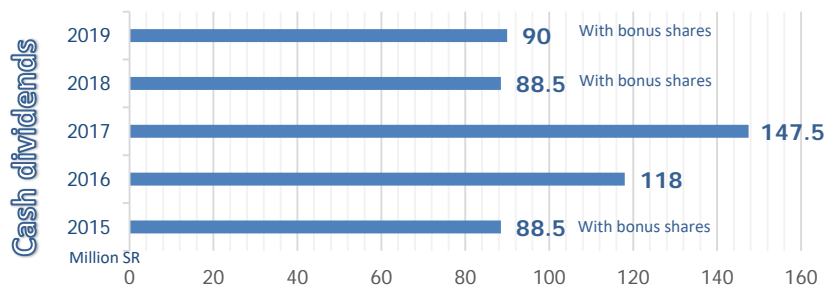


Earnings

In million riyals

147
2019

142
2018



Dividend

In million riyals

1.20
For the year 2019
(+ Bonus shares)

1.18
For the year 2018
(+ Bonus shares)

Platform	Ticker Symbols
Tadawul	4004
Reuters	4004.SE
Bloomberg	DALLAH AB Equity

Dear Shareholders of Dallah Healthcare

May peace, mercy and blessings of Allah be upon you:

Dallah Healthcare Board of Directors is honoured to present its report to the company's shareholders for the fiscal year 2019. We are also honoured to present its report on the company's activities and general situation, with the results of its work and the auditor's report on the company's annual consolidated financial statements.

1. Company overview:

Dallah Healthcare is a Saudi public shareholding company, registered under the Commercial Registration No. 1010128530 dated Rabi` Al Thani 13, 1415 AH (corresponding to September 18, 1994 AD), and it is listed on the financial market in the Kingdom of Saudi Arabia under the symbol (4004) and it is within the health care sector. The capital of the company consists of 75 million shares, with a par value of 10 riyals per share, fully paid and with a total value of 750 million riyals, as of the end of 2019. All the company's shares are of the same class, and no shareholder reserves preferential rights over other shareholders.

2. The company's fiscal year:

According to the company's articles of association, the fiscal year starts from the beginning of January, and ends at the end of December of each year.

3. The Chartered Accountant of the company:

Messrs. / Dr. Muhammad Al-Omari & Partners Company (BDO), undertook auditing of the company's accounts for the fiscal year 2019, by appointing them as auditors by the General Assembly that took place on May 1, 2019 (Messrs / Dr. Muhammad Al-Omari & Partners BDO for the year 2018 AD)

4. General situation during 2019:

The Kingdom's 2030 vision of the medical sector:

Within the framework of the Kingdom's Vision 2030, the Kingdom has embarked on achieving optimal use of hospitals and medical centres and encouraging citizens to benefit from primary health care as a first step in their treatment plan. In this vision, it is planned to separate the provision of the health care service from the Ministry of Health by the year 2020 AD. In this context, a High Order was issued to establish a holding company and five subsidiaries to assume responsibility for providing health care services in government hospitals and for the public sector in the Kingdom, to focus on the role of planning, regulation and monitoring of the health system.

The national transformation program included several initiatives related to the health sector, including:

- To enhance participation between the public and private sectors so that the percentage of private sector participation in the health care system reaches 35% by the end of 2020.
 - Promote and activate health insurance to include all citizens and residents working for the government sector and their dependents.
 - Restricting the role of the Ministry of Health to planning, controlling and organizing the health system and providing service by establishing public sector companies in order to achieve the highest standards of quality and efficiency in providing the service.
- In terms of human development of the health sector for 2030 Vision, the Kingdom seeks to train doctors to raise their ability to confront and treat chronic diseases that pose a challenge and a threat to the health of citizens.
- The National Healthcare Transformation Plan ratified this vision, as the strategic objectives of this plan included increasing the private sector's share of total spending on health care services over the years from 2017 to 2020 by expanding the process of privatizing government services and providing the appropriate environment that works to enhance the confidence of local and international investors in order to attract them to invest in the health care sector.

The most important updates on the market drivers for healthcare services:

4-1 *Increase in health insurance coverage for Saudi employees in the private sector:*

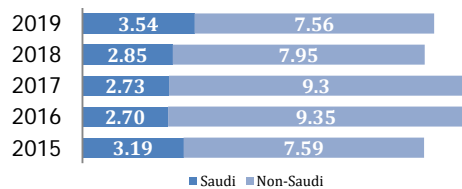
Within the framework of the deliberate government's concern for the health of both, citizens and residents, the Cooperative Health Insurance Council has fulfilled the electronic requirements for applying compulsory health insurance to all Saudis working in the private sector and their family members, starting from the beginning of the year 2019; It is expected to result in growth in the health insurance sector with the renewal of insurance policies.

4-2 General indicators of the health sector in the Kingdom:

Development in the total number of insured individuals during the period (2015: 2019) (Million)



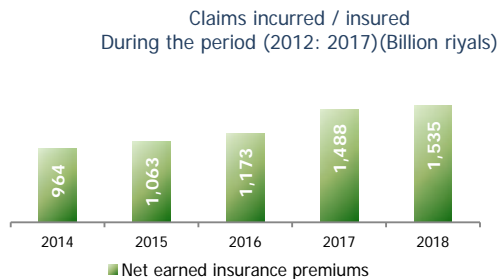
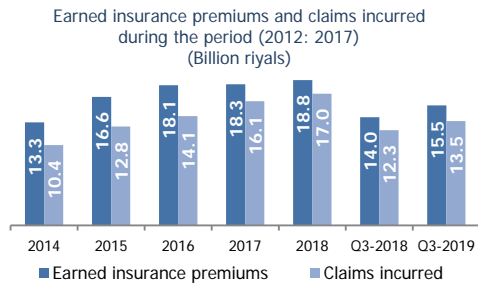
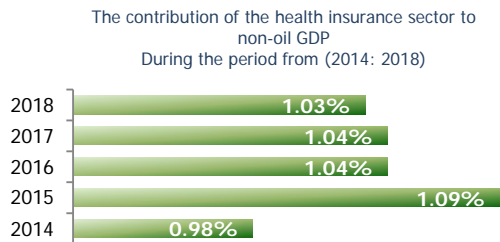
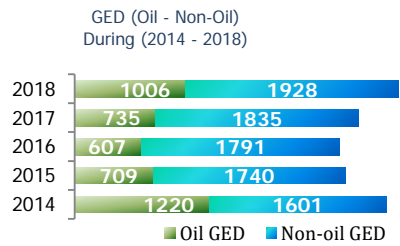
Development in the number of insured individuals by nationality during the period (2015: 2019) (Million)



Development in the size of the health insurance market during the period (2015: 2019) (Million riyals)



- The number of those covered by the cooperative health insurance system increased from 9.6 million insured individuals during 2014 to about 11.1 million insured individuals during 2019, with a compound annual growth rate of approximately 2.9%. Thus 32.5% of the Kingdom's total population of 34.2 million were covered by the umbrella of cooperative health insurance.
- The number of Saudis covered by the cooperative health insurance system during the year 2019, reached about 3.54 million insured individuals, equivalent to 32% of the total population covered by the system, an increase of 686.2 thousand insured individuals for the year 2018.
- The number of non-Saudis covered by the cooperative health insurance system during 2019, reached about 7.56 million insured individuals, or 68% of the total covered population, which is thus less than 2018 by 3.9 million insured.
- The total subscribed health insurance premiums increased from 18.96 billion riyals in 2015, to about 22.89 billion riyals expected during 2019, with a compound annual growth rate of about 4.8%, and it should be noted that the total subscribed insurance premiums during 2019 have increased from the year 2018 by about 15%, although the increasing percentage in the number of covered individuals was only about 2.8%, due to the increase in the value of the premium payments per insured individual.



- The ratio of total health insurance premium subscriptions to non-oil GDP, known as the depth of non-oil insurance, increased from 0.98% during 2014 to about 1.03% during 2018, and the increase in insurance depth is due to an increase in the premium subscription value from 15.72 billion riyals to 19.88 billion riyals during the same period (6.1%) which is greater than the increase in non-oil domestic production, which rose from 1601 billion riyals to 1928 billion riyals (4.76%) during the same period.

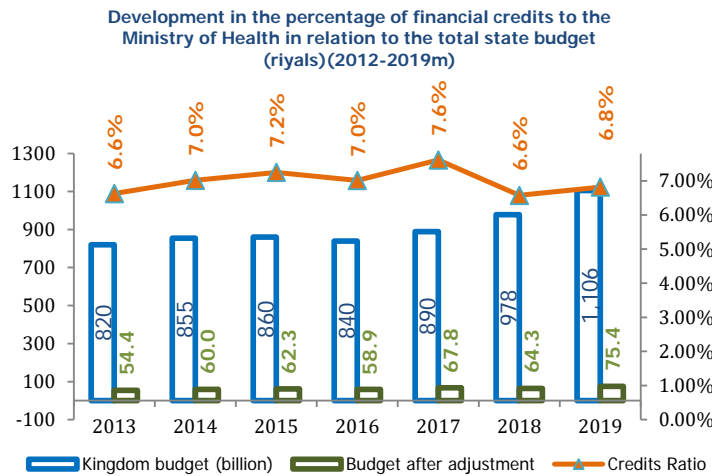
- The rate at which health insurance companies retained insurance premiums increased from 88% in 2012 to about 97.2% during 2018, indicating growth in the capabilities of insurance companies to provide services to insured individuals.

- The net claims paid by health insurance companies to health care providers in the Kingdom increased from 10.4 billion riyals in 2014 to about 17 billion riyals in 2018, with a compound annual growth rate of approximately 13.2%, while the insurance premiums gained 13.3 billion riyals to 18.8 billion riyals during the same period, with a compound annual growth rate of almost 9%; as a result, the rate of insurance companies losses from insurance operations increased from 78% during 2014 to about 91% during 2018 which prompted insurance companies to take action to reduce losses.

The reality of the healthcare sector in the Kingdom:

First: The basic indicators of healthcare facilities and resources across all sectors:

4-3 Expenditure on the healthcare sector:

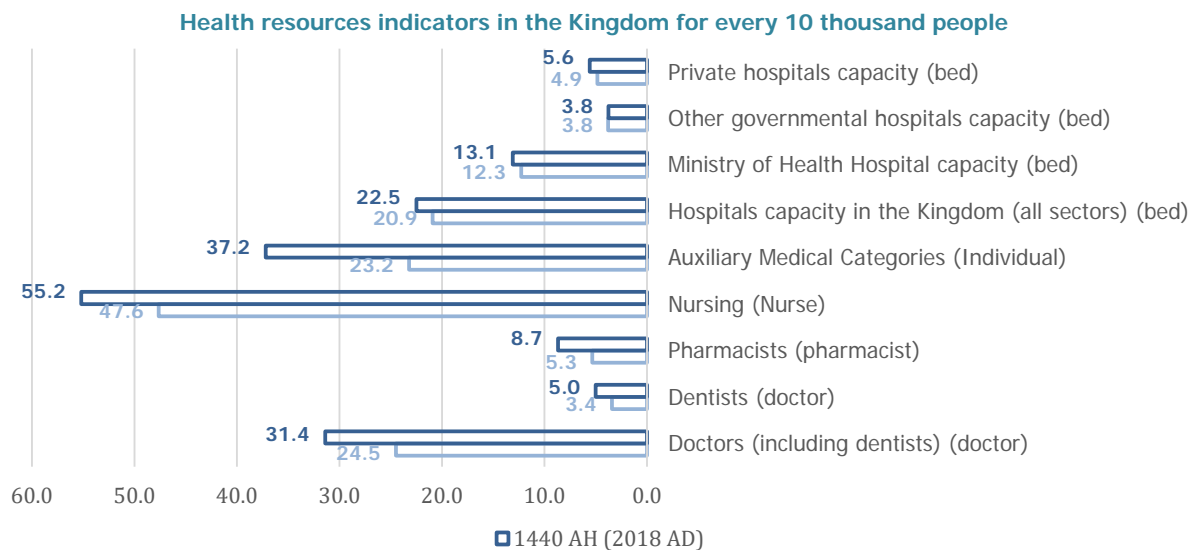


The value of the financial credits for the budget of the Ministry of Health (before the amendment) increased from 54 billion riyals in 2013 to about 75.4 billion riyals in 2019, at a compound annual growth rate of approximately 5.7%, reflecting the Kingdom's growing interest in providing health services to the general public.

Source: Ministry of Health - Statistical Book

4-4 Indicators of healthcare resources in the Kingdom across all sectors:

Healthcare resources in most sectors have grown significantly over the past years. The following graph shows the development of healthcare resources in the sectors providing services (i.e. Ministry of Health, other government agencies, the private sector) during the period 2012 to 2018:

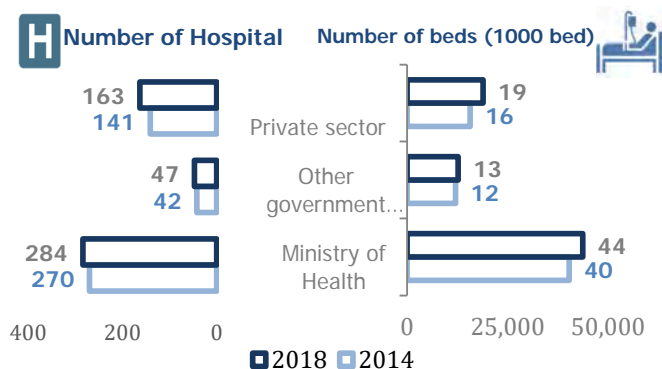


Source: Ministry of Health - Statistical Book

4-5 Development in the number of hospitals and capacity in different healthcare sectors:

The health care system in the Kingdom depends mainly on healthcare services provided by the Ministry of Health, evidenced by the ratio of the clinical capacity of Ministry of Health hospitals to the clinical capacity across all sectors, which was approximately 58% during 2018.

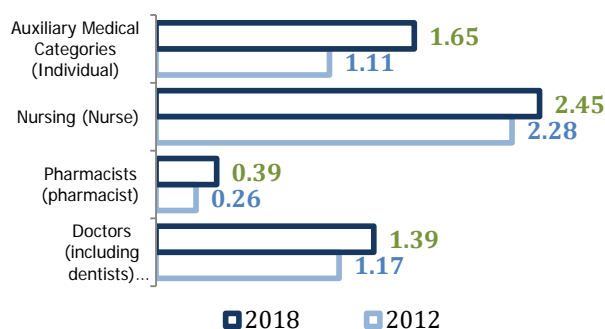
The number of hospitals and beds in the various health sectors in the Kingdom (2018/2012) During the period 1433/1439 AH



- The ratio of the clinical capacity of the private sector hospitals (relative to the total clinical capacity across all sectors) was 25.1% in 2018, compared to 23% in 2014.
- The increase in the share of the private sector clinics capacity, which amounted to approximately 2.1%, reflected a reciprocal decrease in the share of each hospital bed in government hospitals affiliated with the Ministry of Health by 1.2% and the beds in hospitals affiliated with other government agencies by approximately 1%.

4-6 development in human resources across all health sectors:

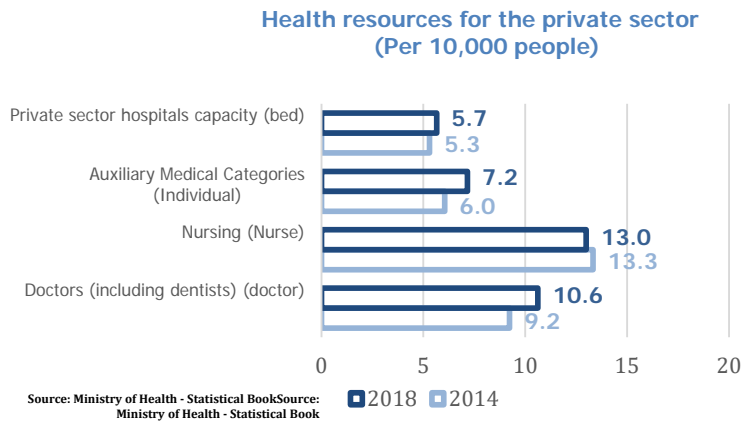
The average of human resources per bed in the healthcare sector From 2012: 2018



The increase in the clinical capacity of the Kingdom across all its sectors was accompanied by a corresponding increase in the number of employees, reflecting the general trend towards improving the service provided to patients, and the accompanying figure shows the development in human resources rate per bed across all health sectors in the Kingdom during the period from 2012-2018. It is worth noting that the majority of rates improved compared to 2017, with the exception of the nursing rate, which decreased from 2.54 nurse per bed to 2.45 nurse per bed due to the difficulties that hospitals face in providing nursing staff as a result of increasing demand on them in the GCC.

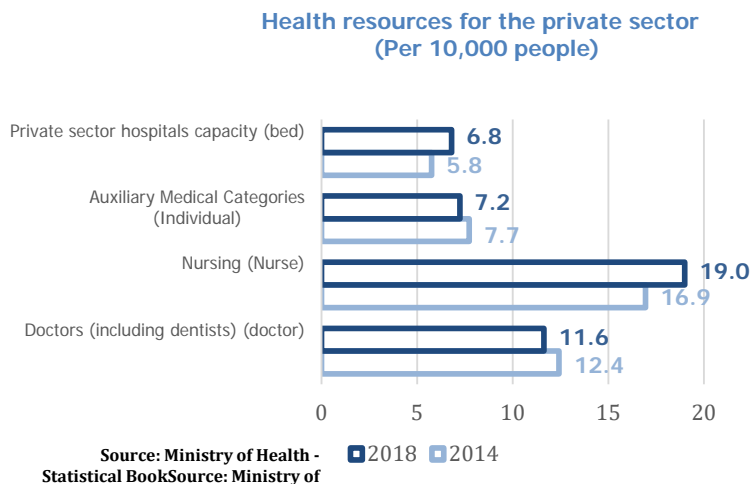
4-7 Healthcare resources in the private sector:

1-V-1 On the national (Kingdom) level:



Healthcare resources in the private sector increased at a national level during the period from 2014-2018, except for nursing, which decreased from 13.3 nurses per 10,000 people during 2014 to 13 nurses during the year 2018 AD, due to the increased demand for this category in the surrounding countries.

1-V-1 On the local (Riyadh region) level:



On the local level, while the number of beds in private sector hospitals increased from 5.8 beds to 6.8 beds per ten thousand people during the period from 2014- 2018, during the same period, the number of doctors decreased from 12.4 s to 11.6, while a significant increase in the number of nurses, from 16.9 to 19 nurses per 10 thousand people, occurred. This may reflect a significant increase in interest in long-term care, which proportionately requires more nurses rather than doctors.

5. **Dallah Healthcare:**

In pursuit of leadership in the healthcare sector, Dallah Healthcare has provided the best medical personnel and superior facilities for healthcare services with the best quality standards. Dallah Healthcare is developing a number of projects at the present to support the company's position to serve the healthcare sector in the Kingdom.

The company seeks to expand through several different strategies, which include:

1. Building entirely new hospitals.
2. Expanding the existing hospital facilities.
3. Complete acquisition of other hospitals.
4. Entering partnerships to establish other hospitals.
5. Geographical expansion of drug distribution in the Kingdom.
6. Expanding pharmaceutical production and diversifying its products.
7. Expanding the number of hospital operation contracts in the Kingdom.
8. Increasing efficiency and effectiveness in providing services of the best quality.

5-1 **Company Sectors**

The company's activities are concentrated in **hospitals** as the main sector; the company manages its activities in general from the Dallah Medical complex - Al Nakheel, which is a branch entirely owned by Dallah Healthcare. The Dallah Medical complex- Al Nakheel, provides comprehensive medical services through outpatient clinics and inpatients wards, which in turn are supported by several medical buildings in Dallah Medical Complex - Al-Nakheel.

On April 9, 2018, Dallah Health Company started operating Dallah - Namar Hospital, which is a significant addition to the company's operations, especially in the southwest of Riyadh. The interim operation of this hospital has started with an initial capacity of 150 beds and 100 clinics.

5-2 **Company activities**

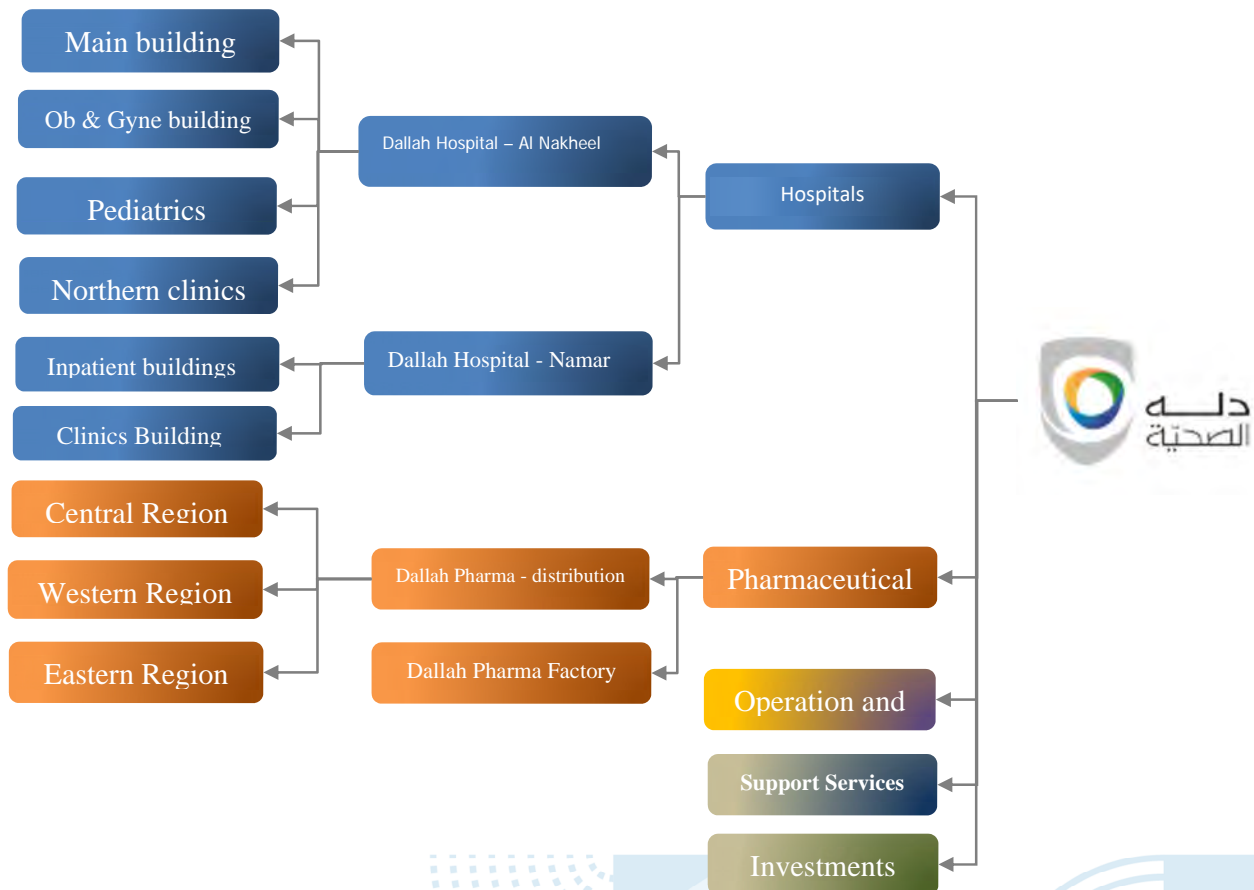
Although the main activity of the company is concentrated in establishing and operating hospitals, there are other subsidiary activities of the company. These sub-activities are:

- 1- Manufacturing, distribution and trading of medicines:** This is mainly realized by Dallah Pharma Company and Dallah Pharma Factory, which is a wholly-owned subsidiary of Dallah Healthcare directly. Dallah Pharma is a distributor of pharmaceutical products, herbal and cosmetic preparations, food, infant formula, medical and surgical supplies. Dallah Pharma Company distributes these products to hospitals, government agencies, pharmacies, and stores that sell these products through several distribution centres in different regions of the Kingdom. Dallah Pharma has exclusive distribution rights in the Kingdom of about 75 pharmaceutical products, 50 products of medical devices and supplies, and 15 food products from several international companies. Dallah Pharma also participates in the manufacture of

medicines, herbal and pharmaceutical preparations via Dallah Pharma Factory in the Western Region. The factory has obtained the license to produce 35 pharmaceutical and cosmetic products for marketing throughout the Kingdom, with the possibility of penetrating other international markets.

