

Al Hammadi Holding Company

(A Saudi Joint Stock Company)

The Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three month and six month periods ended 30 June 2023

and the Independent Auditor Review Report
on the condensed consolidated interim financial statements

Al Hammadi Holding Company

(A Saudi joint stock company)

Index of the condensed consolidated interim financial statements for the three-month and six-month periods ended 30 June 2023 (Unaudited)

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Al Hammadi Holding Company
"A Saudi Joint Stock Company"
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Hammadi Holding Company ("the Company") and its subsidiaries (together "the Group") as at 30 June 2023 and the related condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS 34") "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on those condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements is not prepared in all material respects in accordance with IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License No. 362



Riyadh, 27 Muharram 1445 (H)
Corresponding to: 14 August 2023 (G)

Al Hammadi Holding Company
(A Saudi joint stock company)
Condensed Consolidated Interim Statement of Profit or Loss
(In Saudi riyals)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Revenues	(6)	276,655,065	281,942,255	575,256,387	532,832,462
Cost of revenues		(184,574,035)	(172,850,408)	(362,770,687)	(327,662,535)
GROSS PROFIT		92,081,030	109,091,847	212,485,700	205,169,927
Selling and marketing expenses		(1,086,704)	(779,348)	(3,192,963)	(1,311,254)
General and administrative expenses		(21,306,247)	(21,495,686)	(46,485,048)	(44,374,173)
Reversal of / (provision for) allowance for expected credit loss		17,838,461	(16,800,785)	11,961,644	(24,306,917)
Other operating income		5,659,705	3,866,521	10,178,483	8,802,296
OPERATING PROFIT		93,186,245	73,882,549	184,947,816	143,979,879
Company share of profit from associate	(10)	547,954	1,952,434	1,893,612	2,305,010
Finance cost		(6,889,058)	(5,736,829)	(13,572,987)	(9,227,638)
NET PROFIT BEFORE ZAKAT		86,845,141	70,098,154	173,268,441	137,057,251
Zakat expense		(5,000,000)	(5,000,000)	(10,000,000)	(10,000,000)
NET PROFIT FOR THE PERIOD		81,845,141	65,098,154	163,268,441	127,057,251
Earnings per share:					
Basic and diluted profit for the period attributable to ordinary equity holders	(7)	0.51	0.41	1.02	0.79

The accompanying notes from (1) to (23) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Comprehensive Income
(In Saudi riyals)

	For the three-month period		the six-month period ended		
	ended 30 June		30 June		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
Note	<u>(Unaudited)</u>	(Unaudited)	<u>(Unaudited)</u>	(Unaudited)	
NET PROFIT FOR THE PERIOD		<u>81,845,141</u>	<u>65,098,154</u>	<u>163,268,441</u>	<u>127,057,251</u>
Items that will not be subsequently reclassified into profit or loss:					
Re-measurement loss on defined benefit plans	(17)	<u>(798,813)</u>	<u>(1,978,226)</u>	<u>(587,535)</u>	<u>(497,929)</u>
The company's share in other comprehensive gain / (loss) of an associate	(10)	<u>62,582</u>	<u>(79,416)</u>	<u>(47,783)</u>	<u>(79,416)</u>
Other comprehensive income for the period		<u>(736,231)</u>	<u>(2,057,642)</u>	<u>(635,318)</u>	<u>(577,345)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>81,108,910</u>	<u>63,040,512</u>	<u>162,633,123</u>	<u>126,479,906</u>

The accompanying notes from (1) to (23) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Financial Position
(In Saudi riyals)