- 2- Hospital operation management by proxy:** The company provides its operational and administrative expertise in outside hospitals in return for fixed annual fees and / or variable fees based on the profits made by those hospitals.
- 3- Support Services:** This modern branch of the company was established in January 2015 with the aim of specializing in the establishment and maintenance of hospitals, medical centres and other support services. The sector is presently providing its services mainly to Dallah Hospitals Group.
- 4- Investments with other parties:** The company invests in several companies, including: Dr. Muhammad Al-Faqih Company, MEFIC Private Equity Opportunities Fund, the Makkah Medical Center Company and the Jordanian pharmaceutical manufacturing company.

Dallah Healthcare Company activities structure:



6. Purpose of the company, its activities and divisions:

The company's objectives are to operate, manage and maintain health facilities and centres, wholesale and retail trade in medicines, medical and surgical devices and tools, prosthetics, handicapped assistance devices and hospital devices, manufacturing of medicines, pharmaceutical, herbal and health products, cosmetics, detergents, disinfectants and packaging in the Kingdom of Saudi Arabia.

Dallah Healthcare activities are categorized into five main activities: (1) providing medical services to owned hospitals; (2) selling, distributing and manufacturing medicines; (3) operation and management; (4) support services and (5) investments.

As for the activities of selling and distributing medicines, they are carried out through Dallah Pharma Company, in the wholesale distribution of pharmaceutical, medicinal, herbal and cosmetic products. As for operating and management activities, it runs hospitals that are owned by other parties. Moreover, the company has some investments in the healthcare sector in the Kingdom and the Middle East region.

The main activity of the company is focused on providing comprehensive medical services through:

- 1- Dallah Medical Complex - Al-Nakheel, in the city of Riyadh,
- 2- Dallah Hospital - Nammar, in the city of Riyadh,
- 3- Dr. Muhammad Al-Faqih Hospital (under construction)
- 4- In addition to hospitals and other medical centres to be established in the future;

7. Analysis of company activity information:

Dallah Healthcare revenue amounted to 1,252 million riyals for the year 2019, an increase of 6.0% over the year 2018 revenue of 1,181 million riyals. The company's revenue mainly came from hospital activity. The company's gross profit amounted to 448 million riyals for the year 2019, compared to 436 million riyals for the year 2018, an increase of 2.8%.

8. Affiliated Companies:

The following is a statement of the subsidiary companies and the Foundation in the Kingdom:

Subsidiary	Commercial Register No.	The country of incorporation and the main country of operations.	Percentage of ownership as on December 31st.	
			2019	2018
Dallah Pharma Co.	1010410613	Saudi Arabia	100%	100%
Afya' Al Nakheel Support Services Co., Ltd.	1010404576	Saudi Arabia	100%	100%
Dallah - Namar Hospital Company	1010495218	Saudi Arabia	100%	100%

Dallah Pharma: Dallah Pharma was established on Jumada Al Akher 13, 1435 AH (corresponding to April 13, 2014). It is a limited liability company, with a capital of 4 million Saudi riyals, and its activity is wholesale and retail trade of herbal and cosmetic preparations, food, formula and infants' products, detergents devices, medical and surgical supplies and spare parts, maintenance and chemicals, import, export and marketing by proxy, and management of factories and warehouses.

Afyaa Al Nakheel for Supporting Services Ltd.: Afyaa Al Nakheel for Supporting Services Ltd.: Afyaa Al Nakheel for Supporting Services was established on Rabi` Al-Thani 13, 1435 AH (corresponding to January 14, 2014 AD). It is a limited liability company with a capital of 50,000 Saudi riyals, and its activity is to establish and maintain hospitals, medical centres and other support services. Afyaa Al Nakheel mainly provides its services to the group.

Dallah Namar Hospital Healthcare: On 10 Rabi 'Al Thani 1438 AH corresponding to January 8, 2017, the company established a limited liability company "Dallah Nammar Hospital Healthcare" commercial registration number 1010495218 (sole proprietorship) with a capital of (5) million Saudi riyals wholly owned (autonomous financing) for Dallah Healthcare, and the objectives of the company include operating, managing, equipping and developing hospitals, healthcare facilities, centres, complexes, and medical clinics, in addition to property ownership.

9. Corporate Branches:

The branches of Dallah Healthcare, which operate under separate commercial records, are as follows:

Branch name	Commercial Register	City
Dalla Healthcare Company Branch	2057004206	Khafji
Dala Al Nakheel Hospital	1010132622	Riyadh
Dalla Pharma Pharmaceutical factory (Dalla Pharma Subsidiary)	4030278471	Jeddah
Drug Warehouse (Dalla Pharma Subsidiary)	2050071905	Dammam
Drug Warehouse (Dalla Pharma Subsidiary)	1010128997	Riyadh
Drug Warehouse (Dalla Pharma Subsidiary)	4030140769	Jeddah
Drug Warehouse (Dalla Pharma Subsidiary)	4030265250	Jeddah

10. The distinguished medical quality of Dallah Healthcare:

The name Dallah Hospital has been associated with providing high-quality medical care with outstanding professionalism and ensuring patient health and safety.

Despite serving the large numbers of clinic visitors and in-patients in addition to the large numbers of operations and deliveries in the Dallah Medical complex, it provides integrated medical services with high performance and international standards of quality assurance, and continuous monitoring of medical performance measured by about 200 indicators of performance quality. The Dallah Medical Complex - Al Nakheel has earned:

1. Hospital Accreditation Certificate by the Saudi Center for Accreditation of Healthcare Facilities during the year 2017 AD (CBAHI).
2. Certificate of the American Joint Commission Accreditation for Hospitals (JCI) four consecutive times for three years at a time, which covers the period from 2009 to 2021.
3. International ISO certificate ISO 9001-2015 for quality performance from 1998 AD to the present time.
4. Quality Control Certificate from the American College of Pathology (CAP) obtained by Dallah Hospital laboratories, which is given as a result of placing the laboratories under constant close monitoring and renewed every two years, which indicates the high quality of Dallah Hospital laboratories.
5. HACCP International Certification of Food Quality and Safety for several years, renewed annually, which indicates the quality of nutrition services at Dallah Hospital.



جائزة الملك خالد
King Khalid Award
بناء الإنسان - تنمية المجتمع

11. Quality of financial claims and invoicing of Dallah Healthcare:

Despite the complexity of the financial claims procedures and the diversity of clients, whether they are government agencies, insurance companies or private companies, Dallah Healthcare - since its inauguration - has set its sights on continuously maintaining high professionalism and the best standards of financial control when issuing invoices to customers in exchange for the services provided. Dallah Healthcare considers its clients one of the most important partners of its success, and deals with patients in a humane manner. This is part of the integrated quality system that the company adopts in its interactions with clients and patients. The high quality of the billing process comes as a result of the application of control and effectiveness systems in the financial processing process within the company, which gives the greatest degree of customer confidence in the company's financial claims and invoicing.

12. Hospitals operation by proxy contracts:

To enhance the brand built by Dallah Hospital over the years, the company decided in 2002 to enter into contracts to manage and operate hospitals owned by other parties. Dallah Healthcare provides operational experiences in return for fixed annual fees and / or variable fees based on the profits of the managed hospitals. The company has no ownership interest in previously operated hospitals.

The company did not have effective contracts during the year 2019, and the operations and management sole operations during the year 2019 were the preparation of operating contracts in the public and private sectors.

13. Companies invested in:

13-1 *Dr. Muhammad Rashid Al-Faqih & Partners Company:*

Dallah Health care has invested about 147 million riyals in return for a share of 31.21% of the capital of Dr. Muhammad Rashid Al-Faqih and its partners, a closed joint-stock company that is building a general hospital in eastern Riyadh.

13-2 *Makkah Medical Center*

Makkah Medical Center is a Saudi joint-stock company registered in the commercial registry under No. 4031021286 dated 08/14/1410 AH (corresponding to 11/03/1990 AD). It is based in Mecca and contains 136 beds, with a capital of 152.0 million Saudi riyals, divided into 3.04 million shares with a par value of 50 Saudi riyals per share. The company owns 7.5% of the capital, and it made this investment in 1990 (1410 AH).

13-3 *The Jordanian Pharmaceutical Production Company:*

The Jordanian Pharmaceutical Production Company is a Jordanian public shareholding company registered in the Commercial Register under No. 141237404, dated 01/27/2004, and its headquarters is located in Amman, Jordan. Its total capital is 20.0 million Jordanian dinars, divided into 20.0 million shares with a par value of 1 Jordanian dinar per share. Dallah Healthcare owns 0.4% of the capital. The company manufactures pharmaceutical products, cosmetics and medical supplies. Its products are also sold by Dallah Pharma.

14. Company plans and decisions:

With the company assuming the leadership in the health sector in the Kingdom, Dallah Health Services attaches the utmost importance to developing its products and services geared to this sector. The company continues its ever-persistent effort to strive towards providing the best healthcare in the Kingdom.

In order to meet the increasing demand for healthcare services and products, distribution and production of medicine, Dallah Healthcare seeks to expand its business in the city of Riyadh, more specifically in the most densely populated areas in the Kingdom, such as the eastern and western regions. In addition, Dallah seeks to expand its management of hospitals by proxy, and expand its efforts in direct investment in medical and pharmaceutical companies. As a result, the company will be able to increase its share in the healthcare market and achieve greater returns for shareholders, in line with the company's vision to be a pioneer in providing healthcare services in the Kingdom, God willing.

15. The company's business forecast:

Development of Dallah Medical Complex - Al Nakheel

The management of Dallah Health Services Company intends to develop the sites surrounding the Dallah Medical Complex - Al Nakheel in Riyadh to an integrated service site that offers the best medical specialities. The site currently contains the main hospital building, the gynaecology and obstetrics building, the pediatric building and the parking building, in addition to the northern clinics with its various facilities. Dallah Healthcare is developing the main building of Dallah Hospital, as the company seeks to modernize the supporting rooms, clinics and facilities in the main building to meet the highest international standards for healthcare services.

Moreover, Dallah Healthcare has developed an area west of the Dallah Medical Complex - Al Nakheel. The construction and equipping of the hospital's western expansion was completed during the fourth quarter of 2019 and is currently about to open after obtaining the necessary licenses, as it is expected to include 150 beds and at least 30 clinics.

The addition of new extensions to Dallah Hospital - Al Nakheel has been followed by the modernization and addition of services in the vicinity of the hospital to provide high-quality services. As a result, the company is developing the eastern housing complex for doctors, which will include additional parking for the company's customers in the Dallah Medical Complex - Al Nakheel and additional housing units to benefit our doctors and other employees.

Dallah Hospital - Namar

Namar Hospital operates with an initial operating capacity of 150 beds and 100 clinics for the first phase. This hospital has been built to operate with a maximum capacity of 400 beds and 200 clinics for existing buildings, in addition to any possible future expansion. This hospital provides many specializations to serve the population in the surrounding area. The company plans to complete its first expansion for Namar in 2020 that includes about additional 85 beds and qualitative expansions of its services that includes heart catheterization and dialysis services.

Dallah Medical Tower

Within the framework of the company's endeavour to expand the work of Dallah Hospital in its location at Al Nakheel district in Riyadh, the company decided to expand its work area in Al Nakheel district in Riyadh by purchasing the land, with an area of 6,300 square meters, adjacent to the hospital site located on King Fahd Road in order to create a medical tower. This tower will encompass clinics, specialized medical centers, a commercial medical centre and other facilities, as an extension of the Dallah Medical complex.

Dallah Pharma

After developing the pharmaceutical production line at the Dallah Pharma factory in Jeddah last year, production and sale of the factory's products began to increase during the current year. The developed production line can expand to encompass new lines in the future.

Operation and management

The company commenced activation of a contract of logistical support for Dr. Muhammad Al-Faqih Hospital during the year 2019 AD,.

16. Potential risks facing the company:

The company may face potential risks including but not be limited to:

1. **Limited growth potential at the current site:** Although the company expanded in the locations surrounding Dallah Hospital - Al Nakheel (Dallah Medical Complex - Al Nakheel), there are limits to the possibility of expansion in the current location of this complex.
2. **Competitive environment and mergers in the healthcare sector:** The company operates within a market in which there are many health care providers from the public and private sectors, and competitors may seek to increase their market share by providing treatment services that are not provided by the company, or they may form alliances through mergers or acquisitions, which could enable them to increase their market share, that could negatively impact the business of the company. The company is doing its best to support its competitive advantage and increase its market share by applying a number of strategies in marketing its services and products, in addition to remaining in a good competitive level in the market; this level is determined using continuously updated prevailing market information.
3. **The contractual relationship with the main customers was negatively affected as a result of price competition versus the quality of the services provided:** The company is trying to make the utmost effort to maintain its provision of the best services to its customers.

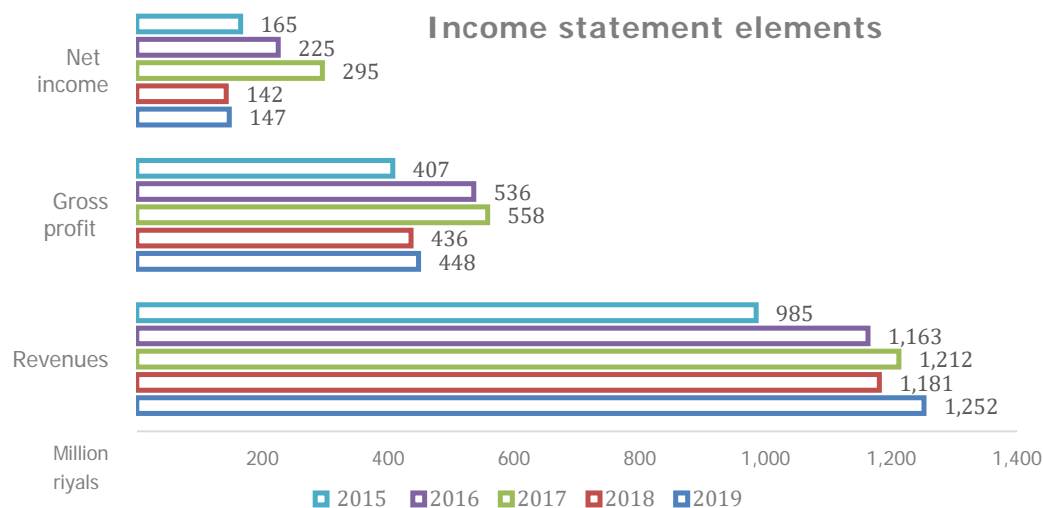
4. **Progress in the field of medical and administrative technology:** The company uses various types of medical and administrative equipment to carry out its work. The healthcare sector is characterized by the continuous progress of products and technical developments in addition to the high costs of this technology, which may cause the rapid ageing of the technologies adopted by the company and may adversely affect the company's business. The company applies the policy of continuous updating of the technical devices used, despite increasing costs, in order to achieve the company's goal in providing the best healthcare services.
5. **Reliance on doctors, nursing staff and other professional cadres:** Despite the relative scarcity of medical and pharmaceutical cadres, the company seeks to attract the best professionals while facing the general increase in wages.
6. **Wane of profit margins:** The company's profitability depends on many factors, including the cost of human resources. One of the characteristics of the health sector in the Kingdom in general and the Dallah Healthcare, in particular, is that patients are served through integrated healthcare provided by human resources. With the increase in the cost of human resources in the Kingdom, Dallah Healthcare - accordingly - may face increasing costs in conjunction with the relative stability of the contractual prices of the company's customers, which could lead to a decrease in the company's profitability ratios. Dallah Healthcare strives to prove or improve its profitability rates every year by drawing pricing plans with its customers and allowing them to understand the conditions around the business so that the company can maintain profit margins.
7. **Governmental laws and regulations:** The company is subject to several systems and regulations that regulate its business conduct, which may require the company to obtain a number of licenses, and the relevant government agencies may adopt and enforce stricter regulations or rules on the company's business conduct, which will increase operating costs and / or the capital expenses incurred by the company, or could reduce the company's revenues forecast. The company always strives to comply with all regulations and laws regulating work and obtain all the licenses required to conduct its business.
8. **Cyberattacks:** Dallah Healthcare in general, and in particular the Dallah Hospitals Group, is working to develop its electronic systems to provide maximum comfort to patients and hospital visitors and facilitate the work of suppliers and customers of the company. Therefore, reliance on the company's electronic systems is constantly increasing. Since the technical capabilities of the cyberattacks have increased dramatically and the unprecedented professionalism of cyberattacks on institutional sites has increased, the company's cyber presence risks are also increasing, as the company faces a wide range of these risks. Dallah Healthcare is well aware of such risks and works to counter them with state of the art technologies to protect the security of information and the systems operating there. Dallah Healthcare invests heavily in the field of information technology infrastructure and security in order to protect its business and ensure its proper continuity.

9. **Ageing of pharmaceutical products and production lines:** Due to the nature of its business, Dallah Healthcare maintains stocks of substantial value. In addition, production lines are designed to produce standardized products. As a result of technological advances and the development of drug production at the local and international levels in addition to market changes, drug stocks and production lines are subject to more obsolescence, higher production costs and slower demand. Accordingly, Dallah Healthcare exerts its best effort and takes the necessary precautions to confront these risks and modernize production lines to keep pace with the market developments.
10. **Dividend distribution:** Dividend distribution in the future depends on several factors, including the company's ability to achieve profits and its financial position, requirements for legal precautions, available credit limits, general economic conditions, and other factors, all of which influence the Board's decision to announce dividends as it deems appropriate. These factors may not be favorable to company distributing profits to its shareholders.
11. **Saudization:** The company is subject to the "Saudization" program in the Kingdom, which requires that the number of Saudi employees among the company's employees reach the minimum systematically established percentage. The company's operations, government loan requests, financial performance and ability to recruit additional foreign employees will be negatively affected if the company fails in the future to comply with any new, stricter Saudization policies issued by the Ministry of Labor. In spite of the relative scarcity of Saudi cadres in the health care market, the company is making its best effort to maintain the Saudization rate determined by the relevant government agencies.



17. Comparing business results for the past five years:

Million riyals	2015	2016	2017	2018	2019
Total revenue	985	1,163	1,212	1,181	1,252
Gross profit	407	536	558	436	448
Income from operations	170	231	308	146	154
Income before zakat	175	239	305	145	152
Net income	165	225	295	142	147

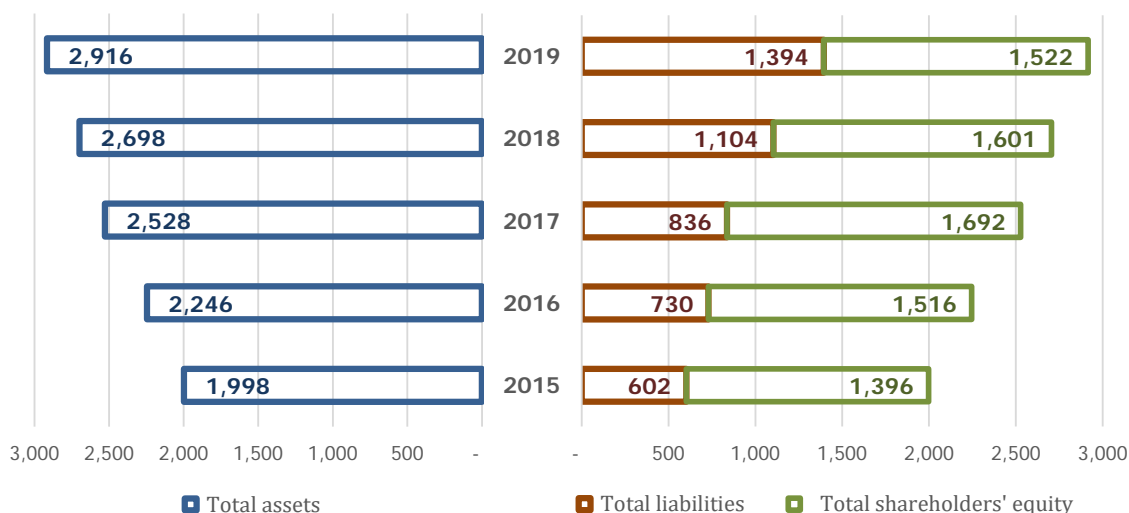


Dallah Healthcare revenue has increased at a CAGR of 6% over the past five years, increasing from 985 million Saudi riyals in 2015 to 1,252 million riyals in 2019. The company's net profit growth rate has improved over the past five years at a compound annual growth rate of + 6%; please note that net profit amounted to 165 million riyals in 2015, while it increased during the period from 2015 to 2017 and then decreased in 2019 to 147 million. Dallah Health Services is continuously striving to raise the efficiency of operations and operational capacity and to further develop its business and increase its sales in order to achieve the best return for shareholders in the long term.

18. Comparing the company's assets and liabilities over the past five years (budget components):

Million riyals	2019	2018	2017	2016	2015
Total assets	2,916	2,708	2,528	2,246	1,998
Total liabilities	1,394	1,104	836	730	602
Total shareholders' equity	1,522	1,601	1,692	1,516	1,396

Budget elements
(Million SR)

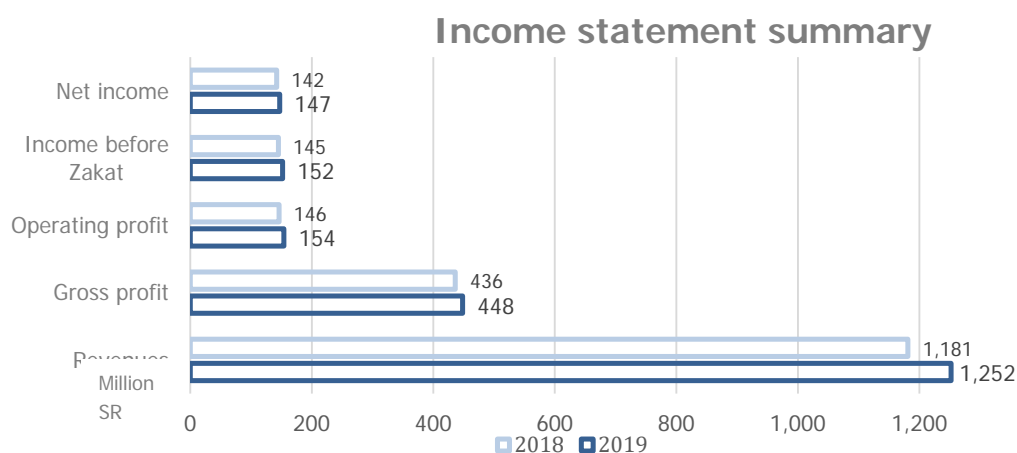


The shareholders' equity has grown - Thanks to God - from 1,396 million riyals in 2015 to 1,522 million riyals at the end of 2019, or at a CAGR of 3%, while liabilities increased from 602 million riyals in 2015 to 1,394 million riyals in 2019, at a CAGR of 24%. In addition, the company's assets grew from 1,998 million riyals in 2015 to 2,916 million riyals in 2019, at a compound annual rate of 10%. The company's assets have grown in parallel with the rights of shareholders due to the growth of its business and profits during the past five years.

In spite of the increasing percentage in liabilities over the past five years, which was primarily intended to finance the planned expansions, the vast majority of the company's existing projects were completed. It is noted that the value of the liabilities is still low compared to the total assets of the company and the rights of its shareholders. The company has pursued a policy of relatively conservative leverage and maintaining relatively conservative borrowing rates over the past five years in order to have greater dynamism and effectiveness for future expansions.

19. Income statement elements' summary:

Million riyals	2019	2018	Change	%
Revenue	1,252	1,181	71	6%
Cost of revenue	804	745	59	7.9%
Gross profit	448	436	12	2.8%
Operating expenses	294	290	4	1.4%
Operating profit	154	146	8	5.5%
Income before Zakat	152	145	7	4.8%
Net income	147	142	5	3.5%



The company's revenue increased in 2019 by 6% compared to the previous year. The increase in the company's revenues is attributed to the growth in revenues of the Namar Hospital during the year 2019, which is in its first full year of operation, as the number of outpatient and inpatient visitors grew exponentially with the increasing occupancy rates.

The company's overall profit increased by 2.8% during the year 2019 compared to the previous year due to the growth in the operation of Namar Hospital.

Income from operations increased by 5.5% during the year 2019 compared to the previous year - in addition to the above - due to the increase in operating efficiency and the reduction of some indirect operating expenses. The provision for credit losses increased relatively in the year 2019 compared to 2018, due to the decrease in the provision during the year 2018 after the application of Financial Reporting Standard 9 for the first time.

Other revenue increased in 2019 to 26.4 million riyals, compared to 12.5 million riyals in 2018 due to the achievement of valuation profits for investment in equity instruments.

As for financing costs, these increased from 11.5 million riyals in 2018 to 25.1 million riyals during the current year 2019 due to the increase in the financing of the company's operations

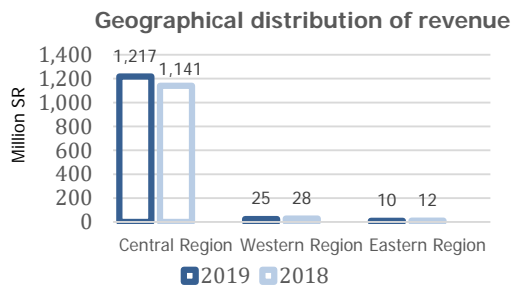
and the suspension of capitalization of financing expenses on the Namar Hospital project in the second quarter of 2018.

In addition, the value of the company's share of the losses of the associated companies has increased due to the increase in pre-operating expenses for Dr. Mohammed al-Faqih, of which the company owns more than 31%.

As a result of the foregoing, income before Zakat (operational and non-operating) for the year 2019 AD increased compared to the previous year by 4.8%.

Zakat expenses increased during 2019 due to the increase in the company's business. As a result of the aforementioned, the company's net profit for the year 2019 increased to 146.9 million riyals, compared to 141.8 million riyals for the year 2018, by 3.6%.

20. Geographical distribution of the company's revenue and its subsidiaries:

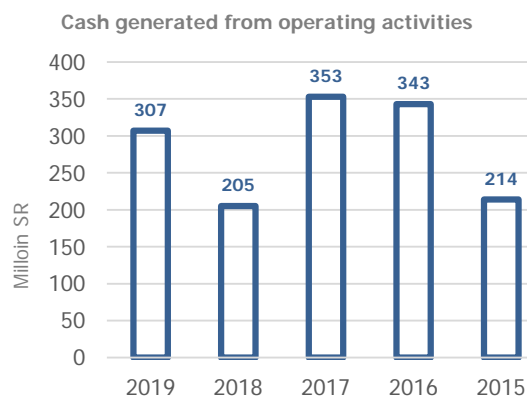


Income (Million riyals)	2019	2018
Central Region	1,217	1,141
Western Region	25	28
Eastern Region	10	12

Currently, most of the company's revenues are concentrated in Riyadh, and are represented by revenues from Dallah Hospital - Al Nakheel and Dallah Namar.

21. Cash generated by operating activities

Million riyals	2019	2018	2017	2016	2015
Cash generated from operating activities	307	205	353	343	214



The company achieved growth in cash generated by operating activities during the past five years, as it increased from 214 million riyals in 2015 to reach 307 million riyals during 2019, at a compound annual rate of +18%. Cash generated by operating activities during the year 2019 AD increased compared to the previous year by + 49.8%, due to higher income for the aforementioned reasons, in addition to improvement in the position of some short-term assets.

22. Earnings per share

Earnings per share for the year 2019 increased as a result of increased earnings per share, due to the foregoing reasons. Earnings per share have been calculated on the basis of a weighted average share number of 72,584,673 shares for the year 2019 (75 million shares for the year 2018).

SR/Share	2019	2018
Earnings per share	2.02	1.89

23. Equity activities, debt instruments and option rights:

Equity activities:

The number of shares issued to the company and fully listed in the capital market reached 75 million shares as of the end of 2019, and 59 million shares as of the end of 2018. The company's capital was increased by granting bonus shares in February 2019, increasing the number of issued shares from 59 million shares to 75 million shares. Thus, the company's capital increased from 590 million riyals to 750 million riyals.

Convertible debt and other financial instruments:

The company does not have any debt instruments convertible into shares, nor are there any option rights, contracted securities, subscription rights, or similar rights issued or granted by the company during the year 2019 AD, or any previous years. The company did not issue any bonds and there are no agreements or arrangements to assign any rights to profits by any of the shareholders. Consequently, the company did not purchase, redeem, or cancel any of the debt instruments or any of the aforementioned financial instruments.

Treasury stocks

In May of the year 2019, the company announced that it had completed the purchase of 3,740,000 shares of Dallah Healthcare and kept them as treasury shares by up to 4.99% of the company's own resources, after the approval of the General Assembly in February 2019.

Number of treasury shares held by the company	Value (SR)	Holding date.	Details of their use
3,740,000 shares	190,452,878	27/5/2019 until the end of 2019	Basically, to support the company's share price, it can be used to swap for shares in other companies

24. A statement of any arrangements or agreement whereby a member of the board of directors, a senior executive, or shareholder waived any remunerations or profits:

There are no information on arrangements or agreements according to which any of the members of the Board of Directors or one of the senior executives or any of the company's shareholders waived their interests or rights to obtain profits or bonuses.

25. Loans:

As on 12/31/2019, the company has financing short-term credit-sale (Murabaha) funding from local banks amounting to about 70 million riyals. This is in addition to long-term financing of about 951 million riyals from local banks.

- The amount of credit-sale (Murabaha) funds available to use, amounted to 1.618 as of the end of 2019 (2,631 at the end of 2018)
- These funds were obtained by securing bonds by an order from the company for the benefit of the lending banks.
- The current portion of long-term credit-sale (Murabaha) funds amounted to 112 million riyals on 12/31/2019, to be paid during the year 2020 AD.
- All the company's borrowings are made in accordance with the provisions of the Islamic Sharia.

Loans (1 million riyals)	Principal loan (first year balance)	Loan term		Amount borrowed/repaid		
		From	To	Borrower during 2019	Paid in 2019	Balance End 2019
Murabaha Saab - Short Term	10	2019	2020	310	320	0
Murabaha Saab - Long Term	349	2016	2025	1,370	1,377	342
Samba Murabaha - Short Term	10	2019	2020	10	0	20
Samba Murabaha - Long Term	219	2014	2025	1665	1448	436
Tawarok Al Frensi - Short-Term	0	2019	2020	725	675	50
Tawarok Al Frensi - Long-Term	0	2019	2020	173	0	173
Al Rajhi-Short-Term	120	2016	2019	220	340	0
Al Rajhi's Long-Term	0	2019	2019	400	400	0
Total	708			4,873	4,560	1,021

26. International Financial Reporting Standards (IFRS):

Standards, amendments and interpretations issued with a current effect on the financial statements:

• IFRS 16 ("Leases")

The International Standard for Financial Report No. (16) "Leases" was applied as of January 1, 2019, and this application resulted in several amendments, the most important of which were on the financial statements of the company:

- The application of criterion (16) "Leases" retroactively, with evidence of the cumulative effect of the initial application.
- Apply the definition of the lease and the relevant guidelines stipulated in the International Standard for Financial Report No. (16) "Leases" to all of their lease contracts.

- The International Standard for Financial Report No. (16) "Leases" changed how the company calculates lease contracts previously classified as operating lease contracts, as the company has established the following:

- **The right to use an asset**, and it is recorded with the amount of the lease commitment, which is the present value of future rental payments.
- **The obligation of the lease contract**, as it is initially recognized at the present value of unpaid rental payments on the date of the beginning of the contract.

Please refer to the attached notes to the financial statements for more information about the application of this standard.

27. Dividend Policy:

The company intends to continue distributing dividends to its shareholders in order to enhance the value of their investments in a manner that is in line with the achievement of the company's goals and capital and investment requirements, based on the profits achieved by the company and its financial situation, market condition, the general economic climate, and other factors, including: the company's urgent need to reinvest those profits, their capital requirements, future expectations, economic activity, and other legal and regulatory considerations. Profits are distributed in Saudi riyals.

According to the company's articles of association, any decision of the shareholders to distribute cash dividends must be made by the Ordinary General Assembly based on the recommendations of the board of directors, after taking into account the various factors mentioned above.

The process of distributing dividends is subject to certain restrictions according to the company's articles of association, which stipulates that annual net profits be distributed after deducting all other expenses and costs as follows:

- Reserve 10% of the net profits to form a statutory reserve and the Ordinary General Assembly may stop this appropriation when the said reserve reaches 30% of the capital.
- Upon the request of the Board of Directors, the Ordinary General Assembly may set aside 20% of the net profits to form other reserves for other purpose(s).
- A down payment is distributed to shareholders equivalent to 5% of the paid-up capital from the remainder.
- 10% of the remaining net profits are allocated as remunerations to the Board of Directors, provided that these remunerations are in line with the regulations and instructions issued by the Ministry of Trade and Investment in this regard.
- The General Assembly of shareholders may deduct 10% of the net profits to establish social facilities for the company's employees or use them to provide shares to the company's employees as bonuses.
- The remainder is then distributed to the shareholders as an additional share in the profits.
- The profits to be distributed to the shareholders shall be paid at the place and the date determined by the Board of Directors in accordance with the instructions of the Ministry of Industry and Trade in this regard.

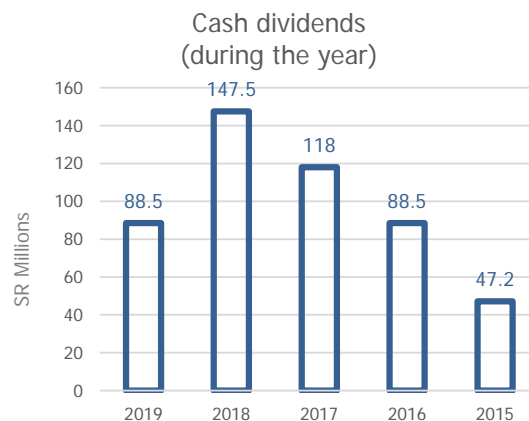
28. Dividend recommendation (cash - non-cash):

The cash distributions of Dallah Healthcare to its shareholders reflects the company's interest in engaging its valued shareholders in the company's success, through achieving growing profits despite the cash investment necessary for expansion and growth of the company.

The company approved the distribution of interim dividends. In November 2019, it announced the distribution of cash dividends to shareholders for the first half of the fiscal year 2019, amounting to 37.5 million riyals, or 0.50 riyals per share. In February 2020, the

company announced distributing cash dividends to shareholders for the second half of the year 2019 amounting to 52.5 million riyals, or 0.70 riyals per share. Thus, the total cash dividends for the year 2019 will amount to 90 million riyals by 1.20 riyals per share, in addition to the stock dividends announced in February 2020, which acknowledged 15 million shares, or 20% of current shares, to increase the number of issued shares from 75 million to 90 million shares, after approval of the Extraordinary General Assembly and the competent authorities.

The following is a summary of the cash dividends the company paid to its shareholders for the past six years:



1 Million riyals (per fiscal year)	2019	2018	2017	2016	2015	2014
Paid Cash dividends	90.0 ¹⁰	88.5 ¹⁰	147.5	118.0	88.5	47.2 ¹⁰

¹⁰ Distribution of bonus shares with cash dividends.

29. Work environment and Saudization:

Despite the many branches and sectors of the company in the Kingdom, Dallah Healthcare sets its sights on providing the best work environment by building a positive family environment among its employees, improving the work environment, and training and developing employees to fill the most appropriate positions.

Employee incentive programs

In regard to national duty and social responsibility, Dallah Healthcare has given its employees great importance, as it works to attract the best cadres and motivate its employees with a number of programs, the most important of which are:

Distinguished employee benefits incentives: Dallah Healthcare provides its qualified employees who pass the annual evaluation bonuses and allowances according to an approved incentive program.

The periodic honoring of distinguished employees: Dallah Healthcare provides periodic recognition and praise to qualified employees as part of the steps taken by the company to maintain a positive work environment.

Rewards for distinguished employees at their jobs: Dallah Healthcare is keen to grant rewards to its competent employees and praises their efforts to improve the work environment.

Rewards of sales and collection employees. Dallah Healthcare has a specific program to motivate sales and collection employees to stimulate the company's sales efforts.

Training and development programs: Dallah Healthcare provides its employees with annual training programs to develop their skills and knowledge to raise the level of their professional performance to reflect the level of service provided to the company's clients.

1- Reserves and investments for the company's employees

Dallah Healthcare organizes a program for end of service benefits for its employees, which is implemented according to the requirements of the labor system in the Kingdom. Otherwise, the company does not have other programs for any reserves or investments created by the company.

2- Saudization

In line with the state's goals to localize jobs, Saudization in Dallah Healthcare has reached 30%, putting the company in the middle of the green. The percentage of Saudization in Dallah Healthcare increased by 1% during the year 2019, which reflects the company's sought to increase the employment of national cadres to better levels every year. Dallah Health Company employed over 265 new Saudi cadres during the year 2019.

Accordingly, the company is located in the middle green range according to the "Nitaqat" program according to the classification of the Ministry of Labor in the Kingdom, which defines the ranges for health services companies as shown in the following table:

Saudization ranges for health services companies

Range	The required saudization ratio
Excellent	36% and above
Green	21% to 35%%
Yellow	11% to 20%%
Red	0% to 10%%

Source: Ministry of Labour

30. Social responsibility

The Company's commitment to its social responsibility represents the essence of its approach in carrying out its businesses over the years. The management believes that this commitment is strongly consistent with the Company's endeavor to increase value for shareholders. The Company recognizes its responsibility towards the communities it serves, and it is actively seeking to fulfill its role as a responsible Company, through many activities performed in Dallah - Al Nakheel Hospital manifested as below:

The social activities inside the Hospital during the year 2019:

- A number of educational exhibitions were held and several external parties were invited to attend and participate in order to increase public health awareness. Among the most important of these activities:
 - Antibiotics Abuse Awareness Campaign
 - Blood Donation Campaign
 - Orphan's day
 - Fighting Infection Awareness Week
 - World Cancer Day
 - Diabetes National Day

Organizing social activities with external parties during 2019:

- A number of awareness-raising events were organized in cooperation with external parties to increase public health awareness. Among the most important of these activities:
 - Running cancer awareness campaigns.
 - Sponsoring several events and participating in volunteering and awareness activities.
 - Providing free medical examinations during participation in exhibitions and external events.
 - Organizing a volunteer team from several sides to visit hospitalized children and bring them presents.
 - Volunteering to lecture several parties to increase community medical awareness.



Board of Directors

31. Board of Directors structure:

The Company's Board of Directors consists of nine members, as per the Company's articles of association. The ninth ordinary general assembly convened on October 18, 2016 and appointed the board members for a three-year term that commenced on October 24, 2016. Engineer Tariq Bin Othman Al-Qasabi was elected Chairman of the Board of Directors for this term on October 24, 2016.

Then, it was announced on 06/26/2019 AD that the candidacy for the membership of the Board of Directors was opened for the new term beginning on 10/21/2016 AD for a period of three Gregorian years, as the date for opening the candidacy submission started on 07/01/2019 until 07/07/2019. The ordinary general assembly held on 10/09/2019 appointed the members of the board of directors for a period of three calendar years for the term that started from 10/21/2019, and Mr. Tariq bin Othman Al-Qasabi was chosen as the chairman of the board of directors during this term on 11/11/2019.

32. Names of the members of the Board of Directors, the members of committees, the executive management, their current and previous positions as well as their qualifications and experience.

32-1 The Board of Directors:

No.	Name	Current position	Previous positions	Qualifications	Experience
1.	Eng. Tariq Othman Al-Qassabai	xxxx	<ul style="list-style-type: none"> - Project Engineer at Kara Establishment (1976-1977) - Manager for the King Faisal Bridge in Muzdalifah project - Kara Establishment (1978-1981) - Vice President of Kara Establishment (1981-1988) - Deputy General Manager of Makkah Construction and Development (1988-1990) 	Bachelor of Civil Engineering - King Saud University	<ul style="list-style-type: none"> - More than 41 years of experience in several sectors, such as the health sector, including the following: - Project Engineer at Kara Establishment (1976-1977) - Manager for the King Faisal Bridge in Muzdalifah project - Kara Establishment (1978-1981) - Vice President of Kara Establishment (1981-1988) - Deputy General Manager of Makkah Construction and Development (1988-1990)
2.	Dr. Abdul Rahman Abdulziz Al-Swailim		<ul style="list-style-type: none"> - Former member of the Shura Council - President of the Saudi Red Crescent Authority (1418-1426 Hejri) - Undersecretary of the Health Ministry for Executive Affairs (1409-1418 Hejri) - Assistant Undersecretary of the Ministry of Health for Therapeutic Medicine (1403-1409 Hejri) - General Manager of the Health Affairs at the Eastern Province (1/1403-9/1403 Hejri) - Head of Pediatrics Department, Maternity & Children Hospital, Riyadh (1394-1403 Hejri) 	<ul style="list-style-type: none"> - Bachelor of Medicine and Surgery - University of Munich - Germany - Diploma of Pediatrics (Cairo University) - British Fellowship in Pediatrics, University of Edinburgh 	<ul style="list-style-type: none"> - Former member of the Upper House - President of the Saudi Red Crescent Authority (1418-1426 Hejri) - Undersecretary of the Health Ministry for Executive Affairs (1409-1418 Hejri) - Assistant Undersecretary of the Ministry of Health for Therapeutic Medicine (1403-1409 Hejri) - General Manager of the Health Affairs at the Eastern Province (1/1403-9/1403 Hejri) - Head of Pediatrics Department, Childbirth and Children's Hospital, Riyadh, Saudi Arabia 1394-1403 Hejri, Head of Pediatrics Department, Childbirth and Children's Hospital, Riyadh 1394-1403 Hejri



3.	Dr. Mohammed Rashid Al-Faqih	- Medical Superintendent - Dallah Healthcare Co.	- Clinical Professor of Surgery at King Saud University - Non-resident professor of Cardiothoracic Sciences (University of Lomaland), California, USA - Visiting Professor of Cardiothoracic Surgery (Harvard University 1995) - Vice-President of the International Society of Cardiothoracic and Vascular Surgery (1997) - Member of the Panel of Examiners, the Royal College of Surgeons (1987-1994) - Member of the Board of Directors of King Faisal Specialist Hospital and Research Center (2008-2011) - Head of the Department of Cardiology and Head of Physicians at the Armed Forces Hospital in Riyadh, and then the Medical Director, the Chief of Physicians and the Head of Cardiac Surgery Department at Prince Sultan Cardiac Center (1979-2005)	- Bachelor of Medicine (University of Baghdad) 1971 - Associate degrees from the Royal College of Surgeons of London (Edinburgh) - (Clasico) 1977	- Clinical Professor of Surgery at King Saud University - Non-resident professor of Cardiothoracic Sciences (University of Lomaland), California, USA - Visiting Professor of Cardiothoracic Surgery (Harvard University 1995) - Vice-President of the International Society of Cardiothoracic and Vascular Surgery (1997) - Member of the Panel of Examiners, the Royal College of Surgeons (1987-1994) - Member of the Board of Directors of King Faisal Specialist Hospital and Research Center (2008-2011) - Head of the Department of Cardiology and Head of Physicians at the Armed Forces Hospital in Riyadh, and then the Medical Director, the Chief of Physicians and the Head of Cardiac Surgery Department at Prince Sultan Cardiac Center (1979-2005)
4.	Mr. Mohiuddin Saleh Kamel	- Deputy Chief Executive, Projects Sector, Dallah Al Baraka Holding Group.	- Supervisor of sport channels at Arab Radio and Television Network (ART) from 2003 to 2005, a company working in the media sector and registered at the Cayman Islands. - Deputy Chief Executive of the Arab Media Corporation from 2009 to 2011, a company working in the media sector and registered at the Cayman Islands.	Bachelor of Economics (Management and Marketing) from the University of San Francisco (USA) in 2002	- Supervisor of sport channels at Arab Radio and Television Network (ART) from 2003 to 2005, a company working in the media sector and registered at the Cayman Islands. - Deputy Chief Executive of the Arab Media Corporation from 2009 to 2011, a company working in the media sector and registered at the Cayman Islands.
5.	Mr. Fahad Abdullah Al-Qassim	××××	- Chief Executive Officer of Amwal Financial Consultants (2001-2011) - General Manager of Al Othaim Group (2000-2001) - Managing Partner of KPMG - a global firm providing accounting and consulting services (1995-1999) - Executive Director of Dallah Hospital (1991-1995) - Partner of Al-Qasim Certified Public Accountants (1990-1991)	- Bachelor of Administrative Sciences, Accounting, King Saud University - Advanced Management and Leadership Program, Oxford University	- More than 20 Years of experience in financial and administrative consultations and deals organizing. - Nearly 5 years in hospital management. - Over 10 years in investments, real estate development and property management. - Management of mega retail stores. - Real estate actuarials
6.	Mr. Abdullah bin Turki Al-Sudairy *	CEO of Amlak International for Real Estate Finance	- (2014 - Present) CEO of Amlak International Real Estate Finance Company. - (2011-2013) Executive Vice President - CEO of Strategic Development at Amlak International Real Estate Finance Company. - (2007-2011) Credit and Risk Executive Director at Amlak International for Real Estate Finance. - (1999-2007) several roles, the last of which is, Assistant General Manager of the companies division of Samba Financial Group.	- Bachelor's degree in Accounting (King Saud University). - Master in International Management (Thunderbird School of Global Management).	- (2014 - Present) CEO of Amlak International Real Estate Finance Company. - (2011-2013) Executive Vice President - CEO of Strategic Development at Amlak International Real Estate Finance Company. - (2007-2011) Credit and Risk Executive Director at Amlak International for Real Estate Finance. - (1999-2007) several roles, the last of which is, Assistant General Manager of the companies division of Samba Financial Group.
7.	Mr. Amr bin Mohamed Kamel*	xxxx		Bachelor of Business Administration (King Saud University)	- Assistant to the CEO for the Central Region - Dallah Al-Baraka. General Manager, Ajwaa' Communications Ltd. General Manager of Al Muraa Ltd.
8.	Mr. Adel bin Saudi Dahlawi *	Adviser to the CEO of Dallah Al Baraka Holding Company	1993-2006: Worked in the field of commercial banks and corporate credit. 2007-2010: Worked in Investment Management. 2011-2018: Worked in investment banking and financial consulting.	- Bachelor of Applied Medical Sciences (Medical Devices) from King Saud University	1993-2006: Worked in the field of commercial banks and corporate credit. 2007-2010: Worked in the Investment Department. 2011-2018: Worked in investment banking and financial consulting.