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	(8)	1,691,852,218	1,606,179,197
Advance payments for acquisition of property and equipment	(9)	-	95,803,611
Intangible assets		26,764,043	28,538,729
Investment in associate	(10)	126,090,253	124,244,424
Total non-current assets		1,844,706,514	1,854,765,961
Current assets			
Inventories		57,087,776	56,232,718
Other receivables		9,319,321	7,182,309
Prepayments		15,658,624	14,755,274
Contract assets		3,267,591	7,254,486
Trade receivables	(11)	441,818,668	481,054,832
Cash and cash equivalents		175,148,090	60,602,485
Total current assets		702,300,070	627,082,104
TOTAL ASSETS		2,547,006,584	2,481,848,065
EQUITY AND LIABILITIES			
EQUITY			
Share capital	(12)	1,600,000,000	1,600,000,000
Statutory reserve		37,022,854	37,022,854
Retained earnings		124,172,958	73,539,835
TOTAL EQUITY		1,761,195,812	1,710,562,689
LIABILITIES			
Non-current liabilities			
Loans	(14)	159,695,667	202,958,673
Government grants	(15)	110,386,462	114,937,924
Lease liabilities	(16)	110,831,046	114,510,325
Employees' terminal benefits	(17)	83,324,757	78,826,036
Total non-current liabilities		464,237,932	511,232,958
Current liabilities			
Loans	(14)	28,953,738	29,163,829
Government grants	(15)	9,102,925	9,102,925
Lease liabilities	(16)	13,588,475	14,469,351
Accrued zakat		10,215,229	16,898,535
Trade payables	(18)	67,563,834	87,043,622
Accrued expenses		41,817,954	35,503,787
Other payables	(19)	92,521,782	25,041,463
Contract liabilities		57,808,903	42,828,906
Total current liabilities		321,572,840	260,052,418
TOTAL LIABILITIES		785,810,772	771,285,376
TOTAL EQUITY AND LIABILITIES		2,547,006,584	2,481,848,065

The accompanying notes from (1) to (23) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafcen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(In Saudi riyals)

	Share capital	Statutory reserve	Retained earnings	Total equity
As at 1 January 2022 (Audited)	1,200,000,000	73,230,165	386,059,072	1,659,289,237
Net profit for the period	-	-	127,057,251	127,057,251
Other comprehensive loss for period	-	-	(577,345)	(577,345)
Total comprehensive income for period	-	-	126,479,906	126,479,906
Transferred to increase share capital	400,000,000	(61,940,928)	(338,059,072)	-
Dividends	-	-	(96,000,000)	(96,000,000)
As at 30 June 2022 (Unaudited)	1,600,000,000	11,289,237	78,479,906	1,689,769,143
As at 1 January 2023 (Audited)	1,600,000,000	37,022,854	73,539,835	1,710,562,689
Net profit for the period	-	-	163,268,441	163,268,441
Other comprehensive loss for period	-	-	(635,318)	(635,318)
Total comprehensive income for period	-	-	162,633,123	162,633,123
Dividends	-	-	(112,000,000)	(112,000,000)
As at 30 June 2023 (Unaudited)	1,600,000,000	37,022,854	124,172,958	1,761,195,812

Note

(12)

(13)

(13)

The accompanying notes from (1) to (23) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)

		For the six- month period ended	
		30 June 2023	30 June 2022
	Note	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Net profit of the period		163,268,441	127,057,251
Adjustments for non-cash items:			
Depreciation of property and equipment and right of use assets		47,981,101	49,193,459
Amortization of intangible assets		1,774,686	1,881,409
Loss on disposal of property and equipment		1,441,926	-
Loss on disposal of right of use assets		(489,462)	-
Share of profit from associate	(10)	(1,893,612)	(2,305,010)
Reversal of / (provision for) allowance for expected credit loss		(18,613,966)	24,306,917
Government grants amortization	(15)	(4,551,462)	(3,806,799)
Current services cost of employees' terminal benefits	(17)	5,866,787	6,148,775
Contract liability formed during the period		25,566,985	28,607,395
Finance cost		13,572,987	9,227,638
Zakat expense		10,000,000	10,000,000
		243,924,411	250,311,035
Working capital adjustments:			
Inventories		(855,058)	4,986,151
Other receivables		(2,133,575)	(12,669,709)
Prepayments		(777,735)	(2,601,655)
Contract assets		10,510,165	(601,232)
Net changes in related parties		(8,743,043)	(123,762)
Trade receivables		51,204,276	(127,792,141)
Trade payables		(12,891,741)	1,594,359
Accrued expenses		6,314,167	(748,601)
Other payables		11,170,483	(5,036,940)
Contract liability		(10,586,988)	(42,015,068)
Cash from operations		287,135,362	65,302,437
Employees' terminal benefits paid	(17)	(4,103,393)	(5,515,912)
Zakat paid		(16,683,306)	(18,207,612)
NET CASH FLOWS FROM OPERATING ACTIVITIES		266,348,663	41,578,913