9. Mr. Othman Mohammad Al Ghamidi (Representative of Hassana Investments) **	CEO of Financial and Administrative Affairs - Hassana Investment Company	Director of Financial and Administrative Affairs - Hassana Investment Company Financial and Operations Director - Hassana Investment Company Investment Department of Investment Portfolios (General Organization for Social Insurance)	Bachelor in Computer Sciences from King Saud University Master of Finance from the University of Colorado (USA)	Director of Financial and Administrative Affairs - Hassana Investment Company Financial and Operations Director - Hassana Investment Company Investment Department of Investment Portfolios (General Organization for Social Insurance)
10. Eng. Ammar Hassan Kamel**	- General Manager of Dallah Trans Arab Estates Co.	- (1992-1993) Operations Control Engineer at Smark, which was emerged with Saudi Aramco Co. - (1994) Product Manager at Halwani Bros Co. Ltd. - (1995) Assistant General Manager at Halwani Bros Co. Ltd. - (1997-1999) General Manager at Halwani Bros Co. Ltd. - (1999-2001) General Manager of Corporate Follow-up at Dallah Al Baraka Holding Company - (2001-2002) Assistant Manager of Dallah Al Baraka Holding Company - (2003-2004) General Manager of Mouwad Jewellery Company - (2004-2007) General Manager of Energy Projects at Dallah Al Baraka Holding Company	Bachelor of Science, Systems Engineering, King Fahd University of Petroleum and Minerals (KFUPM).	- (1992-1993) Operations Control Engineer at Smark, which was emerged with Saudi Aramco Co. - (1994) Product Manager at Halwani Bros Co. Ltd. - (1995) Assistant General Manager at Halwani Bros Co. Ltd. - (1997-1999) General Manager at Halwani Bros Co. Ltd. - (1999-2001) General Manager of Corporate Follow-up at Dallah Al Baraka Holding Company - (2001-2002) Assistant Manager of Dallah Al Baraka Holding Company - (2003-2004) General Manager of Mouwad Jewellery Company - (2004-2007) General Manager of Energy Projects at Dallah Al Baraka Holding Company
11. Eng. Fares Ibrahim Al-Rashed Al-Hamid **	CEO - Ibtikar for Information Technology	- (2006-2007) General Manager of Riyadh Steel Company - (2000-2006) General Manager of Al Dawalij Technology Company - (2003-2004) General Manager of High Tech Company (1996-2000) Manager of Future Kids Center (1994-1996) Lecturer at the Buraidah College of Technology	- Bachelor of Computer Sciences - King Saud University - Oxford Advanced Leadership and Management Program from Ceylon School of Management - Massachusetts Institute of Technology Cambridge - Oxford Business Development Program - Board of Director Certificate from the Board Directors Institute (BDI)	- (2006-2007) General Manager of Mouwad Jewellery Company - (2000-2006) General Manager of Al Dawalij Technology Company - (2003-2004) General Manager of High Tech Company (1996-2000) Manager of Future Kids Center (1994-1996) Lecturer at the Buraidah College of Technology
12. Eng. Fahad Siraj Malaikah**	Co-Founder and CEO - ELITE PIONEERS FINANCIAL CONSULTING	- (1996-2003) Software Developer at the Banking Technology Group, as well as Project Manager and Head of the Banking Technology at the Saudi Arabian Monetary Agency. - (2003-2005) General Manager of Al-Attar Group - (2005-2007) Vice President of the Banking Products at Al Khabeer Capital, and then Executive Partner and Acting Managing Director of the Investment Banking. - (2007-2009) Director of Capital Markets at Swicorp in Saudi Arabia.	- Bachelor of Computer Engineering - King Saud University - MBA from Oxford University	- (1996-2003) Software Developer at the Banking Technology Group, as well as Project Manager and Head of the Banking Technology at the Saudi Arabian Monetary Agency. - (2003-2005) General Manager of Al-Attar Group - (2005-2007) Vice President of the Banking Products at Al Khabeer Capital, and then Executive Partner and Acting Managing Director of the Investment Banking. - (2007-2009) Director of Capital Markets at Swicorp in Saudi Arabia.

*Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.



32-2 Members of the Committees:

a. Audit Committee:

No.	Name	Current position	Previous positions	Qualifications	Experience
1.	Mr. Fahad Abdullah Al-Qassim	xxxx	Previously introduced in the Board of Directors table		
2.	Mr. Abdulrahman Saleh Al Khulaifi	xxxx	<p>- Saudi Telecom Co. (STC) (Director General of Financial Audit and Business Units)</p> <p>- Internal Audit of the Group since 11/2006 - 5/2016</p> <p>- (3/2004 - 8/2006) Saudi Arabia's National Medical Care Co. - Financial Controller</p> <p>- (5/1998-2/2004) Director of Financial and Administrative Affairs at Oracle Systems Limited</p> <p>- (7/1996-4/1998), General Manager of Dalmaz Food Industries company (Dafico)</p> <p>- (8/1998-12/1995), General Manager of Saudi Bakeries Company (SBCO)</p> <p>- (4/1985-8/1993), Internal Auditor of the Saudi Industrial Development Fund (SIDF).</p>	<p>- Bachelor of Accounting, King Saud University</p> <p>- Bachelors of Economics and Accounting from The Economics Institute in Boulder, Colorado, United States.</p> <p>- CPA Certificate from the Colorado State Board of Accountancy in Denver, Colorado, United States.</p> <p>- Member of American Institute of Certified Public Accountants (AICPA) since 7/1990</p> <p>- Member of the Institute of Internal Auditors since 12/2006</p>	<p>- Saudi Telecom Co. (STC) (Director General of Financial Audit and Business Units)</p> <p>Internal Audit for the Group</p> <p>- (3/2004 - 8/2006) Saudi Arabia's National Medical Care Co. - Financial Controller</p> <p>- (5/1998-2/2004) Director of Financial and Administrative Affairs at Oracle Systems Limited</p> <p>- (7/1996-4/1998), General Manager of Dalmaz Food Industries company (Dafico)</p> <p>- (8/1998-12/1995), General Manager of Saudi Bakeries Company (SBCO)</p> <p>- (4/1985-8/1993), Internal Auditor of the Saudi Industrial Development Fund (SIDF).</p>
3.	Mr. Khalid bin Mohammed Al-Khwaiter *	xxxx	<p>From 9/1986 to 9/1989: Financial Management / Intermediate Administration in Hotels and Tourist Areas Company.</p> <p>From 10/1989 to 8/2018: Senior Executive and Financial Administration, Advanced Electronics Company.</p>	<p>- Holder of Bachelor of Accounting, class of 1403 AH from King Saud University.</p> <p>Passed the American Fellowship exam (Fellowship of Accountants) in 1992 from the American Board of Accountancy.</p>	<p>From 9/1986 to 9/1989: Financial Management / Intermediate Administration in Hotels and Tourist Areas Company.</p> <p>From 10/1989 to 8/2018: Senior Executive and Financial Administration, Advanced Electronics Company.</p> <p>- 8/2018 - present: financial and management consulting.</p> <p>11/29/2018 to present, Member of the Board of Directors in Jadwa Investment (closed joint stock).</p> <p>- March 5, 2019 to present: Member of the board of directors and audit committee of Bin Laden Group Company (closed joint stock).</p> <p>- 12/21/2017 to present a member of an audit committee in the Industrial Group (Petrochemicals) "public shareholding company"</p> <p>- 20 November 2017 to present: Member of the Audit Committee in Al Drees (public shareholding company) primarily active in hydrocarbons and transportation.</p> <p>- 17 November 2007 to present: A member of the Audit Committee of Aslak Corporation (a public shareholding company) primarily active in the manufacturing sector.</p> <p>June 15, 2007 to May 20, 2017: Member of the Accounting Standards Committees of the Certified Public Accountants Authority.</p>

4.	Mr. Abdullah bin Turki Al-Sudairy*	Previously introduced in the Board of Directors table			
5.	Eng. Fares Ibrahim Al-Rashed Al-Hamid**	Previously introduced in the Board of Directors table			
6.	Mr. Mohammed Hamad Al-Fares**	Vice President and Regional Director in the Central Region - Private Banking Group at Bank Al Jazira.	(2008-2013) Senior Commercial Banking Director at Saudi British Bank (SABB). (2003-2008) Leading Companies Banker at the National Commercial Bank (NCB). (2000-2001) Telecommunication Engineer at Saudi Electricity Co.	- Bachelor of Electrical Engineering, King Fahd University of Petroleum and Minerals (KFUPM). - MBA (Financial Management) from KOGOD SCHOOL OF BUSINESS, American University	- Obtaining the General Certificate in Securities Trading in 2018. - Certified Wealth Manager (CWM) since 2013. Obtaining an Islamic Banking Diploma in 2012

*Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

b. Remunerations and Nominations committee:

No.	Name	Current position	Previous position	Qualifications	Experience
1.	Dr. Abdul Rahman Abdulziz Al-Swailim		Previously introduced in the Board of Directors table		
2.	Eng. Tariq Othman Al-Qassabai		Previously introduced in the Board of Directors table		
3.	Mr. Othman Mohammad Al Ghamidi (Hassana Investment Co)		Previously introduced in the Board of Directors table		
4.	Mr. Amr Bin Mohamed Kamel*		Previously introduced in the Board of Directors table		
5.	Eng. Amaar Hassan Kamel**		Previously introduced in the Board of Directors table		

*Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

c. Investment and Financing Committee

No.	Name	Current position	Previous position	Qualifications	Experience
1.	Eng. Tariq Othman Al-Qassabai		Previously introduced in the Board of Directors table		
2.	Dr. Mohammed Rashid Al-Faqih		Previously introduced in the Board of Directors table		
3.	Mr. Mohiuddin Saleh Kamel		Previously introduced in the Board of Directors table		
4.	Eng. Fahad Siraj Malaikah*		Previously introduced in the Board of Directors table		
5.	Mr. Fahad Abdullah Al-Qassim*		Previously introduced in the Board of Directors table		

*Membership of the Investment and Financing committee expires at the end of the previous term of the Board, dated 10/20/2019.

d. Executive Committee:

No.	Name	Current position	Previous position	Qualifications	Experience
1.	Eng. Tariq Othman Al-Qassabai		Previously introduced in the Board of Directors table		
2.	Dr. Mohammed Rashid Al-Faqih		Previously introduced in the Board of Directors table		
3.	Dr. Ahmed bin Saleh Babaeer	Chief Executive Officer of Dallah Healthcare.	<p>- (1987-1991) Vice Dean of the Faculty of Agriculture, King Saud University.</p> <p>(1993-1994) Head of Agricultural Engineering Department, Faculty of Agriculture, King Saud University</p> <p>- (1994-1999) General Manager of Jazan Agricultural Development Company (Jazadco)</p> <p>- (2000-2005) General Manager of Al Jouf Agricultural Development Company (JADCO)</p> <p>(2005-2008) Business Development Consultant at Amjad Holding Company in Riyadh.</p> <p>(2006-2008) Chief Executive Officer of Al Madina Real Estate Company; a subsidiary of Amjad Holding Company in Riyadh.</p>	<p>- Bachelor of Agricultural Sciences from King Saud University in 1977.</p> <p>- Master of Agricultural Machinery Engineering and Agricultural Power from the University of Iowa, USA (1982)</p> <p>- PhD of Agricultural Machinery Engineering and Agricultural Power from the University of Iowa, USA (1984)</p>	<p>- (1987-1991) Vice Dean of the Faculty of Agriculture, King Saud University.</p> <p>(1993-1994) Head of Agricultural Engineering Department, Faculty of Agriculture, King Saud University</p> <p>- (1994-1999) General Manager of Jazan Agricultural Development Company (Jazadco)</p> <p>- (2000-2005) General Manager of Al Jouf Agricultural Development Company (JADCO)</p> <p>(2005-2008) Business Development Consultant at Amjad Holding Company in Riyadh.</p> <p>(2006-2008) Chief Executive Officer of Al Madina Real Estate Company; a subsidiary of Amjad Holding Company in Riyadh.</p>

*The conduct of the Executive Committee for the year 2019 AD lasted from the beginning of the said year until the end of the previous Board term, which ended on 10/20/2019 AD after the Board combined the tasks of the Executive Committee with the tasks of the Investment and Finance Committee at the beginning of the current term that started on 10/21/2019.

32-3 Executive Management:

No.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1.	Dr. Ahmed bin Saleh Babaeer		Previously introduced in the Executive Committee table		
2.	Dr. Mohammed Rashid Al-Faqih		Previously introduced in the Board of Directors table		
3.	Khalid Mohammed Saudi	Chief Financial Officer	He worked as an accountant at Al-Masila Trading and Contracting Company (1991-1995), Ernst & Young in Saudi Arabia (1995-1997), Senior Financial Advisor to Max International in Canada (1997-1998), and Finance Manager at Al Azizia Investments in Saudi Arabia (1998-2006). He worked as Chief Financial Officer of Tanami Holding Company in Saudi Arabia (2007-2008) and Senior Advisor to Bank of Montreal in Canada (2008-2011).	Bachelor of Administrative Sciences, Specialization of Accounting, King Saud University in 1991; Certified Public Accountant (CPA); Certified Management Accountant (CMA); Certified Financial Manager (CFM) and Certified Business Manager.	He worked as an accountant at Al-Masila Trading and Contracting Company (1991-1995), Ernst & Young in Saudi Arabia (1995-1997), Senior Financial Advisor to Max International in Canada (1997-1998), and Finance Manager at Al Azizia Investments in Saudi Arabia (1998-2006). He worked as Chief Financial Officer of Tanami Holding Company in Saudi Arabia (2007-2008) and Senior Advisor to Bank of Montreal in Canada (2008-2011).
4.	Eng. Assaf Hussein Assaf	EM - Dallah Al Nakhil Hospital	<ul style="list-style-type: none"> - Civil Engineer in Directorate General of Projects at the Ministry of Interior - Project Manager at the General Directorate of the Ministry of Interior in Riyadh - CEO of the Saudi-Tunisian Investment Company in Tunisia - CEO of the Arab Medical & Hospital Supplies Co. Ltd. (AMESCO) - CEO of International Medical Development Company Ltd. - CEO of Al-Anwa Holding Co. Ltd. 	<ul style="list-style-type: none"> - Masters in Engineering Management from Saint Martins College, Olympia, Washington, USA - Bachelor of Civil Engineering from Saint Martins College, Olympia, Washington, USA. 	Engineer Assaf Hussein Al Assaf started his career as a civil engineer in the Directorate General of Projects in the Ministry of Interior in 1986 and from 1998 to 1990, he was appointed as the project manager in the general administration of the Ministry of Interior in Riyadh. Following, he moved to Saudi Arabia to be CEO of the Arab Company for Medical Supplies and Hospital Supplies Limited (AMESCO) from 1995 to 2010, and at the same time Eng. Assaf served as CEO of International Medical Development Company Limited in 2005. Afterwards, Eng. Al Assaf worked as the CEO of Al-Anwa Holding Co. Ltd. From 2010 till September 2013, and then he started to work at Dallah Hospital as the Executive Director of the hospital until present.
5.	Dr. Salah Rashid Al-Faqih	Chief Physician	Dr. Al-Faqih worked at Riyadh Central Hospital in Riyadh from 1974 to 1978. During this period, he worked as a chief physician at the Department of Surgery from 1974 to 1976. Dr. Al-Faqih has worked at several hospitalities in the UK from 1978 to 1981. He served at the Department of Urology at Stokemandeville Hospital, Aylesbury, from 1978 to 1980, and at the Department of Urology at the Royal Liverpool Hospital, Liverpool, in 1980. Dr. Al-Faqih also served at the Department of Urology, London-based Royal Marsden Hospital, from 1980 to 1981. (1981-1983) he worked as Urologist at Riyadh Central Hospital before being appointed as Assistant Professor and Urologist at King Khalid University Hospital (1983 to present).	Bachelor of Medicine and Surgery - Faculty of Medicine - University of Baghdad. Fellowship of the Royal College of Surgeons of England - Royal College of Surgeons - England. Fellowship of the Royal College of Physicians and Surgeons of Glasgow - the Royal College of Physicians and Surgeons of Glasgow - Scotland.	Dr. Al-Faqih worked at Riyadh Central Hospital in Riyadh from 1974 to 1978. During this period, he worked as a chief physician at the Department of Surgery from 1974 to 1976. Dr. Al-Faqih has worked at several hospitalities in the UK from 1978 to 1981. He served at the Department of Urology at Stokemandeville Hospital, Aylesbury, from 1978 to 1980, and at the Department of Urology at the Royal Liverpool Hospital, Liverpool, in 1980. Dr. Al-Faqih also served at the Department of Urology, London-based Royal Marsden Hospital, from 1980 to 1981. (1981-1983) he worked as Urologist at Riyadh Central Hospital before being appointed as Assistant Professor and Urologist at King Khalid University Hospital (1983 to present).

33. Names of companies in and outside the Kingdom in which a board member is one of their current or former members or managers:

Member	Names of companies whose board members are members of their current boards or directors	Inside the Kingdom / Outside the Kingdom	Legal entity (listed contribution/Unlisted stock/limited liability/....)	Names of companies whose board member is a member of their previous boards or directors	Inside the Kingdom / Outside the Kingdom	Legal entity (listed contribution/Unlisted stock/limited liability/....)
Eng. Tariq Othman Al-Qassabai	General Organization for Social Insurance	Kingdom of Saudi Arabia	Listed stock	Al Jazeera Financial Markets Co.	Saudi Arabia	Unlisted stock
	Al Jazeera Bank		Listed stock			
	Aseer Trading, Tourism and Manufacturing Company (until 26/10/2019)		Unlisted stock			
	Ataa Educational Company		Unlisted stock			
	Serb Real Estate Investment Company (until 02/05/2019)		Unlisted stock			
	Rzm Investment Company		Unlisted stock			
	Al Balad Al Amen Urban Development Company		Limited liability			
	ATS Ware		Limited liability			
	Dahyet Semow Company		Unlisted stock			
	Kingdom University Company	Kingdom of Bahrain	Unlisted stock			
	RZM Gayrimenkul Anonim Sirketi	Turkey	Unlisted stock			
	NEBA Gayrimenkul	Turkey				
Dr. Abdul Rahman Abdulziz Al-Swailim	xxx	xxx	xxx	xxx	xxx	xxx
Dr. Mohammed Rashid Al-Faqih	Dr. Mohammed Rashid Al Faqih & Partners	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Kingdom University Co.	Kingdom of Bahrain	Unlisted stock	xxx	xxx	xxx
Mr. Mohiuddin Saleh Kamel	Jabal Omar Co.	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Saudi Research and Marketing Company		Listed stock	xxx	xxx	xxx
	Lavender Management Co.		Unlisted stock	xxx	xxx	xxx
Mr. Fahad Abdullah Al-Qassim	Savola Group	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Greer Marketing Co.	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Dor Hospitality Co.	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Riyadh Construction Co.	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx

	Fahad Abdullah Al Qasim & Sons Trading and Investment Co.	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Saudi Heritage Hospitality Co.	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Dr. Mohammed Rashid Al Faqih & Partners	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Rakin Najd International Investment and Commercial Development Co.	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Argan Projects Co.	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Money Financial Advisory Co., Ltd.	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Ariz Commercial Investment Company Ltd.	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Al-Rajhi Union Investment Holding Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Eames Holding Company	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Fincorp Financial Advisors	Arab Republic of Egypt	Unlisted stock	xxx	xxx	xxx
Mr. Othman Mohammed Al-Ghamdi (Hassana Investment Company representative)	Xxx	xxx	xxx	xxx	xxx	xxx
Mr. Abdullah Turki Al Sudairy *	Saudi Ceramic Company	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Amlak International Real Estate Finance Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Taslya company	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Lien Homes	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
Mr. Amr Mohamed Kamel *	Aseer Trading, Tourism and Manufacturing Company	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Amlak International for Real Estate Finance	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Ma'ad Holding Company for Reconstruction and Development	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Al Khozamy management	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Shams Union	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	King Salman Center for Disability Research	Kingdom of Saudi Arabia	Charity	xxx	xxx	xxx
Mr. Adel Saud Dahlawi *	Al Jazeera Bank	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
Eng. Ammar Hassan Kamel **	Xxx	xxx	xxx	xxx	xxx	xxx
Eng. Fahad Siraj Mlaeka**	Tasheel Holding Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx

	↓	↓	↓	↓	
Ibrahim Al-Rashed Al-Hamid & Sons Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx

Mr. Faris Ibrahim Al-Rashed Al-Hamid **	Derayah Financial Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Al-Hassan Ghazi Ibrahim Shaker Company	Kingdom of Saudi Arabia	Listed stock	xxx	xxx	xxx
	Abdullah Abdulaziz Al-Rajhi Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Al-Mahbaj Al-Shamiya Company	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Saudi Housing Finance Company	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Derayah Healthcare Fund	Kingdom of Saudi Arabia	Private closed fund	xxx	xxx	xxx
	Czech Center for Physiotherapy	Kingdom of Saudi Arabia	Unlisted stock	xxx	xxx	xxx
	Rawaj Educational Fund	Kingdom of Saudi Arabia	Private closed fund	xxx	xxx	xxx
	Sind Digital Company for Communications and Information Technology	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx
	Digital Innovations Technology	Kingdom of Saudi Arabia	LLC	xxx	xxx	xxx

* Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

34. Board of Directors structure and classification of its members as follows: Executive Board Member - Non-Executive Board Member - Independent Board Member:

Member	Classification of membership
Eng. Tariq Othman Al-Qassabai	Non-executive
Dr. Abdul Rahman Abdulziz Al-Swailim	Independent
Dr. Mohammed Rashid Al-Faqih	executive
Mr. Mohiuddin Saleh Kamel	Non-executive
Mr. Fahad Abdullah Al-Qassim	Non-executive
Mr. Abdullah Ben Turki Al Sedery*	independent
Mr. Amr Ben Mohammed Kamel*	Non-executive
Mr. Adel bin Saud Dahlawi *	Non-executive
Mr. Othman Mohammed Al-Ghamdi (Hassana Investment Company representative)	Independent
Eng. Ammar Hassan Kamel **	Non-executive
Eng. Fahad Siraj Mala'ka**	Independent
Eng. Faris Ibrahim Al-Rashed Al-Hamid **	Non-executive

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**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

35. Actions taken by the Board of Directors to inform its members, non-executives in particular, of the shareholders' proposals and notes about the Company and its performance

The Board of Directors adopted a disclosure policy and procedures which included procedures that ensures the right of the shareholders to inquire and request information and answer their inquiries in a manner that does not harm the interests of the company. The Board also confirms that it has not received any suggestions and notes regarding the company and its performance from the shareholders during 2019

36. Board of Directors Meetings:

The Board members communicate with each other periodically, during the periods between the board meeting dates, to discuss and follow-up on the Company affairs, discuss latest developments and prepare meeting agenda as required. The Board held four meetings during the fiscal year 2018. The following record shows members' attendance of board meetings:

Member	Attendance record 2019				Number of meetings attended
	First 25/02/2019	Second 01/05/2019	Third 11/11/2019	Fourth 18/12/2019	
M. Tarek Osman Al-Qasabi	✓	✓	✓	✓	4/4
M. Abdulrahman Abdulaziz Al-Suwailem	✓	✓	✓	✓	4/4
M. Mohammed Rashid Al Faqih	✓	✓	✓	✓	4/4
A. Mohieddin Saleh Kamel	✓	✓	✓	✓	4/4
A. Fahad Abdullah Al Qasim	✓	✓	✓	✓	4/4
M. Ammar Hassan Kamel **	✓	✓			2/4
M. Fahad Siraj Mala'aka **	✓	✓			2/4
M. Faris Ibrahim Al-Rashid Al-Hamid **	✓	✓			2/4
A. Osman Mohammed Al Ghamdi (Representative of Hassana Investment Company)	✓	✓	✓	✓	4/4
A. Amr Mohammed Kamel *			✓	✓	2/4
A. Adel Saud Dahlavi*			✓	✓	2/4
A. Abdullah Turki Al-Sudairi*			✓	✓	2/4

*Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

**Membership expires at the end of the previous term of the Board, dated 10/20/2019

37. Brief description of the competencies and roles of the Committees:

37-1 Auditing Committee

The Audit Committee was formed to boost the role of the Board of Directors in the review of the Company's accounting policies, oversee internal control systems and procedures, follow up on the work of auditors, study interim and annual financial statements before they are presented to the Board of Directors, and any other tasks assigned by the Board. The Audit Committee held 5 meetings during the fiscal year 2019.

The Company took into account the instructions of the governance regulations regarding the formation of this committee from non-executive board members. The committee consists of four members as follows:

Serial	Member	Nature of membership	Number of meetings (5)				
			18/02	24/04	20/05	28/07	24/10
1	M. Faris Ibrahim Al-Rashid Al-Hamid *	Chairman of the Committee	✓	✓	✓	✓	
2	A. Fahad Abdullah Al Qasim ***	Member	✓	✓	✓	✓	✓
3	A. AbdulRahman Saleh Al-Khelaifi	Member	✓	✓	✓	✓	✓
4	A. Mohammed Hamad Al-Faris *	Member	✓	✓	✓	✓	
5	A. Abdullah Turki Al-Sudairi **	Member					✓
6	A. Khalid Mohammed Al-Khoiter**	Member					✓

*Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

**Membership expires at the end of the previous term of the Board, dated 10/20/2019

***a. Fahd Abdullah Al-Qasim: Became the chairman of the audit committee in the board term started on 10/21/2019.

37-2 Remuneration and Nomination committee

The Remuneration and Nomination Committee was formed to enhance the role of the Board of Directors in presenting recommendations regarding the introduction of policies for remunerations and incentives of board members and senior executives. The Committee also ensures the independence of independent members annually, review annually the skills required for Board membership; identify weaknesses and strengths of the Board; and review the Board structure, making recommendations for possible changes and Board membership nominations. The Committee held (3) meetings in 2019. The Committee consists of the following four members:

Serial	Member	The nature of membership	Number of meetings (3)		
			23/01	04/08	15/12
1	Dr. Abdulrahman Abdulaziz Al-Suwailem	Chairman of the Committee	✓	✓	✓
3	M. Tarek Osman Al-Kasabi	Member	✓	✓	✓
2	M. Ammar Hassan Kamel *	Member	✓	✓	
4	A. Osman Mohammed Al Ghamdi (Representative of Immunity Investment Company)	Member	✓	✓	✓
5	A. Amr Mohammed Kamel **	Member			✓

*Membership in the Nomination and Remuneration Committee expired at the end of the past Board term which was on 10/20/2019

**The membership in the Nomination and Remuneration Committee came into effect with the beginning of the current Board term, which was on 10/21/2019

37-3 Investment and Financing Committee

The Investment and Financing Committee was formed under a decision from the Board of Directors. It was delegated to carry some of the Board of Directors' tasks, most important of which are: studying investment opportunities and its consistency with the Company's strategies, approving the Company investment decisions and banking facilities, and any other tasks entrusted to it by the Board of Directors. The Investment & Finance Committee held (3) meetings during the fiscal year 2019. The Committee consists of five members as follows:

Serial	Member	The nature of membership	Number of meetings (3)		
			01/05	14/11	18/12
1	M. Tarek Osman Al-Kasabi	Chairman of the Committee	✓	✓	✓
2	Dr. Mohammed Rashid Al Faqih	Member	✓	✓	✓
3	A. Mohieddin Saleh Kamel	Member	✓		
4	M. Fahad Siraj Angels *	Member	✓		
5	A. Fahad Abdullah Al Qasim *	Member	✓		

*Their membership in the Investment and Finance Committee expired at the end of the previous Board term that was on 10/20/2019, bringing the number of members of the Investment and Finance Committee to three.

37-4 Executive committee

The Executive Committee, formed by a decision of the Board of Directors, was assigned some tasks of the Board of Directors, including: periodically follow up on implementing the strategic plan and estimated budget approved by the Board; assuming the tasks related to its authority in line with the approved delegation of authorities; amortization of debts in line with the approved chain of authorities and the recommendations of the Board to amortize above that limit; reviewing and modifying credit terms for new clients of the Company and its subsidiaries; reviewing the Company's credit limits and risks of clients of the Company and its subsidiaries; monitoring and reviewing the Company's executive management compliance with the credit controls set by the committee. The Board periodically reviews the committee's minutes of their meetings. The Committee implements its tasks according to the authorities set by the Board of Directors, as well as any other tasks assigned by the Board of Directors. The Committee held (5) meetings in 2019. The Committee consists of three members as follows:

Serial	Name	The nature of membership	Number of meetings (5)				
			14/01	20/02	27/02	18/04	18/09
1	M. Tarek Osman Al-Kasabi	Chairman of the Committee	✓	✓	✓	✓	✓
2	Dr. Mohammed Rashid Al Faqih	Member	✓	✓	✓	✓	✓
3	Dr. Ahmed Bin Saleh Babair	Member	✓	✓	✓	✓	✓

* The conduct of the Executive Committee for the year 2019 AD started from its beginning until the end of the previous Board term, which ended on 20/10/2019, after the Council joined the tasks of the Executive Committee with the tasks of the Investment and Finance Committee at the beginning of the current term that started on 10/21/2019.

38. Disclosure of the Boards of Directors Members Remunerations and Administration

38-1 Disclosure of the remuneration policy and the process of determining remuneration to board members and executive management

The Company adopted the remuneration policy of the Board of Directors, the Executive Committees and the Senior Executives by the Eleventh General Assembly, which stipulates the rules and principles governing the remuneration as described in the annex.

38-2 Clarification of the relationship between the awarded remuneration and the applicable remuneration policy, as well as clarification of any material deviation from this policy

The Board of Directors, based on the recommendation of the Remunerations and Nominations Committee, determines the remuneration of the members of the Board of Directors, the members of the committees and the senior executives, in accordance with the regulatory regulations and in accordance with the remuneration policy of the Board of Directors, its executive committees and senior executives approved by the General Assembly. Therefore, there is no significant deviation during 2019.

38-3 Board of Directors Remunerations (including the total of the remunerations in the committees)

	Salaries and Remunerations						Variable Remunerations						End of service remuneration Total	Expense Allowance
	Specific amount	Boisd Attendance allowances	Total attendance allowances of committees	In-kind Benefits	Statement of the amounts received by board members for their work as employees	Remuneration of Chairman, Managing Total	Percentage from Profits	Periodic Remunerations	Short term Incentive Plans	Longterm Incentive Plans	Shares Given (Value Added)	Total		
First: Independent members:														
Dr. Abdul Rahman Abdulaziz Al Suwailem	300,000	12,000	9,000			321,000							321,000	
Eng. Fahad Siraj Mla'aka*	266,667	6,000	3,000			275,667							275,667	3,830
Mr. Othman Mohammed Al-Ghamdi (Representative of Hasana Investment Co.)	26,849	12,000	9,000			47,849							47,849	
Mr. Hamza Bin Othman Khushaim (Representative of the General Organization for Social Insurance) ***	273,151					273,151							273,151	
Mr. Abdullah Turki Al Sudairy **		6,000	3,000			9,000							9,000	
Total	866,667	36,000	24,000			926,667							926,667	3,830
Second: Non-executive members														
Eng. Tarek Othman Al-Qasabi	200,000	12,000	18,000		1,147,596	200,000							1,577,596	
Mr. Mohy El-Din Saleh Kamel	266,667	12,000	9,000			287,667							287,667	12,230
Mr. Fahd Abdullah Al-Qasim	450,000	12,000	18,000			480,000							480,000	
Eng. Fares Ibrahim Al-Rashed Al-Hamid *	350,000	6,000	12,000			368,000							368,000	
Eng. Ammar Hassan Kamel *	300,000	6,000	6,000			312,000							312,000	3830
Mr. Amr bin Mohamed Kamel **		6,000	3,000			9,000							9,000	
Mr. Adel Bin Saud Dahlawi **		6,000				6,000							6,000	2,800
Total	1,566,667	60,000	66,000		1,147,596	200,000							3,040,263	18,860
Third: Executive members:														
Dr.Mohammed Rashid al-Faqih	300,000	12,000	9,000		1,200,000	1,521,000							1,158,067	
Total	300,000	12,000	9,000		1,200,000	1,521,000							1,158,067	2,679,067

* Membership expires at the end of the previous term of the Board, dated 10/20/2019.

**Membership shall come into effect at the beginning of the current term of the Board, dated 10/21/2019.

*** Membership of Mr. Hamza bin Othman Khushaim expired for his resignation, as the resignation came into effect on 13/11/2018 AD

38-4 Senior Executives' remunerations

Statement (In 1.000 Saudi Riyals)	Five of the Senior Executives, including the CEO and CFO
Salaries and remuneration	5196
Allowance	1045
Annual allowance	2159
End of service remuneration	3447
Executives' remuneration for their board membership	200

38-5 Remunerations of Committee members

	Salaries and Remunerations (Except for attendance allowance)	attendance allowance	Total
Audit Committee Members			
Eng. Fares Ibrahim Al-Rashed Al-Hamid*	150,000	12,000	162,000
Mr. Fahad Abdullah Al-Qassim	150,000	15,000	165,000
Mr. Abdulrahman Saleh Al Khulaifi	128,571	12,000	140,571
Mr. Mohammed Hamad Al-Fares*	150,000	12,000	162,000
Mr. Abdullah Turki Al-Sudairy **	0	3,000	3,000
Mr. Khaled Mohammed Al-Khwaiter **	0	3,000	3,000
Total	578,571	57,000	635,571
Remuneration and Nomination Committee Members:			
Dr. Abdul Rahman Abdul Aziz Al Swailem	100,000	9,000	109,000
Eng. Tariq Othman Al-Qassabai	100,000	9,000	109,000
Eng. Ammar Hassan Kamel	100,000	6,000	106,000
Mr. Hamza Ben Othman Khashim (representative of GOSI)*	100,000	-	100,000
Mr. Othman Mohammed Al-Ghamdi (Representative of Hasana Investment Company)	-	9,000	9,000
Mr. Amr bin Mohamed Kamel **	-	3,000	3,000
Total	400,000	36,000	436,000
Investment & Financing Committee Members:			
Eng. Tariq Othman Al-Qassabai	100,000	9,000	109,000
Dr. Mohammed Rashid Al-Faqih	100,000	9,000	109,000
Mr. Mohiuddin Saleh Kamel	66,667	9,000	75,667
Eng. Fahad Siraj Malaikah*	66,667	3,000	69,667
Mr. Fahad Abdullah Al-Qassim	100,000	3,000	103,000
Total	433,334	33,000	466,334
Executive Committee Members			
Eng. Tariq Othman Al-Qassabai	-	-	-
Dr. Mohammed Rashid Al-Faqih	-	-	-
Dr. Ahmed bin Saleh Babaeer	-	-	-
Total	-	-	-

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

**His membership in the Board of Directors or in one of the committees began with the beginning of the current Board term that started on 10/21/2019.

***Membership of Mr. Hamza bin Othman Khushaim expired for his resignation, as the resignation came into effect on 13/11/2018 AD

39. Any retribution, penalty, precautionary measure or provisional attachment imposed on the Company by the Authority or any supervisory, regulatory or judicial entity, with a statement of the reasons of the violation, the signatory and ways to treat and prevent their occurrence in the future.

There were no sanctions, penalties or reserve restrictions imposed on Dallah Health Services Company during 2019.

40. The results of the annual audit of the effectiveness of the Company's internal control procedures, and the opinion of the Audit Committee on the adequacy of the internal control system in the company.

In view of the Committee's work in 2019, the Audit Committee believes that there is no significant deficiency or any substantial change in the internal control systems and it is working effectively to prevent and detect mistakes. It also believes that there is no material breach or violation of the internal control systems in 2019.

41. The Auditing Committee recommendation in regard the necessity of hiring an internal auditor

There is a an internal auditor present at the company.

42. Audit Committee recommendations that are in contradiction with Board decisions or those not adopted by the Board with regard to the company auditor, termination of contract, fees, appraisal, the appointment of the internal auditor, the justifications for the recommendations and the reasons for not adopting the said recommendations.

No contradictions have occurred between the Audit Committee and the Board during 2019, therefore no recommendations ensued.

43. Board of Directors' Statements:

The Company's Board of Directors acknowledges that:

- That the accounting records were properly prepared.
- The internal control system is sound in design and has been effectively implemented.
- There is no doubt as to the Company's ability to continue its business.

44. Application to the provisions of the Corporate Governance Regulations, and exceptions with their reasons to.

The Company seeks to comply with the governance standards through ongoing review of its policies and the adoption of policies and procedures that would enhance the notion of transparency and integrity. In an attempt to raise the Company to the highest levels of commitment to the regulation of governance, the Company developed a regulation of its own, guided by Regulation Governance issued by the Capital Market Authority, and complied with its terms and objectives.

The Company affirms its commitment to implement all provisions of the Compulsory Corporate Governance Regulations with the exception of the following:

Article / Paragraph Number	Article / Paragraph Text	Reasons for not implementing	Notes
Thirty-three (B)	The Board of Directors conducts a minimum of four regular meetings, with at least one meeting every three months.	It was widely applied as four board meetings were held during the year 2019 AD but not every three months as the meetings were scheduled according to the working conditions the conditions of the board members	Guiding Article
Forty-one	The Board of Directors and as recommended by the Nomination Committee puts forward the required mechanisms for appraising the Board's performance, its members, committees and that of the Executive Management on an annual basis. This is done through appropriate measurement indicators evaluating the extent by which the company has achieved its strategic objectives, the sufficiency of the internal control system and other matters yet also indicating strengths and weaknesses suggesting appropriate remedies in compliance with the company interests.	Work is underway to select an independent body to put in place mechanisms to evaluate the board, its members, committees, and executive management	Guiding Article
Fifty-Four	The head of the Audit Committee Shall be an independent member	The Board of Directors believes the presence of two independent members from outside of the Board is sufficient towards insuring the independence that enhances the overall work of the committee.	Guiding Article
Seventy	Formation of the Risk Management Committee	The Board of Directors concludes that there is no need for an independent Risk Management Committee. A competent person was hired for managing risks during 2019.	Guiding Article
Seventy-one	Terms of reference of the Risk Management Committee	Not applicable as no committee was formed	Guiding Article
Seventy-two	Risk Management Committee Meetings The Risk Management Committee shall regularly meet at least once every (six month) on minimum or whenever needed.	Not applicable as no committee was formed	Guiding Article
Eighty-five	Workers incentives, The company provides programs for developing and encouraging participation and performance by employees that shall notably include the following: 1 - The formation of committees or the holding of specialized workshops to accommodate the views of the company employees to discuss issues and decisions of importance. 2 - Programs for granting company shares to employees of the company or a share of the realized profits, retirement plans and the establishment of an independent fund for the financing of such projects. 3 - Establishment of social institutions for company employees.	The company has incentive programs previously mentioned in the report.	Guiding Article
Eighty-eight	Initiatives for Social Work The Board of Directors shall set and specify the required means by which company initiatives are initiated in the field of social work and shall include the following: 1 - Implementing benchmark indicators that links the company's performance with social work initiatives it undertakes and comparing those to other companies of similar activity. 2- Inform and raise the awareness of relevant staff on the objectives of the adopted social responsibility. 3- Report plans for achieving social responsibility in the relevant periodical reports. 4- Implement awareness programs regarding the company's social responsibility.	The Company carries a number of initiatives and programs, and reports it in the relevant reports' the company has not developed indicators that link the	Guiding Article
Ninety-five	Forming a Corporate Governance Committee in the event of forming a Corporate Governance Committee, the Board of Directors shall delegate to it the terms of reference established under Article Ninety-four of this Regulation. The Committee shall follow up on any matters related to the application of governance and provide the Board of Directors at least annually with reports and recommendations.	The board does not see a requirement to form an independent committee, as such activities is already delegated to other committees and administrations.	Guiding Article

45. Description of any transaction between the Company and a related party:

Name of the concerned party	Nature of Transaction	Transaction Amount (SR)	Transaction Term	Transaction Conditions
Tariq Bin Othman Al Qasabi Chairman of the board and a Partner in Adaptive Techsoft(ATS)	3 agreements with Adaptive Techsoft (ATS) aims to upgrade and provide technical support and maintenance services for the main systems of hospitals and a system for archiving medical files	1,849,863	One year starting 1/1/2019 through 31/12/2019	Prevalent market conditions. This dealing began several years ago, and is still ongoing.
Board of Directors: 1 - Mr. Mohiuddin Saleh Kamel 2- Eng. Ammar Hassan Kamel In their capacity as senior executives in Dallah Al Barakah Holding Company; one of the major shareholders of the Company.	Commercial transaction with Dallah Trading Company through maintenance and spare parts for air conditioners. The company is owned by Dallah Al Baraka Holding Company.	169,614	One year starting 1/1/2019 through 31/12/2019	Prevalent market conditions. This dealing began several years ago, and is still ongoing.
Board of Directors: 1 - Mr. Mohiuddin Saleh Kamel 2- Eng. Ammar Hassan Kamel In their capacity as senior executives in Dallah Al Barakah Holding Company; one of the major shareholders of the Company.	Commercial transaction with the Dareen Agency for Travel and Tourism Ltd. with regard to issuing airline reservations and tickets for some of the company's employees. The company is owned by Dallah Al Baraka Holding Company.	5,736,349	One year starting 1/1/2019 through 31/12/2019	Prevalent market conditions. This dealing began several years ago, and is still ongoing.
Eng. Tarek Bin Othman Al Qasabi (Chairman of the board, his son Abdullah is the Chairman of "Al Mashfa Medical Company" - Closed joint stock)	Therapeutic services for referred patients	922,121	One year starting 1/1/2019 through 31/12/2019	Prevalent market conditions. This dealing began several years ago, and is still ongoing.
Eng. Tarek Bin Othman Al-Qasabi	Managerial Consulting	1,147,596	One year starting 1/1/2019 through 31/12/2019	Prevailing market conditions.
Eng. Tarek Bin Othman Al-Qasabi, Chairman of the Board of Directors of Dallah Healthcare and Chairman of the Board of Directors of Al-Jazira Bank, the owner of Al-Jazirah Securities Company (Al-Jazira Capital)	Studying and managing the approvals needed for treasury shares	500,000	Twenty-four months From 12/17/2018 through 12/17/2020	Prevailing prices and market conditions.
Dr. Mohammed Bin Rashid Al-Faqih Member of the Board of Directors of Dallah Healthcare (Chairman and partner in Dr. Mohammad Rashid Al-Faqih and its partners)	Technical support and drug sales to Dr. Muhammad Rashid Al-Faqih and his partners	636,538	From 1/1/2019 through 12/31/2019	
Dr. Mohammed Bin Rashid Al-Faqih is a member of the Board of Directors of Dallah Healthcare and Eng. Khaled bin Rashid Al-Faqih's brother, who is the owner of Khaled Al-Faqih Engineering Consulting Office.	Presenting engineering designs for the eastern residence of Dallah Hospital	328,880	6 months	

46. Participation of a board member in competitive activities:

- 1) The Company discloses that Dr. Mohammed Bin Rashid Al-Faqih, a board member of Dallah Healthcare Company, is a partner owning 13.88% (direct ownership) and 7.03% (indirect ownership). It is a closed joint stock company providing medical care and treatment through a general hospital east of Riyadh. The Company also discloses that Dallah Healthcare Company has an investment share of 31.21 % in the capital of SR 430 million of Dr. Mohammed Bin Rashid Al-Faqih Company and that it has agreed with the target company that Dallah Health will manage the hospital that will be built east of Riyadh. Dr. Mohammed Bin Al-Rashid obtained the approval of the General Assembly in its 10th meeting held on 05/1/2019 to take part in this business activity.
- 2) The Company discloses that Dr. Mohammed Bin Rashid Al-Faqih, a board member of Dallah Healthcare, is Chairman of the Board of Dr. Mohammed Bin Rashid Al-Faqih and Company. It is a closed joint stock company providing medical care and treatment through a general hospital east of Riyadh. The Company also clarify that Dallah Healthcare Company has an investment share of 31.21 % in the capital of SR 430 million in Dr. Mohammed Bin Rashid Al-Faqih and Company and that it has agreed with the target company that Dallah Health will manage the hospital that will be built east of Riyadh. Dr. Mohammed Bin Al-Rashid obtained the approval of the General Assembly in its 10th meeting held on on 05/1/2019 to take part in this business activity.
- 3) The Company discloses that Mr. Fahd Bin Abdullah Al Qasim Member of the Board of Directors of Dallah Health Services Company undertaking the post of board member of Dr. Mohammed Rashed Al Faqih & Co., a closed joint stock company that provides medical care and treatment through a hospital in East Riyadh. The company also notes that Dallah Health Care company invests 31.21% in the capital of Dr. Mohammed Rashid Al Faqih and partners Company amounting to 430 million Saudi Riyals and the agreement with the target company for Dallah Health Care to manage the hospital to be established in the east of Riyadh, noting that the approval of the General Assembly was obtained during its tenth meeting on 01/05/2019 to undertake this activity.
- 4) The company hereby explain that Engineer Fares bin Ibrahim Al-Rashid Al-Humaid is the Chairman of the Board of Directors of the Czech Center for Physiotherapy and Rehabilitation, noting that he obtained the approval of the General Assembly during its tenth meeting on 01/05/2019 to take part in this activity.
- 5) The company hereby explain that Engineer Fares bin Ibrahim Al-Rashid Al-Humaid has worked at "Deraya Health Care Company", noting that he obtained the approval of the General Assembly during its tenth meeting on 01/05/2019 to take part of this activity.