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)

		For the three- month period ended	
		30 June 2023	30 June 2022
	Notes	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES			
Purchase of property and equipment		(39,753,002)	(7,869,216)
Advance payments for acquisition of property and equipment		-	(95,803,611)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(39,753,002)	(103,672,827)
FINANCING ACTIVITIES			
Proceeds short term loans		54,118,000	146,239,637
Repayment of long and short term loans		(101,455,000)	(56,119,387)
Lease liabilities paid	(16)	(5,626,441)	(6,991,000)
Finance cost paid		(3,396,451)	(1,964,301)
Dividends paid		(55,690,164)	(95,149,338)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(112,050,056)	(13,984,389)
Net changes in cash and cash equivalents		114,545,605	(76,078,303)
Cash and cash equivalents at 1 January		60,602,485	120,857,509
CASH AND CASH EQUIVALENTS AT 30 JUNE		175,148,090	44,779,206
<u>Supplementary information for non-cash transactions</u>			
Transfer from lease liabilities to trade payables	(16)	14,375	413,973
Transfer from lease liabilities to related parties payables	(16)	2,159,150	-
Transfer from advance payments for acquisition of property & equipment to property & equipment	(9)	95,803,611	-
Dividends payable	(13)	56,000,000	850,662

The accompanying notes from (1) to (23) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

1. Corporate information

Al Hammadi Holding Company (the “Company”) is a Saudi joint stock company registered under Commercial Registration No. 1010196714 issued on 23 Safar 1425H (corresponding to: 13 April 2004) in Riyadh city. The Company’s shares are listed in Saudi Stock Exchange (Tadawul) since 17 Ramadan 1435H (corresponding to 15 July 2014).

The Company’s registered address is P.O. Box 10112, Riyadh 11443, Saudi Arabia.

The main activities of the Company are represented in managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to them, investing its money in shares and other securities in accordance with legal and regulatory controls, owning real estate and movables necessary to conduct its activities, and providing loans, guarantees and financing to its subsidiaries, Owning property rights including patents, trademarks, industrial rights, franchises and other intangible rights, exploiting and leasing them to its subsidiaries or others, and owning, developing and investing real estate by selling, buying, renting, leasing, managing, operating and maintaining it. The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent agencies, if any.

On 20 June 2022, the company’s shareholders in the general assembly agreed to change the company’s name from Al Hammadi Company for Development and Investment to Al Hammadi Holding Company, and to amend the company’s objectives. The company’s fiscal year begins on the first of January of each year and ends at the end of December of each calendar year.

On 27 Muharram 1444H (corresponding to: 25 August 2022), the company completed the statutory procedures to approve the amendments to the company’s articles of association and commercial register.

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest	
				2023	2022
Medical Support Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Pharmaceutical Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Al-Hammadi for Hospitals Operations and Management Company Limited*	Saudi Arabia	Trading Company	Saudi Riyals	-	100%
Medical Industries Company Limited	Saudi Arabia	Industrial Company	Saudi Riyals	100%	100%

*On 15 Jumada Al-Akhirah 1444H (corresponding to: 8 January 2023), Al-Hammadi for Hospitals Operations and Management Company Limited transformed into a branch under Al-Hammadi Holding Company and its name changed to Al-Hammadi for Hospitals Operations for Management for Operation and Maintenance.