47. Outstanding statutory payments:

Statement	Due as at the end of 2019	Notes
General Authority for Zakat and Taxes- Zakat	4,645,163	
General Authority for Zakat and Taxes- VAT	1,133,005	
General Organization for Social Insurance	1,574,224	
Total	7,352,393	

48. Interests of Board of Directors Members and Senior Executives in the Shares of the Company and its Subsidiaries:

The table below shows interests of Board members in the shares of the Company during the fiscal year 2019. There is no ownership or interest for their spouses or minor children in the shares of the Company or its subsidiaries. In addition, there is no ownership or interest for senior executives, their spouses or minor children in the shares of the Company or its subsidiaries:

Member	Beginning of the Year		End of the Year		Net Change	Change percentage
The Board of Directors	Number of Shares	Debt Instruments	Number of Shares	Debt Instruments		
Eng. Tariq Othman Al-Qassabi	2,845,000	0	3,616,525	0	771,525	27.10%
Dr. Abdul Rahman Abdul Aziz Al Swailem	4,202	0	1,271	0	-2,931	-69.75%
Dr. Mohammed Rashid Al-Faqih	3,095,000	0	3,934,322	0	839,322	27.10%
Mr. Mohiuddin Saleh Kamel	1,000	0	1,271	0	271	27.10%
Mr. Fahad Abdullah Al-Qassim	1,250	0	1,588	0	338	27.10%
Eng. Ammar Hassan Kamel*	1,250	0	0	0	-1,250	100%-
Eng. Fahad Siraj Malaikah*	1,250	0	1,588	0	338	27.10%
Eng. Fares Ibrahim Al-Rashed Al-Hamid*	1,250	0	1,588	0	338	27.10%
Mr. Othman Mohammad Al Ghamidi (Hassana investments representative)	0	0	0	0	0	0
Mr. Amr Mohamed Kamel **	0	0	0	0	0	0
Mr. Adel Saudi Dahlawi **	0	0	0	0	0	0
Mr. Abdullah Turki Al-Sudairy **	0	0	0	0	0	0
Senior Executives						
Dr. Ahmed bin Saleh Babaeer (Chief Executive)	1,250	0	1,588	0	338	27.10%
Dr. Mohammed bin Rashid Al-Faqih (General Medical Supervisor)	3,095,000	0	3,934,322	0	839,322	27.10%
Khalid Mohammed Saudi (Chief Financial Officer)	0	0	0	0	0	0
Dr. Salah Rashid Al-Faqih (Chief Physician)	0	0	0	0	0	0
Eng. Assaf Hussein AlAssaf (CEO - Dallah Al Nakhil Hospital)	2,300	0	2300	0	3,423	148.80%
Major shareholders						
Dallah Albaraka Holding Company	32,225,000	0	40,963,983	0	8.738983	27.10%
Dr. Mohammed bin Rashid Al-Faqih	3,095,000	0	3,934,322	0	839,322	27.10%

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

**His membership began with the beginning of the current Board term, which was on 21/10/2019

49. A statement of the dates of the general assembly meetings held during the last fiscal year and the names of the board members who attended these meetings.

No.	Name	Attendance record		
		Extraordinary General Assembly	Ordinary General Assembly	Ordinary General Assembly
		02/26/2019	05/1/2019	10/9/2019
1	M. Tarek Osman Al-Qasabi	✓	✓	✓
2	Dr. Abdulrahman Abdulaziz Al-Suwailem	✓	✓	✓
3	Dr. Mohammed Rashid Al Faqih	✓	✓	✓
4	A. Mohieddin Saleh Kamel	✗	✓	✓
5	A. Fahad Abdullah Al Qasim	✓	✓	✓
6	M. Ammar Hassan Kamel *	✗	✓	✗
7	M. Fahad Siraj Mala'aka *	✗	✗	✗
8	M. Faris Ibrahim Al-Rashid Al-Hamid *	✓	✓	✓
9	A. Osman Mohammed Al Ghamdi (Representative of Immunity Investment Company)	✓	✓	✓
10	A. Amr Mohammed Kamel **			
11	A. Adel Saoudi Dalawi **			
12	A. Abdullah Turki Al-Sudairi **			

**Membership expires at the end of the previous term of the Board, dated 10/20/2019.

**His membership began with the beginning of the current Board term, which was on 21/10/2019

50. The number of the Company's applications for shareholder record as well as the dates and reasons of such applications.

Serial	Report date	Reason
1	01/01/2019	Corporate procedures
2	02/12/2019	Corporate procedures
3	02/12/2019	Corporate procedures
4	02/26/2019	Extraordinary General Assembly
5	03/31/2019	Corporate procedures
6	05/01/2019	Ordinary General Assembly
7	05/30/2019	Corporate procedures
8	09/30/2019	Corporate procedures
9	10/09/2019	Ordinary General Assembly
10	12/02/2019	Earnings file
11	12/31/2019	Corporate procedures

Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019
AND
INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

**To the shareholders of
Dallah Healthcare Company (a Saudi Joint Stock Company)**

Riyadh – the Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Dallah Healthcare Company (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements from (1) to (33), including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the professional code of conduct endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Impairment of construction work-in-progress and intangible assets with indefinite useful lives	
Key audit matter	How the key audit matter was addressed in our audit
<p>The Group assesses at the every financial report's date whether there is any indication of impairment in the value of the construction work in progress and, in case of any indication exists, the recoverable amount is estimated.</p> <p>The Group also examines the impairment, regardless of whether there are any indications of impairment, for intangible assets that are not determined by the useful life and the recoverable amount that is the higher of fair value less costs to sell or value in use.</p> <p>As of 31 December 2019, the carrying amount of the construction work in progress amounted to SR 365.7 million (2018 million: SR 213.2 million). Also the intangible assets with an indefinite life as of 31 December 2019 amounted to SR 16.2 million (2018: SR 16.2 million).</p> <p>We consider this to be a key audit matter because of the judgments and estimates used by the management in determining the recoverable amount, which including assumptions regarding the expected economic conditions, especially growth in the markets in which the Group operates are mainly assumptions about the Group's major competitors on the assumptions of expected income, gross profit margin, and the discount rate used in the value in use model.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the methodology used by the management to determine the recoverable amount on the basis of the value in use and to compare it with that required by IAS (36) "impairment of assets". We also tested the mathematical accuracy of the model used. • Test the accuracy and relevance of input data by reference to supporting evidence, such as approved budgets, and considered the reasonableness of these budgets by comparison to the Group's historical results and performance. • Review the methodology of the value-in-use calculation and use of certain assumptions including discount rates and long-term growth rates. • Performed sensitivity analysis over key assumptions, principally sales growth rate, and terminal value multiple, and discount rates, in order to assess the potential impact. • We reviewed the adequacy of the Group's disclosures.
For more details refer to notes (3-6/3-7/3-9/5/6)	

Implementation of IFRS 16 "Leases"	
Key audit matter	How the key audit matter was addressed in our audit
<p>The group has adopted IFRS (16) "Leases" with effect from 1 January 2019 and this new standard supersedes the requirements of IAS (17) 'Leases'.</p> <p>Management performed a detailed analysis of each lease contract to identify difference between the requirements of the two standards, identify the changes required to be made on existing accounting policies, controls, recognition and measurement.</p> <p>IFRS (16) principally modifies the accounting treatment of operating leases at inception, with the recognition of a right-of-use assets and a corresponding lease liabilities.</p> <p>The Group has chosen retrospective approach of the standard application and record the cumulative impact of initial application on the date of initial application which is 1 January 2019. This resulted in recognition of right-of-use assets amounted to SR 43 million as at 1 January 2019 and lease liabilities of SR 36.4 million as of that date.</p> <p>Management also assessed the disclosure requirements of the new standard to be made in the consolidated financial statements.</p> <p>We considered this as a key audit matter because of new adoption by the Group and use of significant management judgement relating to the terms in the contracts.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Reviewed management's assessment of the impact of IFRS (16) on the terms of the recognition and measurement of the right-of-use assets and lease liabilities, and understood the approach taken towards implementation. Assessed the accuracy of used data in lease contracts account for a sample of lease contract by vouching test. Recalculated sample of the right-of-use assets and lease liabilities, based on the terms of the lease contracts. Assessed the appropriateness of the used discount rates. We Assessed the adequacy of the Group's disclosures included in the consolidated financial statements in relation to the implementation of the new standard.
For more details refer to notes (3-3/4-1/4-2/5/17)	

Revenues from contract with customers	
Key audit matter	How the key audit matter was addressed in our audit
<p>The Group recognized revenue of SR 1,252 million for the year ended 31 December 2019 (2018: SR 1,180 million).</p> <p>Revenue represents clinical services revenue and retail of pharmacy and cosmetics goods.</p> <p>The Group recognises revenue through five steps, as mentioned in IFRS (15) revenues from contracts with customers and these steps require using judgement from the management.</p> <p>We considered this as a key audit matter due to judgement involved in estimating the performance obligation and the assistant of variable considerations, represent mainly insurance companies' rejection rates and that the timing and amount of revenue recognized in a financial period can have a material effect on the Group's financial performance.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Considering the appropriateness of revenue recognition as per the Group's policies and assessing compliance IFRS (15) "revenues from contracts with customers". Testing the design and effectiveness of internal controls implemented by the Group through the revenue cycle. Testing sample of sales transactions taking place at either side of the consolidated statement of financial position date to assess whether the revenue was recognized in the correct period. Evaluating the method of variable considerations calculation related to rejections for sample of insurance companies. Evaluating the discounts for the key customers, by re-calculating the discounts awarded based on the contractual terms. Performing analytical review on revenue based on trends of monthly sales and profit margins. We Assessed the adequacy of the Group's disclosures included in the consolidated financial statements
For more details refer to notes (3-17/4-5/4-6/22)	

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS endorsed in the Kingdom of Saudi Arabia, other standards and versions endorsed by SOCPA and Regulations of Companies requirements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those Charged with Governance, in particular the Audit Committee for the Group is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the management and with charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dr. Mohamed Al-Amri & Co.

M. A. Al-Amri

Dr. Mohamed A. Al-Amri
Certified Public Accountant
Registration No. (60)



Riyadh, on: 03 Rajab 1441 H
Corresponding to: 27 February 2020 G

Dallah Healthcare Company

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	As of 31 December 2019 SR	As of 31 December 2018 SR
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,102,520,973	1,953,199,081
Intangible assets	6	18,719,692	18,890,812
Investment in associate	7	140,951,919	145,160,732
Equity instruments at fair value through other comprehensive income	8	3,584,585	5,443,934
Equity instruments at fair value through profit or loss	9	35,706,967	-
		2,301,484,136	2,122,694,559
Current assets			
Inventory	10	104,534,336	88,772,605
Prepayments and other debit balances	11	83,808,296	83,301,758
Due from related parties	12	6,595,090	5,194,560
Contract assets with customers	22	1,961,722	2,442,924
Trade receivables	13	329,354,627	356,180,416
Cash and cash equivalents	14	88,326,259	46,359,135
		614,580,330	582,251,398
TOTAL ASSETS		2,916,064,466	2,704,945,957
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the company's shareholders			
Share capital	1	750,000,000	590,000,000
Statutory reserve - share premium	15	211,142,305	371,142,305
Statutory reserve – transferred from net profit	15	27,109,010	27,109,010
Treasury Shares	1	(190,452,878)	-
Retained earnings		724,696,633	613,209,624
Cumulative valuation effect of equity instruments at fair value through other comprehensive income		(367,096)	(255,893)
Total Equity		1,522,127,974	1,601,205,046
Non-current liabilities			
Long term Murabaha financing	16	839,268,569	562,639,841
Long term lease liability	17	5,585,688	-
Long term Retentions		468,244	3,671,431
Employees benefit liability	18	127,942,142	117,454,595
		973,264,643	683,765,867
Current liabilities			
Trade payables	19	110,878,833	101,510,822
Accrued expenses and other credit balances	20	67,408,495	70,864,057
Contract liabilities with customers	22	17,212,922	5,229,801
Short term Murabaha financing	16	69,647,000	139,837,580
Current portion of long term Murabaha financing	16	112,106,343	5,916,666
Short term lease liability	17	13,411,227	-
Short term Retentions		24,595,402	-
Due to related parties	12	766,464	1,106,613
Dividend payable	26	-	88,240,400
Zakat	21	4,645,163	7,269,105
		420,671,849	419,975,044
Total liabilities		1,393,936,492	1,103,740,911
Total equity and liabilities		2,916,064,466	2,704,945,957

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements

Dallah Healthcare Company

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 December 2019**

For the year ended 31 December			
	Note	2019 SR	2018 SR
Revenue	22	1,252,088,677	1,180,942,051
Cost of revenue		(804,241,290)	(744,606,552)
Gross profit		447,847,387	436,335,499
Selling and marketing expenses	23	(23,643,138)	(25,298,372)
General and administrative expenses	24	(261,957,995)	(265,445,202)
Expected credit loss provision	13.10	(7,855,546)	563,281
Operating income		154,390,708	146,155,206
Other income and losses, net	25	26,444,726	12,474,788
Finance charges	17,16	(25,097,162)	(11,532,343)
Group share of loss of associates	7	(4,112,138)	(1,798,027)
Net profit before Zakat		151,626,134	145,299,624
Zakat	21	(4,710,182)	(3,541,169)
Net profit		146,915,952	141,758,455
Net profit attributable to the Company's shareholders		146,915,952	141,758,455
Other comprehensive income:			
<u>Items will not be reclassified subsequently to profit or loss</u>			
Change in equity instruments at fair value through other comprehensive income	8	(111,203)	26,102
Gain on sale of equity instruments at fair value through other comprehensive income	8	688,855	-
Actuarial valuation for employees benefit liability	18	(391,123)	6,274,894
Group share of other comprehensive income for the associate	7	(96,675)	-
Other comprehensive income		89,854	6,300,996
Comprehensive income		147,005,806	148,059,451
Comprehensive income attributable to the Company's shareholders		147,005,806	148,059,451
Basic and diluted earnings per share from net profit	27	2.02	1.89

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Dallah Healthcare Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

		Share capital	Reserve "Share premium"	Statutory reserve "Transferred from net income"	Treasury Shares	Retained earnings	The cumulative effect of valuation of equity instruments at fair value through other comprehensive income	Total equity
	Note	SR	SR	SR	SR	SR	SR	SR
For the year ended 31 December 2019								
Balance as at 1 January 2019		590,000,00	371,142,305	27,109,010	-	613,209,624	(255,893)	1,601,205,046
Net profit for the year		-	-	-	-	146,915,952	-	146,915,952
Other comprehensive income	7,8,18	-	-	-	-	201,057	(111,203)	89,854
comprehensive income for the year		-	-	-	-	147,117,009	(111,203)	147,005,806
Bonus share issuing	1	160,000,00	(160,000,000)	-	-	-	-	-
Purchase of Treasury shares	1	-	-	-	190,452,87	-	-	(190,452,878
Dividends	26	-	-	-	-	(35,630,000)	-	(35,630,000)
Balance as at 31 December 2019		750,000,00	211,142,305	27,109,010	190,452,87	724,696,633	(367,096)	1,522,127,974
For the year ended 31 December 2018								
Balance as at 1 January 2018 after	29	590,000,00	371,142,305	27,109,010	-	701,176,275	(281,995)	1,689,145,595
Net Profit for the year		-	-	-	-	141,758,455	-	141,758,455
Other comprehensive income	8,18	-	-	-	-	6,274,894	26,102	6,300,996
comprehensive income for the year		-	-	-	-	148,033,349	26,102	148,059,451
Dividends	26	-	-	-	-	(236,000,000)	-	(236,000,000)
Balance as at 31 December 2018		590,000,00	371,142,305	27,109,010	-	613,209,624	(255,893)	1,601,205,046

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Dallah Healthcare Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

		For the year ended 31 December	
		2019	2018
	Note	SR	SR
<u>OPERATING ACTIVITIES</u>			
Net profit before zakat		151,626,134	145,299,624
Adjustments			
Depreciation of property, plant, and equipment	5	92,494,560	73,883,211
Amortization of intangible assets	6	171,120	156,860
Employees' benefits provision	18	22,132,918	26,428,579
Provision for expected credit loss	13	5,974,313	(563,281)
Provision for Prepayments and other debit balances	11	1,881,233	22,268
Provision for inventory	10	(61,302)	2,632,875
Loss on sale of property, plant, and equipment		85,416	38,160
loss on sale of financial assets at fair value through profit		-	373,123
Gain from revaluation of Equity instruments at fair value	9	(13,385,865)	-
through profit or loss			
Share of loss of associates	7	4,112,138	1,798,027
Finance charges	17,16	25,097,162	11,532,343
Changes in			
Trade receivables		20,851,477	(76,384,420)
Contract assets with customers		481,202	(2,442,924)
Related parties		(1,740,679)	(4,807,439)
Prepayments and other debit balances		(8,985,381)	34,288,339
Inventory		(15,700,430)	(11,473,633)
Accounts payable		11,543,636	11,675,605
Contract liabilities with customers		11,983,121	5,229,801
Accrued expenses and other credit balances		(3,455,562)	6,155,365
Retentions		21,392,215	-
Cash flows from operation		326,497,426	223,842,483
Zakat paid	21	(7,334,124)	(10,238,099)
Employees' benefits paid	18	(12,036,494)	(9,294,391)
Net cash generated from operating activities		307,126,808	204,309,993
<u>INVESTING ACTIVITIES</u>			
Additions to property, plant, and equipment	5	(201,062,336)	(255,712,575)
Proceeds from sale of property, plant and equipment		28,761	24,713
Additions to investment in associate	7	-	(5,980,000)
Proceeds from disposal of equity instruments at fair value		2,437,000	-
through other comprehensive income			
Additions to equity instruments at fair value through	9	(22,321,102)	-
Proceeds from sale of available-for-sale investments		-	27,751,877
Net cash used in investing activities		(220,917,677)	(233,915,985)
<u>FINANCING ACTIVITIES</u>			
Proceeds Murabaha financing		896,611,999	452,756,481
Repayment Murabaha financing		(583,984,174)	(308,199,277)
Lease Payment	17	(18,506,179)	-
Purchase of treasury shares	1	(190,452,878)	-
Dividend paid	26	(123,870,400)	(147,500,000)
Finance cost paid		(24,040,375)	(11,532,343)
Net cash (used in) generated from financing activities		(44,242,007)	(14,475,139)
Net changes in cash and cash equivalents		41,967,124	(44,081,131)
Cash and cash equivalents at beginning of the period		46,359,135	90,440,266
Cash and cash equivalents at end of the period		88,326,259	46,359,135
<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 33 form an integral part of these consolidated financial statements.

Dallah Healthcare Company

(A Saudi Joint Stock Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

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 trading name from Dallah Healthcare Holding Company to Dallah Healthcare Company during an extraordinary annual general meeting held on 16 Safar 1438H (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.

The consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group.

Capital

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 stock dividends, one share for every 3.69 shares. As a result, the capital has increased by transferring SR 160 million from statutory reserve (share premium) to the capital. On April 25, 2019, the Company amended the 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 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 December 2019, the number of shares purchased is 3,740,000 shares at cost of 190,452,878 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)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

All amounts are presented in Saudi Riyals unless otherwise indicated

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	<u>Share in equity %</u>		Country of operation and commercial register	Principal activity
	As of 31 December 2019	As of 31 December 2018		
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 ⁽¹⁾	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.

(1) On 2 Safar 1440H (corresponding November 1, 2018) the Company acquired the remaining% 1 equity interest of Afyaa Al-Nakheel for Supporting Services Co. and therefore, the Company's shareholding changed from 99% to 100%. as the remaining 1% equity interest therein was owned by other parties on behalf of the Company.

The Branches

Descriptions	Commercial Registration No.	City
Head Office (Branch of Dallah Healthcare Co.)	2057004206	Al Khafji
Dallah Hospital Al-Nakheel	1010132622	Riyadh
Dallah Pharma Factory (Dallah Pharma Branch)	4030278471	Jeddah
Medicine Warehouse (Dallah Pharma Branch)	2050071905	Dammam
Medicine Warehouse (Dallah Pharma Branch)	1010128997	Riyadh
Medicine Warehouse (Dallah Pharma Branch)	4030140769	Jeddah
Medicine Warehouse (Dallah Pharma Branch)	4030265250	Jeddah

2. Basis of accounting

These companying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and wherever appeared in these notes, that refers to the (IFRSs) adopted in Saudi Arabia and other standards and issuances and adopted by SOCPA.

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

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

At the date of adoption of these consolidated financial statements, the Group has not adopted the below new IFRSs and the amendments issued but not yet effective:

Dallah Healthcare Company

(A Saudi Joint Stock Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

All amounts are presented in Saudi Riyals unless otherwise indicated

3. Summary of significant accounting policies

3-1 Issued standards and not yet effective

- IFRS (17) “Insurance Contracts” (Effective date 1 January 2021).

The adoption of this standard is not expected to have a material impact on the consolidated financial statements of the Group.

3-2 Standards, amendments and interpretations issued effective from 1 January 2018

Effective from 1 January 2019

- IFRS (16) "Leases".
- Improvement to IFRS (3) “Business Combinations” related to previously held interests in a joint operation.
- Improvement to IFRS (11) “Joint Arrangements” related to previously held interests in a joint operation.
- Improvement to IAS (12) “Income Taxes” related to income tax consequences of payments on financial instruments classified as equity.
- Improvement to IAS (23) “borrowing costs” related to borrowing costs eligible for Capitalization.
- International Interpretation (23) "Uncertainty on Income Tax Transactions".
- Amendments to IFRS (9) “Financial Instruments” related to prepayment features with negative compensation.
- Amendments to IAS (28) “Investments in Associates and Joint Ventures” related to long-term investments in associates and joint ventures.
- Amendments to IAS (19) “Employee Benefits “related to plan amendment, curtailment or settlement.

The application of standards, amendments and interpretations above have no impact on financial statements for the Group except for IFRS (16) “Leases”, as explained later.

3.3 Changes in accounting policies

- Application of IFRS (16) “Leases”
- IFRS (16) “Leases” provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS (16) “Leases” supersedes IAS (17) “Leases” and the related Interpretations. It is effective for accounting periods beginning on or after January 1, 2019.
- The Group has chosen retrospective application of the standard and record the cumulative impact of initial application on the date of initial application which is January 1, 2019, in accordance with paragraph C5(b) and C7 of IFRS (16) “Leases” therefore comparative information is not restated and instead, the Group will recognize the cumulative effect of initially application “if any” as an adjustment to the opening balance of retained earnings.
- IFRS (16) “Leases” substantially carries forward the lessor accounting requirements in IAS 17 “Leases”, however, it provides different accounting treatments for the lessees.
- The change in the definition of a lease mainly relates to the concept of control. IFRS (16) distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled. Control is considered to exist if the Group has:
- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of the identified asset.

Dallah Healthcare Company

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2019

All amounts are presented in Saudi Riyals unless otherwise indicated

- The Group applied the definition of a lease and related guidance set out in IFRS (16) “Leases” to all lease contracts entered into.
- Impact on Group Accounting as Lessee
- IFRS (16) has changed how the Group accounts for leases previously classified as operating leases under IAS (17), which were of a statement of financial position. The Group has recognized the following:
 - Right-of-use assets
 - Initial recognition:
 - Amount of initial measurement of lease liability which is the present value of the future lease payments;
 - Any lease payments made at or before the commencement date, less any lease incentives received;
 - Any initial direct costs incurred by the Group as a lessee;
 - An estimate of the costs will be incurred by the Group as a lessee in dismantling and removing the underlying asset in the contract, restoring the site on which it is located or restoring the underlying asset
 - Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation or accumulated impairment loss and adjusted by any re-measurement of the lease liabilities.
 - The Group amortizes the right-of-use over the estimated lease period by the straight method.
- Lease liability
 - Is initially measured at the present value of the lease payments that are not paid at beginning of contract date. And use the Group’s incremental borrowing rate.
 - Lease liability is subsequently measured as follows by:
 - Increasing the carrying amount to reflect the interest on the lease liabilities;
 - Reduction of the carrying amount to reflect lease payments;
 - Re-measuring the carrying amount to reflect any reassessment or adjustments to the lease contract.
 - The Group shall separate the paid amounts into a principal portion (presented in financing activities) and interest (presented in operating activities) in the statement of cash flow.
- Under IFRS (16) the right-of-use assets are tested for impairment in accordance with IAS (36) “Impairment of Assets”.
- Lease period
 - The Group determines the lease term as the non-cancellable period of a lease, together with both:
 - periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
 - periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.
 - For short term leases (lease term 12 months or less) and low value contracts (such as personal computers and office furniture), if any, the Group has elected to recognize the lease expenses on a straight-line basis as permitted by IFRS (16), which is the same method that was accounted for in accordance with IAS (17) "Leases".

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Effect of application of IFRS 16 "Leases"**Impact on the statement of financial position**

	As of 31 December 2019			As of January 1, 2019		
	Without applying the IFRS 16	Impact	After applying the IFRS 16	Without applying the IFRS 16	Impact	After applying the IFRS 16
Property, plant and equipment	2,075,920,787	26,600,186	2,102,520,973	1,953,199,081	43,043,918	1,996,242,999
Prepaid expenses and other receivables	90,405,907	(6,597,611)	83,808,296	83,385,508	(6,597,611)	76,787,897
Long-term lease liability	-	5,585,688	5,585,688	-	20,208,585	20,208,585
Short-term lease liability	-	13,411,227	13,411,227	-	16,237,722	16,237,722
Retained earnings	723,690,973	1,005,660	724,696,633	613,209,624	-	613,209,624

Impact on the comprehensive income statement

	For the year ended 31 December 2019		
	Without applying the IFRS 16	Impact	After applying the IFRS 16
Cost of revenue and general and administrative expenses	1,068,261,732	(2,062,447)	1,066,199,285
Finance charges	24,040,375	1,056,787	25,097,162

Impact on cash flow statement

	For the year ended 31 December 2019		
	Without applying the IFRS 16	Impact	After applying the IFRS 16
Net cash flows generated from operating activities	288,620,629	18,506,179	307,126,808
Net cash flows used in Financing activities	(25,735,828)	(18,506,179)	(44,242,007)

3-4 Basis of consolidation

The consolidated financial statements include the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, as well as the notes to the consolidated financial statements of the Group, including the assets, liabilities and results of the operations of the Company and its subsidiaries as set out in note (1).

Subsidiaries are companies controlled by the Group. Control of the company is achieved by an investor company only when the following three elements of the company are realized:

- An authority over the invested company means existing rights granted by the ability to direct activities of particular interest to the invested company
- Gain of variable returns or take right
- The ability of the company to use its authority over the investee company and influence its revenues

In general, there is a presumption that it results from the majority of voting rights having control. In support of this assumption, when the Company has less than a majority of voting rights or similar rights in the investee, the Company takes into account all facts and circumstances to assess whether it has authority over the investee, including:

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- Contractual arrangements with other voting rights holders in the investee company
- Rights arising from other contractual arrangements
- Special voting rights and any potential voting rights

The Company re-assesses whether it has control over the invested if the facts and circumstances indicate a change in one or more of the three prior control elements.

A subsidiary is consolidated when the exercise of control begins and is discontinued when the control of the subsidiary ceases. The assets, liabilities, income, and expenses of the subsidiary acquired during the period are included in the consolidated financial statements from the date control ceases until such control ceases.

The gain or loss and each other comprehensive income are attributable to the equity holders of the parent and to non-controlling interests even if the non-controlling interest balance is negative, meaning that losses are recognized on non-controlling interests even if the resulting restriction Non-controlling interest deficit.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as a transaction of equity.

In case the company loses control of the subsidiary, the company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3-5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

For each business combination, the company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in statement of profit or loss.

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill acquired through business combinations and licenses with indefinite lives are allocated to Cash Generating Units which are also operating and reportable segments, for impairment testing as carrying the amount of goodwill and licenses allocated to each of the Cash Generating Unit.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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3-6 Property, plant and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant, and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected costs asset disposal is recognized included in the asset cost.

An item of property, plant, and equipment is derecognized when it is derecognized or when no future economic benefits are expected from use it or disposal. Any gain or loss arising on derecognition of assets is calculated on the basis of the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

Capital work in progress is carried at cost less impairment losses, if any, and is not amortized until the assets in the business operation start.

The residual value, useful lives and depreciation methods of property, plant, and equipment are reviewed at the end of each financial year and adjusted to future periods, if appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>2019</u>
	<u>Number of years</u>
Buildings	55
Leasehold improvements	Shorter of estimated useful life (5) or lease year
Machinery and equipment	3-10
Medical equipment	6-8
Furniture and fixtures	5-10
Vehicles	4

3-7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income when it is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives

The period and method of amortization of intangible assets with finite lives are reviewed at the end of each financial period. Changes in the expected useful life or expected manner of amortization of the future economic benefits inherent in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Amortization expense for intangible assets with finite lives is recognized in profit or loss and other comprehensive income is included in the expense category that is consistent with the intangible asset's function.

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Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized but are tested to ensure that there is no impairment in value annually, either individually or at the level of the cash-generating unit. The indefinite age assessment is reviewed annually to determine whether indefinite ages are still possible. If not, the useful life is changed from indefinite to specific on a future basis.

Gains or losses arising from the reversal of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss and other when the asset is derecognized.

Leasehold rights are amortized over the life of the lease using the straight-line method.

3-8 Investment in associates

An associate is a company over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in its associate and are accounted for using the equity method. Under the equity method, the investment in an associate or is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate companies since the acquisition date. Goodwill relating to the associate is included in investment cost.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate the Group recognizes its share of this changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in profit or loss.

Upon loss of significant influence over the associate the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

3-9 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that any of non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects current market estimates of the time value of funds and any specific risks to the asset. When determining the fair value less costs of disposal, current transactions in the market are taken into consideration. When these transactions are not available, an appropriate valuation model is used. These calculations are supported by the use of valuation exercises and quoted share prices for listed companies or other available factors for fair value

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's Cash Generating Unit to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognized for continuing operations in profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (or group of Cash Generating Units) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

3-10 Financial instruments

The Group recognizes financial assets or financial liabilities in the statement of financial position when it becomes a party to the contractual provisions for performance.

Financial assets

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

A) Debt instruments at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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B) Equity instruments at fair value through OCI with no recycling to gains and losses.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in profit or loss when the right of receipt has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

C) Equity instruments at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Impairment in value of financial assets

The Group applies the simplified approach to the calculation of impairment. The estimated credit losses on financial assets are estimated using the historical credit loss experience of the Group, adjusted to general economic conditions and the assessment of both the current trend as well as expectations of the circumstances at the reporting date, including the time value of the money where applicable. Appropriate.

The measurement of the expected credit loss is evidence of default or default loss (means, loss if there is a default). The assessment of the probability of default depends on historical data that is adjusted by information that predicts the future as described above.

The Group recognizes impairment gains or losses separately in the statement of profit or loss and OCI the provisions for losses on financial assets measured at amortized cost are deducted from and the carrying amount of the financial assets.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay.

Financial liabilities

Financial liabilities are classified either at amortized cost or at fair value through profit or loss.

All financial liabilities of the Group have been classified and measured at amortized cost using the effective yield method. The Group does not have financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss

Derecognition of financial liabilities

The Group derecognize the financial liabilities only when these liabilities are fulfilled, canceled or ended.

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3-11 Inventory

Inventory are stated at the lower of cost and net realizable value. Costs of Inventory are determined on a weighted average basis, with the exception of medication applying the first-in-first-out. The net realizable value represents the estimated selling price for Inventory less estimated costs to complete sale operation.

3-12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts are included as a part of Group's cash management.

3-13 Equity and reserves

Share Capital

Share capital represents the nominal value of shares that have been issued.

Dividends

An obligation is recognized against the cash or non-cash distributions to the equity holders when the distribution is approved by the General Assembly of shareholders for annual distributions. The distributions are approved after approval by the Board of Directors.

Non-cash distributions are measured at the fair value of the assets that will be distributed with the re-measurement at fair value recognized directly in equity.

Statutory reserve

In accordance with the Articles of Association, the Company shall transfer 10% of the annual net profit to the statutory reserve until such reserve reaches 30% of the capital.

Treasury Shares

Treasury Shares consists of the Company's issued shares and subsequently repurchased. Treasury shares are accounted for using the cost method. That the od treasury shares is deducted for the equity

3-14 Employee Benefits

End of service Benefits

End of service benefits is measured using the expected unit cost method with an actuarial valuation performed at the end of each annual financial period.

The costs of the identified benefits are classified as follows:

- Current and previous service cost
- Cost of returns
- Re-Measurement Actuary

The Group recognizes the first two cost-benefit items identified in profit or loss under "general and administrative expenses" and "cost of sales" and the third item is included in other comprehensive income.

Short-term employee benefits

The liability is recognized for benefits payable to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered against the undiscounted amount of the benefits expected to be paid to the service.

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3-15 Murabaha financing costs

Murabaha financing costs directly attributable to the acquisition, construction or production of a qualifying asset that requires the establishment or production of a qualifying asset are capitalized to be ready for the purpose for which it was created or sold, as part of the cost of that asset. All other Murabaha financing costs are charged to expenses in the period in which they are incurred. Murabaha financing costs include commission and other costs incurred by the Group with respect to borrowing funds.

3-16 Zakat

The Group and its Subsidiaries are subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax (the "GAZT"). Provision of zakat is calculated as per the zakat base prepared on the basis of the consolidated financial statements of Dallah Healthcare Company and its Subsidiaries directly or indirectly. The calculated zakat provision is then distributed between the Company and its Subsidiaries. Any differences between the provisions and the final assessment are recorded at the year which the final assessment has been done.

3-17 Revenues from Contracts with Customers"

Under IFRS (15) Financial Statement Preparation, the term "contract assets with customers" and "contract liabilities with customers" are used to describe what was recognized as accrued income and discount volume.

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer. The principles of IFRS (15) "Revenue from Contracts with Customers " are applied by using the following five steps:

Step 1: Identify the contract, when:

- When the contract has been approved and the parties are committed;
- When each party's rights are identified;
- When the payment terms are defined;
- When the contract has a commercial.
- When the collection is Collectible

Step 2: Identify performance obligations, by identifying promised goods or services agreed in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if:

- the customer can benefit from the goods or services separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: Determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: Allocate the transaction price to performance obligations is allocated to each separate performance obligation based on the relative standalone selling price of the goods or services being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer.

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Rendering of clinical services

Revenue from services primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, and laboratory. The revenue generates from services separately or bundled together with the revenue from pharmacy to a customer.

Under IFRS (15) “Revenue from Contracts with Customers”, the Group concluded that revenue from Inpatients would be recognized over time.

The Group concluded that the performance obligation is achieved when providing medical services and the patient gets treatment services

Sale of goods – Distribution

Revenue is recognized when control of the products has transferred, is when the products are delivered to the customer. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer.

The Group is primarily responsible for fulfilling the promise to provide the specified pharmaceutical and other specific products. The Group bears inventory risk before the pharmaceutical and other products have been transferred to the customer. In addition, the Group has discretion in establishing the price for the specified pharmaceutical products.

The Group has concluded that the performance obligation is achieved when the ownership of the goods is transferred to the customer

3-18 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values when the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3-19 Segmental Reporting

A segment is a component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is identified as the person being responsible for allocating resources, assessing performance and making strategic decisions regarding the operating segments.

4. Use of significant judgements and estimates

The preparation of these consolidated financial statements, in conformity with IFRSs as endorsed in the Kingdom of Saudi Arabia, requires the use of judgments, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the consolidated statement of financial position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

4-1 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate

4-2 incremental borrowing rate for lease

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group estimates the IBR using observable inputs (such as market interest rates and other information).

4-3 Provisions for slow-moving and obsolete Inventory:

Inventory are stated at the lower of cost or net realizable value. Adjustments are made to reduce the cost of inventory to net recoverable amount.

Factors responsible such adjustments include changes in inventory demand, technological changes, deterioration of quality and quality matters. Accordingly, the Group considers these factors and takes them into considering to calculate the provision of impaired and slow-moving Inventory. Any adjustments that may result from the difference in these factors are periodically reviewed.

4-4 Provision for expected credit losses

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates then is adjusted to include the macroeconomic data.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

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4-5 Expected medical rejections

The Group is based on the evaluation of medical objections on its previous experience with each individual customer. To anticipate these objections, the Group measures the extent to which customers accept the services and medical goods provided and uses assumptions based on the earliest medical objections and direct negotiations with clients as well as relying on data available in the market and in similar companies.

4-6 Volume discounts

Sometime, income is recognized on the basis of the discounted complex. These revenues are recognized on the basis of the contract price, net of the estimated amount. The accumulated experience of estimating discounts is used using the expected value method, and revenue is recognized only to the extent that it is probable that a significant reversal will not occur.

The Group's expected volume rebates are analyzed on a per-customer basis for contracts that are subject to this discount. Determining whether a customer will be likely entitled to the rebate will depend on the customer's historical rebates entitlement and accumulated transaction till reporting date.

4-7 Impairment of non-financial assets

An impairment loss is recognized for the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, management estimates the expected future cash flows from each cash-generating unit and determines the appropriate rate of return to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. Actual results may differ and may result in material adjustments to the Group's assets during the following financial years.

In most cases, the determination of the applicable discount rate includes the estimation of appropriate market risk adjustments and appropriate adjustments to the asset risk factors.

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5. Property, plant and equipment

	Right to use of assets	Land	Buildings	Leasehold Improvements	Machinery and Equipment	Medical Equipment	Furniture and Fixtures	Vehicles	Construction Work In Progress	Total
Cost:										
As at 1 January 2018	-	530,002,199	449,681,710	72,578,669	76,915,438	382,619,362	18,039,710	7,569,063	822,022,816	2,359,428,967
Additions	-	-	55,315,318	268,164	9,177,789	82,686,784	13,850,165	1,450,000	92,964,355	255,712,575
Disposals	-	-	-	(23,000)	(16,363)	(3,139,415)	(137,261)	-	-	(3,316,039)
Transfer	-	-	613,910,415	-	72,603,639	13,449,130	1,832,532	-	701,795,716	-
As at 31 December 2018	-	530,002,199	1,118,907,44	72,823,833	158,680,503	475,615,861	33,585,146	9,019,063	213,191,455	2,611,825,503
Additions	43,043,918	-	327,800	2,156,825	2,670,700	39,098,703	2,428,650	-	154,544,962	244,271,558
Disposals	-	-	-	(231,470)	(570,000)	(6,992,280)	(157,237)	-	-	(7,950,987)
Transfer	-	-	12,982,967	2,017,292	(12,982,967)	-	-	-	(2,017,292)	-
As at 31 December 2019	-	530,002,199	1,132,218,210	76,766,480	147,798,236	507,722,284	35,856,559	9,019,063	365,719,125	2,848,146,074
<u>Accumulated Depreciation:</u>										
As at 1 January 2018	-	-	209,472,268	51,531,388	56,761,400	253,245,995	11,438,481	5,546,845	-	587,996,377
Charge for the year	-	-	20,162,802	6,299,944	5,976,344	37,350,200	2,979,535	1,114,386	-	73,883,211
Elimination on disposals	-	-	-	(3,834)	(11,815)	(3,112,834)	(124,683)	-	-	(3,253,166)
As at 31 December 2018	-	-	229,635,070	57,827,498	62,725,929	287,483,361	14,293,333	6,661,231	-	658,626,422
Charge for the year	16,443,732	-	18,733,474	6,458,775	6,259,703	41,167,385	2,643,110	788,381	-	92,494,560
Elimination on disposals	-	-	-	(146,598)	(38,000)	(5,171,438)	(139,845)	-	-	(5,495,881)
As at 31 December 2019	16,443,732	-	248,368,544	64,139,675	68,947,632	323,479,308	16,796,598	7,449,612	-	745,625,101
Net book value:										
As at 31 December 2019	26,600,186	530,002,199	883,849,666	12,626,805	78,850,604	184,242,976	19,059,961	1,569,451	365,719,125	2,102,520,973
As at 31 December 2018	-	530,002,199	889,272,373	14,996,335	95,954,574	188,132,500	19,291,813	2,357,832	213,191,455	1,953,199,081

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The allocation of depreciation expense is as follows:

	2019	2018
Cost of Revenue	88,679,820	72,495,659
General and administrative expenses (note 24)	3,814,740	1,387,552
	92,494,560	73,883,211

Construction in progress

The Group has the construction of Dallah Hospital -Namar project, with a maximum capacity of 400 beds and 200 clinics with an estimated total cost of SR 920 million. The first stage of operation started on 8 April 2018 with a capacity power of 150 beds and 100 clinics.

The Group has started construction work for the western expansion of Dallah Hospital in Al-Nakheel district on 25 September 2017, with a capacity of 150 beds and 30 clinics.

6. Intangible assets

	Manufacturing licenses	Product licenses	Goodwill	Leasehold Rights	Total
Cost:					
As at 31 December 2018	10,648,000	11,505,000	5,091,000	3,422,270	30,666,270
As at 31 December 2019	10,648,000	11,505,000	5,091,000	3,422,270	30,666,270
Amortization and Impairment					
As at 1 January 2018	3,000,000	3,000,000	5,091,000	527,598	11,618,598
Amortization 2018	-	-	-	156,860	156,860
As at 31 December	3,000,000	3,000,000	5,091,000	684,458	11,775,458
Amortization 2019	-	-	-	171,120	171,120
As at 31 December	3,000,000	3,000,000	5,091,000	855,578	11,946,578
Net book value					
As at 31 December 2019	7,648,000	8,505,000	-	2,566,692	18,719,692
As at 31 December 2018	7,648,000	8,505,000	-	2,737,812	18,890,812

Impairment in manufacturing and product licenses (Intangible assets with indefinite useful life)

is subject to annual impairment testing. Intangible assets with indefinite useful life are tested to insure if impairment happened on its value by comparing the carrying amount of each cash-generating unit (CGU) to the recoverable amount which has been determined based on a value in use calculation using cash flow projections based on financial forecasts covering a five-year period. The discount rate to cash flow reached projections varies 16.67% as relevant for each CGU and the terminal value. Terminal value is calculated using earnings multiple Model for the final year of the forecast period.

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The calculation of value in use is most sensitive to the assumptions on sales growth rate and terminal value used to extrapolate cash flows beyond the budget period of 5 years, as well as the factors used in computing terminal value.

Leasehold Rights

The leasehold rights represented the amount paid to Saudi Authority for industrial cities and technology zones against land leasehold rights and that is amortized over the remaining contract years ends on 10 Safar 1456H (corresponding to April 28, 2034).

7. Investment in associate

Investment in associate comprises of investments in Dr. Mohammed Rashed Al-Faqeeh Company "A closed Joint Stock Company" which is constructing a general hospital in east of Riyadh city. The Group's share is accounted for using the equity method as follows:

	Ownership interest (%)		Country of operation and incorporation	Principal activity
	As of 31 December 2019	As of 31 December 2018		
Dr. Mohammed Rashed Al-Faqeeh Company	31.21%	31.21%	Kingdom of Saudi Arabia	Owning, operating and maintaining the hospital and health centers

During the first quarter of 2018, the Group increased its ownership in the associated company to be 31.21% instead of 30%. The movement of the investment can be summarized as follows:

	As at 31 December 2019	As at 31 December 2018
Opening balance	145,160,732	140,978,759
Additions	-	5,980,000
Adjustment	478,566	138,707
Share of loss from associate	(4,590,704)	(1,936,734)
Share of comprehensive income from associate	(96,675)	-
Closing balance	140,951,919	145,160,732

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

	As at 31 December 2019	As of 31 December 2018
Current assets	38,914,022	97,403,849
Non-current assets	698,574,269	579,625,407
Current liabilities	42,397,229	69,629,799
Non-current liabilities	287,298,942	184,622,434
Profit or loss from continuing operation	(14,709,079)	(4,670,565)
Other comprehensive income	(275,824)	(33,933)
Comprehensive income	(14,984,902)	(4,704,498)
Equity	407,792,120	422,777,023

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.

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8. Equity instrument at fair value through other comprehensive income

	Country	Ownership %	As at 31 December 2019	Ownership %	As at 31 December 2018
Quoted :					
Jordanian Pharmaceutical Manufacturing Company	Jordan	%0,4	136,465	%0,4	247,669
Unquoted investments					
Makkah Medical Canter Company	Saudi Arabia	%7,5	3,448,120	%7,5	3,448,120
Al Ehsa Medical Services Company	Saudi Arabia	-	-	%1,1	1,748,145
			3,584,585		5,443,934

Unquoted equity investments

According to management, the unquoted equity instruments have not met any of the indicators according to IFRS (9) "Financial Instruments" paragraph 5-4-2 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.

On 28 Rajab 1440H corresponding to April 4, 2019, the company sold its entire share in Al-Ahsa Medical Services Company amounting to 162,500 shares, at a total value of SR 2,437,000. resulted in a gain of SAR 688,855 which is included in other comprehensive income.

9. Equity instruments at fair value through profit or loss

On May 14, 2019 G, Corresponding 9 Ramadan 1440 H, the Company made a payment of SR 22,321,002 to purchase units in investment fund(MEFIC Private Equity Opportunities Fund) and its objective is to achieve a high return on capital over the long term and investing in healthcare sector.

On December 31, 2019, the fund's assets were reassessed at fair value by using the discounted cash flow method. The value of the Group's investment share in the fund amounted to SR 35,706,967 and as a result, it recorded profit or loss of SR 13,385,865 (Note 24)

10. Inventory

	As of 31 December 2019	As of 31 December 2018
Medicines	82,470,438	72,645,034
Raw materials	8,977,730	3,043,789
Medical consumables and cosmetics	5,601,306	5,821,644
Others	5,195,922	2,728,922
Medical supplies	3,349,312	6,148,553
	105,594,708	90,387,942
Less: Provision for slow moving items	(1,060,372)	(1,615,337)
	104,534,336	88,772,605

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The summary of the movement of provision for slow-moving items is as follows:

	As of 31 December 2019	As of 31 December 2018
1 January	1,615,337	1,381,403
Charge for the year	31,898	2,632,875
Reverse	(93,200)	-
Write-off Inventory obsolescence	(493,663)	(2,398,941)
31 December	1,060,372	1,615,337

11. Prepayment and other debit balances

	As of 31 December 2019	As of 31 December 2018
Advances to suppliers	43,757,003	49,021,028
Prepayments	12,865,558	17,138,677
Employees' advances	6,803,339	5,401,088
LC and LG Margin	12,130,125	5,630,125
Human Resources Fund	3,844,014	3,249,427
Others	12,536,567	9,108,490
Less: The provision	(8,128,310)	(6,247,077)
	83,808,296	83,301,758

The summary for the movement of provision:

	For the year ended 31 December 2019	2018
1 January	6,247,077	6,234,341
Additions	1,881,233	22,268
Write-off bad debts	-	(9,532)
31 December	8,128,310	6,247,077

12. Related party

The Group in the normal course of business carries on business with other enterprises that fall within the definition of a related party contained in IFRS. These transactions are carried out in the normal course of the business and are measured at exchange amounts, being the amounts agreed by both parties.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions.

The Group's related parties include its key management personnel, Subsidiaries, associates company, and others as described below.

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key Management remuneration

	For the year ended 31 December	
	2019	2018
	<u>SR</u>	<u>SR</u>
Salaries and bonuses for Group's executive directors	9,065,012	8,809,823
Board of directors remuneration (Note 24)	2,933,334	2,966,667

Due from related parties			Transactions for year ended 31 December		Balance as of 31 December	
	Relation	Nature of transaction	2019	2018	2019	2018
Adaptive TechSoft	Owned partially by shareholder	Technical Support	1,849,863	7,229,280	5,096,706	4,160,956
Dallah Al-Barakah Holding	Owned by shareholder	Medical service	301,016	367,508	293,016	273,291
Dr Mohammed Al-Faqih Hospital	Associate company	Technical Support and Medicines sales	636,538	-	636,538	-
Al-Mashfa Medical	Owned by Relatives for board member	Medical services	922,121	933,993	568,830	760,313
Khalid Rashid Al-Faqih	Relatives for board member	Engineering consulting	328,880	-	-	-
					6,595,090	5,194,560

Due to related parties			Transactions for year ended 31 December		Balance as of 31 December	
	Relation	Nature of transaction	2019	2018	2019	2018
Dareem Travel Agency	Owned partially by shareholder	Travel tickets	5,726,349	6,672,051	743,174	354,036
Eng. Tarek Alkasabi	Chairman	Consulting management	1,147,596	697,165	-	697,165
Dallah Trading	Owned by shareholder	Maintenance	169,614	298,480	-	-
Others	Others	Medical service	-	-	23,290	55,412
					766,464	1,106,613

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13. Trade receivables

	As of 31 December 2019	As of 31 December 2018
Trade receivables	360,197,236	381,048,712
Less:		
Provision for expected credit losses debts)	(30,842,609)	(24,868,296)
	329,354,627	356,180,416

The summary of movement for Provision for expected credit losses

	For year ended 31 December 2019	31 December 2018
Opening balance at 1 January after adjustments	24,868,296	26,367,371
Charge for the year	14,440,953	4,628,160
Reversal during the year	(8,466,640)	(5,191,441)
Written off bad debts during the year	-	(935,794)
Closing balance	30,842,609	24,868,296

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

14. Cash and cash equivalent

	As of 31 December 2019	As of 31 December 2018
Cash in hand	87,504,182	45,178,436
Cash at banks	822,077	1,180,699
	88,326,259	46,359,135

15. Statutory reserve

In accordance with the Regulations of Companies' law in the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company should transfer 10% of the net profits for the year to a statutory reserve until such reserve equals 30% of its share capital. No transfer was made to statutory reserve due the reserve has exceeded 30% of the Company's share capital. This reserve is not available for distribution to shareholders.

16. Murabaha financing

	As of 31 December 2019	As of 31 December 2018
Non-current		
Long -term Murabaha Finance	839,268,569	562,639,841
Current		
Short-term Murabaha Finance	69,647,000	139,837,580
Current portion of long-term Murabaha	112,106,343	5,916,666
Total current Murabaha	181,753,343	145,754,246
Total Murabaha	1,021,021,912	708,394,087

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The Group has Murabaha financing 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 December 2019, Murabaha financing being granted to the Group amounted to SR 1,618 million (31 December 2018: SR 2,631 million). SR 1,020 million has been used as of 31 December 2019 (31 December 2018: SR 708.3 million) warranted by promissory notes as of 31 December 2019 amounted of SR 1,798 million (2018: 2,851 million).

During the year 2019, the Group capitalized financial charges amounted to 11 million (2018: SR 12,5 million).

The Group recorded finance charges for the year 2019 mounting to SR 24,04 million (2018: SR 11,5 million) in the statement of profit or loss and other comprehensive income.

17. Lease Contracts

Right-of-use Assets are included in property, plant, and equipment in the buildings caption (note 5).

Lease Liability	2019	2018
Addition during the year	36,446,307	-
Incurred returns	1,056,787	-
Paid	(18,506,179)	-
Balance at end of period/year	18,996,915	-
Divided into		
Long-term lease liability	5,585,688	-
Short-term lease liability	13,411,227	-
	18,996,915	-

The Group has recognized the obligation of the lease and interest expense using the incremental borrowing rate, which is the rate of return that it expects to use to borrow the necessary funding for a similar period of the lease and the same guarantees.

Leases do not include any pledges, but leases cannot be used as security for borrowing purposes. As at the reporting date, the Group has a low-value lease contract or less than 12 months of non-extendable lease contracts. The rental expense recorded in the statement of profit or loss for these contracts for the year ended 31 December 2019 amounted to SR 413,318.

18. Employee benefits

The following table shows movement on the liability of employees benefits.

	As of 31 December 2019	As of 31 December 2018
Balance at 1 January	117,454,595	106,595,301
Included in profit or loss		
Current service cost	17,050,471	22,164,767
Finance cost	5,082,447	4,263,812
Included in OCI		
Actuarial valuation	391,123	(6,274,894)
Paid	(12,036,494)	(9,294,391)
Balance at the end of the year	127,942,142	117,454,595

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The following were the principal actuarial assumptions at the reporting date.

	As of 31 December 2019	As of 31 December 2018
Discount rate	%3,86	4.15%
Future salary growth	%2,8	2%

The following table shows the effect of the change in actuarial assumptions at the reporting date:

	As of 31 December 2019		As of 31 December 2018	
	Liability amount Thousands	Change Rate	Liability amount Thousands	Change Rate
Discount factor				
+0.5%	119,501,225	(% 6.6)	111,925	(%4,7)
-0.5%	134,288,016	% 5	123,505	%5.15
Future salary growth				
+0.5%	131,753,976	% 3	121,192	%3.18
-0.5%	117,354,549	(% 8.3)	113,986	(%2.95)

19. Trade payables

	As of 31 December 2019	As of 31 December 2018
Medicine suppliers	69,889,841	57,640,317
Medical material suppliers	23,952,139	24,952,496
General and administrative suppliers	11,889,024	10,069,784
Catering suppliers	1,716,182	1,306,726
Spare parts suppliers	1,606,926	7,217,906
Others	1,824,721	323,593
	110,878,833	101,510,822

20. Accrued expenses and other credit balances

	As of 31 December 2019	As of 31 December 2018
Vacations and Accrued Tickets	24,290,380	20,817,297
Employees' Benefits	8,137,783	8,535,884
Accrued Revenues	7,680,314	8,544,573
Accrued finance charges	3,145,649	4,142,691
Employees Accruals	2,560,043	2,692,388
GOSI Accruals	1,574,225	1,380,435
Value Added Tax	1,133,005	3,479,329
Advanced from customers	546,307	440,307
Other Accrued Expenses	18,340,789	20,831,153
	67,408,495	70,864,057

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21. Zakat

	As of 31 December 2019	As of 31 December 2018
Zakat base		
Shareholders' equity	1,287,137,661	1,541,927,590
Provisions	141,527,077	135,150,092
Loans used in financing non-current assets	845,322,501	568,556,505
Adjusted net income	185,806,532	169,878,507
	2,459,793,771	2,415,512,694
Less: Property, plant and equipment, net	(2,077,309,964)	(1,953,199,081)
Investments	(180,541,738)	(152,658,586)
Intangible assets	(18,719,692)	(18,890,812)
Zakat base	183,222,377	290,764,215
Zakat	4,645,163	7,269,105

	As of 31 December 2019	As of 31 December 2018
Adjusted net income		
Net profit before tax	151,626,134	145,299,624
Adjustments	34,180,398	24,578,883
Adjusted net income	185,806,532	169,878,507

Zakat Movement

	For the year ended 31 December 2019	2018
1 January	7,269,105	13,966,035
Provided during the year	4,710,182	3,541,169
Payments made during the year	(7,334,124)	(10,238,099)
31 December	4,645,163	7,269,105

22. Contracts with customers

	For the year ended 31 December 2019	2018
Revenues classification		
Revenue from services	942,118,502	889,657,826
Revenue from sale of medicines	309,970,175	291,284,225
	1,252,088,677	1,180,942,051

Timing of Revenue recognition

Over time	452,347,919	421,842,155
At a point in time	799,740,758	759,099,896
	1,252,088,677	1,180,942,051

Contracts Balances

	As of December 31 2019	2018
Trade receivables (Note 13)	329,354,627	356,180,416
Contract assets	1,961,722	2,442,924
Contract liabilities	17,212,922	5,229,801

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Contract assets

Contract assets relate to revenue earned from ongoing and un invoiced revenues. As such, the balances of this account vary and depend on the number of ongoing services at the end of the year. There is no recognized provision for expected credit losses on contract assets due to its near due dates.

The contract liability

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

In 2019 there is no revenue recorded was including in contract liability in beginning of the year or revenue which already fulfilled during last year.

23. Selling and marketing expenses

	For the year ended 31 December	
	2019	2018
Advertising and promotions	16,061,092	16,433,077
Salaries, wages and benefits	4,697,800	5,280,600
Marketing incentives	662,500	943,872
Others	2,221,746	2,640,823
	23,643,138	25,298,372

24. General and administrative expenses

	For the year ended 31 December	
	2019	2018
Salaries, wages and benefits	196,793,255	191,280,963
Material	15,270,912	23,855,153
Maintenance and services	7,078,459	3,930,412
Utilities	5,695,971	6,606,969
Professional fees	4,452,158	5,573,907
Board of Directors and related committees remunerations	3,211,905	3,266,667
Depreciation (Note 5)	3,814,740	1,387,552
Insurance	2,674,957	3,858,183
Permissions and licenses	2,284,541	2,565,759
Stationery	1,806,929	2,598,840
Training and development	1,516,322	1,413,827
Rentals	-	3,272,881
Provision for slow moving items (Note 10)	(61,302)	2,632,875
Other	17,419,148	13,201,214
	261,957,995	265,445,202

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25. Other income and losses

	For the year ended 31 December	
	2019	2018
Gain on valuation of financial instrument profit and loss(Note 9)	13,385,865	-
Rentals	4,122,197	3,351,354
Scientific support	3,777,451	2,983,139
Food	3,245,227	2,487,213
Infants' milk Subsidy	419,265	1,045,678
Loss on sale of investments	-	(373,123)
Gain on sale of property plant and equipment	(85,416)	(38,160)
Other	1,580,137	3,018,687
	26,444,726	12,474,788

26. Meetings, and significant decisions

On 10 September 2019, corresponding to 11 Muharram 1441H, the Company signed a non-binding Memorandum of Understanding ("Memorandum") with Kingdom Investment and Development Company regarding the exchange of shares owned by Kingdom Investment and Development Company in Care Shield Holding Co. Ltd. for shares in Dallah Health Services Company in addition to cash consideration. Care Shield Holding Company owns Medical Service Projects Company (LLC) (Kingdom Hospital), Consulting Clinics Company (LLC) and, Modern Clinics Pharmacy Company (LLC). The parties have agreed an initial relative valuation. The final value of the Proposed Transaction will be determined after completing the due diligence process. The Memorandum is effective from the date of signing by both parties and will remain valid until December 31, 2019. The memorandime is extended till 30 April 2020.

On 09 Dec 209, corresponding 2 Rabi' al-Thani 1441 the Company is signing of Purchase Agreement for 10% share in Meras Arabia Medical Holding Co. Which is specialized in dental and aesthetic medicine. Dallah Healthcare Co. currently owns 18.9% of Meras, Before this Agreement, indirectly through its investment in MIFIC Private Equity opportunities fund 3(Note 9)

On 1 September 2019, corresponding 2 Muharram 1441H, Dallah Healthcare Services signed a long-term strategic partnership with Siemens Healthcare Limited to manage and operate the radiology departments of the company's hospitals and the radiology departments of the hospitals it wins in government tenders and the private sector and provide technical support to the radiology departments. The contract amounted to 112 million riyals distributed over a period of ten years.

On May 1, 2019, corresponding 25 Shaban 1440 H, the General Assembly decided to authorize the Board of Directors to distribute interim dividends on a semi-annual basis for the financial year 2019 and determine the maturity and disbursement date according to the regulatory controls and procedures issued. On 11 Nov 2019, corresponding Rbie AlAwal 1441 H, the the Board of Directors to decided to distribute cash dividends to the shareholders of the company for the first half of the fiscal year 2019 amounting to SR 37,500,000 at SR 0.5 per share. Dividends payed during the fourth quarter of 2019.

On 26 February 2019, corresponding 20 Jamada al-Thani 1440 H, the General Assembly decided to approve the recommendation of the Board of Directors to distribute cash dividends to the shareholders of the company for the first half of the fiscal year 2018 amounting to SR 88,500,000 at SR 1.5 per share. Dividends paye during the first quarter of 2019. During the first quarter, the Company completed the distribution of cash dividends of SR 88,240,400 million.

On May 22, 2018, corresponding 6 Ramadan 1439 the shareholders of the Company approved the distribution of cash dividends for the financial year 2017 amounting to SR 147.5 million at a price of SR 2.5 per share and distributed during the second quarter of 2018.

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27. Basic and diluted earnings per share from profits

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 Company does not have any issued diluted instruments.

	As of 31 December 2019	As of 31 December 2018
Net income	146,915,952	141,758,455
Weighted average of outstanding shares	72,584,673	75,000,000
Basic and diluted earnings per share	2.02	1.89

The number of outstanding shares is 75 million. For the purpose of calculating earnings per share, the weighted average number of shares was adjusted retrospectively to reflect the effect of bonus shares to be issued by the Company.

The net loss of Dallah Namar Hospital Company amounted to SR 94.96 million for the year ended 31 December 2019 (31 December 2018: SR 111.9 million).

28. Contingencies and commitments**Capital commitments**

As at 31 December 2019, 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 amounting to SR 117.5 million (31 December 2018: SR 204.9 million).

Contingent liabilities

As at 31 December 2019, the Group has a contingent liability in the form of bank guarantees amounting to SR 37.4 million which have been issued on behalf of the Group in the normal course of business (31 December 2018: SR 24.5 million).

The Group issued a third party bank guarantee on behalf of Dr. Mohammed Al faqeeh hospital, an associate company, amounting to SR 17.5 million. The guarantee ends on 29 October 2020.

There are also documentary credits amounting to SR 35.9 million as at 31 December 2019 (31 December 2018: SR 36.5 million)

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

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29. Classification of financial instruments, fair value measurement, and risk management**29-1 Classification of financial liabilities**

	As at 31 December 2019	As at 31 December 2018
<u>Financial assets</u>		
Financial assets at amortized cost		
Due from related parties	6,595,090	5,194,560
Contract Assets with customers	1,961,722	2,442,924
Trade receivables	329,354,627	356,180,416
Advances to Employees'	6,803,339	5,401,088
LC and LG margin	12,130,125	5,630,125
Cash and cash equivalents	88,326,259	46,359,135
Financial assets at fair value through other		
Equity instruments at fair value through other	3,584,585	5,443,934
Equity instruments at fair value through Profit and loss	35,706,967	-
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Long Term Murabaha Financing	839,268,569	562,639,841
Long term lease liability	5,585,688	-
Long term Retentions	468,244	3,671,431
Trade payables	110,878,833	101,510,822
Contract liabilities with customers	17,212,922	5,229,801
Short Term Murabaha Financing	69,647,000	139,837,580
Current portion of long term Murabaha financing	112,106,343	5,916,666
Short term lease liability	13,411,227	-
Short term Retentions	24,595,402	-
Due to Related Parties	766,464	1,106,613

29-2 Fair value measurement

The Group measures financial instruments, such as Equity instruments at fair value through other comprehensive income at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities measured at fair value or disclosed in the financial statements are classified in the hierarchy of fair value levels. The following is an explanation:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable

The following table shows the analysis of items carried at fair value according to the level of the fair value hierarchy:

		As of 31 December 2019		
		Level 1	Level 2	Level 3
Financial assets at fair value through Other				
comprehensive income		136,465	-	3,448,120
Financial assets at fair value through profit or loss		-	-	35,706,967
		As of 31 December 2018		
		Level 1	Level 2	Level 3
Financial assets at fair value through Other				
comprehensive income		247,669	-	5,196,265
Financial assets at fair value through profit or loss		-	-	-

29-3 Risk Management

The Group is exposed to the following risks as a result of its use of financial instruments:

- (A) Foreign currency risk
- (B) Credit risk
- (C) Liquidity risk
- (D) Interest risk

(A) Foreign currency risk

Foreign currency risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates. The Group did not perform any transactions of relative importance in currencies other than the Saudi Riyal, the US Dollar. Since the Saudi riyal is pegged against the US dollar, it does not represent significant currency risk. The Group's management monitors currency exchange rates and believes that currency risk is immaterial.

(B) Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss and arises principally from trade and other receivables, contract assets, due from related parties and cash balances in banks.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Trade receivables, contracts assets and due from related parties

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual trade receivables and contracts assets due from related parties, but management also determines other factors that may have an impact on the credit risk.

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The trade receivables, contracts assets and due from related aging are as follows:

	As at 31 December 2019	As at 31 December 2018
Trade receivables		
Not more than six months	196,684,425	230,155,321
Over six months but less than one year	50,449,926	104,932,119
More than one year	82,220,276	21,092,977
	329,354,627	356,180,417
Contract assets		
Not more than six months	1,961,722	2,442,924
Due from related parties		
Not more than six months	1,239,861	3,161,211
Over six months but less than one year	973,320	1,865,938
More than one year	4,381,909	167,411
	6,595,090	5,194,560

The amount of the provision of expected credit losses as at 31 December 2019 was SR 30.8 million (2018: SR 24.9 million).

Cash and cash equivalents

Cash and cash equivalents are deposited with highly trustworthy banks. Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations related to its liabilities. The Group's approach to liquidity management is to ensure that it has adequate liquidity on an ongoing basis and to the extent possible to meet its obligations under normal and critical circumstances, without incurring unacceptable losses or compromising the reputation of the Group at risk.

(C) Liquidity risk,

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realizable, along with planning and managing the Group's forecasted cash flows by maintaining adequate cash reserves, maintaining valid and available credit lines with banks, and matching the maturity profiles of financial assets and liabilities,

Maturity Table for financial liabilities

<u>As of 31 December 2019</u>	<u>Less than one year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Murabaha "includes interest "	187,428,452	689,587,969	179,055,000	1,056,071,421
lease liability	13,411,227	5,585,688	-	18,996,915
Term Retentions	24,595,402	468,244	-	25,063,646
Trade payables	110,878,833	-	-	110,878,833
Due to related parties	766,464	-	-	766,464
	337,080,378	695,641,901	179,055,000	1,211,777,279

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Maturity Table for financial liabilities

<u>As of 31 December 2018</u>	<u>Less than one year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Murabaha "includes interest "	147,687,905	619,457,730	11,123,401	778,269,036
lease liability	-	-	-	-
Term Retentions	-	3,671,431	-	3,671,431
Trade payables	101,510,822	-	-	101,510,822
Due to related parties	1,106,613	-	-	1,106,613
	<u>250,305,340</u>	<u>623,129,161</u>	<u>11,123,401</u>	<u>884,557,902</u>

(D) Interest risk

Financial instruments are exposed to the risks of changes in value as a result of changes in interest rate rates of their assets and liabilities with variable interest, The actual interest rates and the periods which the financial assets and liabilities are reprised or matured are indicated in the related notes. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit through the impact on floating rate borrowings, no effects on comprehensive income:

	<u>Increase (decrease) in Interest rate</u>	<u>Total Murabaha liability</u>	<u>Expected impact on comprehensive income</u>
As at 31 December 2019	10,210,219±	1,021,021,912	%1 ±
As at 31 December 2018	7,083,940±	708,394,087	%1 ±

30. 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.

31. Subsequent events

On 23 February 2020G 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 for cash. Makkah Medical Center hospital (owned by Makkah Medical Centre Company) is considered one of the top private sector hospitals in the Holy Capital, with capacity of 120 beds and 40 clinics, and 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 G, and according to the mandate of the Ordinary General Assembly on 1 May 2019 G, 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 with a value of SR 52,500,000.

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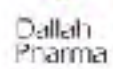
On 26 February 2020 G, the company's board of directors recommended increasing the Company's capital by issuing bonus shares to the company's shareholders, so that the capital will become 900 million Saudi Riyals instead of 750 million Saudi Riyals. This bonus shares issuance will use SR. 150 million from the Statutory reserve - share premium.

32. Comparative figures

Certain comparative figures for the previous year have been reclassified to conform to the current year classification.

33. Approval of the consolidated financial statements

The consolidated financial statements have been approved by the board of directors on: 02 Rajab 1441 H Corresponding to: 26 February 2020 G



www.dallahhealth.com

In the name of Allah the Merciful



Remuneration Policy for Board Members, Sub-Committees and Senior Executives

Dallah Healthcare Company

Endorsed by the General Assembly on: 12/04/1439 AH corresponding to 30/12/2017 Gregorian

Goal:

The Remuneration Policy for board members, sub-committees and senior executives aims to organize and specify remunerations for board members, sub-committees and senior executives in the company so as to attract competent members of the board, sub-committees and senior executives who possess high degree of scientific, technical and managerial skills, as well as sufficient expertise required to perform their relevant tasks with the required proficiency. The company further seeks to provide a successful and attractive working environment to achieve the company goals.

Principals and Rules Governing Remunerations:

First: The Board of Directors and Sub-Committees:

Upon the recommendation of the Remunerations Committee, the Board of Directors will set the remuneration for the board and its subcommittees in accordance with the following principles:

- To be consistent with the nature, activities size and required skills.
- Remunerations needs to be attractive for competent members of the board whom are highly qualified enabling the company to achieve its goals.
- A Member of the Board shall be eligible for an annual remuneration of a maximum of (200,000) Saudi Riyals, in return for the tasks and functions entrusted in his capacity as a board member, unless recommended otherwise by the Remuneration and Nomination Committee.
- Members of the Board that are members of sub-committees and subcommittees of the General Assembly shall be eligible an annual remuneration of a maximum of (500,000) Saudi Riyals whether the board member is a member of a single committee or several committees, unless recommended otherwise by the Remuneration and Nomination committee provided that it complies with companies law and regulations, as well as the relevant directives and procedures.
- The company has the right to seek compensation for damages affecting its reputation and recover amounts paid as remunerations, compensations or any other costs incurred by the company, when:
 - Termination resolution by the General Assembly when a member is absent for three consecutive meetings during one calendar year without justification that is acceptable by the board.
 - When a member fails to carry out his responsibilities, tasks and duties causing damages to the company's interests.
 - When a member commits a dishonest, dishonorable, or act of forgery.

Second: Senior Executives

The Board of Directors shall specify the remunerations of senior executives upon the recommendation of the Remuneration and Nomination Committee in the company according to the following principals:

Remuneration and compensations shall be in line with the strategic goals of the company and work as an incentive to senior executives towards meeting those goals and enhancing the company's ability to grow, develop and sustain its operations.

To be consistent with the nature, activities size and required skills for performing the required tasks.

To enable the company to attract high caliber senior executives

General Provisions:

- Upon endorsement by the General Assembly, this policy shall become effective on the endorsement date. The Board of Directors has the right to review this policy from time to time when ever such a review is deemed within the interests of the company and when conditions and situations compel such a review.

The provisions of this policy shall compliment those prescribed in its articles of association and shall not replace them. In case of conflict between the contents of this policy and those prescribed in the statute, those prescribed in the articles of association shall prevail. ▪