1. Corporate information- Continued

These condensed consolidated financial statements include the accounts of the Group and the following branches, which operate under separate commercial registrations:

Branch Name	Commercial Registration No.	City
Al Hammadi Hospital, Olaya - branch	1010263026	Riyadh
Al Hammadi Hospital, Al-Suwaidi- branch	1010934227	Riyadh
Al Hammadi Hospital, Al-Nuzha - branch	1010374270	Riyadh
Al Hammadi Hospitals Group	1010740187	Riyadh
Al-Hammadi for Hospitals Operations and Management for Operation and Maintenance	1010374269	Riyadh
Maintenance & Operations	1010374273	Riyadh
Arabian Hospitality	1010610529	Riyadh
Medical Support Services Training Center	1010500366	Riyadh
Medical Support Services Female Training Center	1010651084	Riyadh
Home Medical Care	1010610897	Riyadh
Continuous Medical Education Center	1010503393	Riyadh
Medical Diagnostic Center for Medical Services	1010610524	Riyadh
Telemedicine Limited	1010610532	Riyadh
Unified Procurement Limited	1010610555	Riyadh
Bio and Pharmaceutical Industries Complex	1126105966	Sudair

2. Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Initial Financial Report” endorsed in the Kingdom of Saudi Arabia and other standards and issuances endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the group as of 31 December 2022 (the “Last year annual financial statements”). These condensed consolidated interim financial statements do not include all the information required to prepare a complete set of financial statements prepared in accordance with International Financial Reporting Standards. Accounting policies and specific explanatory notes to explain events and transactions important to understanding changes in the financial position and financial performance of the group have been included in the financial statements for the previous year. The results for the six-month period ending on 30 June 2023 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2023.

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the employee's terminal benefits which is measured at the present value of future obligations using the Projected Unit Credit method.

2.3 Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

The assumptions and estimates are continually evaluated and they are based on past experience and other factors, including expectations of future events that are relevant to the circumstances. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group. Unless otherwise stated all figures are rounded to the nearest Riyal (Saudi Riyal).

4. Basis of consolidation

These condensed consolidated interim financial statements comprising the condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of other comprehensive income, condensed consolidated interim statement of changes in shareholders' equity, condensed consolidated interim statement of cash flows and notes to the condensed consolidated interim financial statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill in condensed consolidated interim statement of financial position. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

5. Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements as at 30 June 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts in Saudi Riyals unless otherwise stated)

6. Segment information

Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker.

The Group's operations consist mainly of the medical services and pharmaceuticals products segment.

The following are selected financial information as at 30 June 2023, 30 June 2022 and 31 December 2022 by business segment:

- Medical Services segment: Fees imposed on hospitals' services for inpatient and outpatient.
- Pharmaceutical's products segment.

For the six-month period ended 30 June (Unaudited)	Medical Services		Pharmaceutical Products		Total	
	2023	2022	2023	2022	2023	2022
Revenue	456,603,227	427,645,941	118,653,160	105,186,521	575,256,387	532,832,462
Gross Profit	182,097,802	180,222,381	30,387,898	24,947,546	212,485,700	205,169,927
Depreciation and amortization	48,230,590	49,553,239	1,525,197	1,521,629	49,755,787	51,074,868
Net profit for the period	147,270,168	125,453,019	15,998,273	1,604,232	163,268,441	127,057,251

For the period / year ended as at	Medical Services		Pharmaceutical Products		Total	
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Total Assets	2,255,371,783	2,187,944,648	291,634,801	293,903,417	2,547,006,584	2,481,848,065
Total Liabilities	717,588,696	717,028,573	68,222,076	54,256,803	785,810,772	771,285,376

7. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Net profit for the period	163,268,441	127,057,251
Weighted average number of ordinary shares	160,000,000	160,000,000
Basic and diluted earnings per share	1.02	0.79

Diluted earnings per share is the same as the regular or basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

8. Property and equipment

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Property and equipment	1,561,941,451	1,470,140,010
Right of use assets	129,910,767	136,039,187
	<u>1,691,852,218</u>	<u>1,606,179,197</u>

Land and buildings illustrated above basically include a part of lands with a value of SAR 152.5 million (31 December 2022: SAR 152.2 million) and a part of buildings with a net book value of SAR 897 million as at 30 June 2023 (31 December 2022: SAR 912.4 million) pledged as a collateral for a long-term loan from the Ministry of Finance to fund part of the construction of the hospital in Al-Suwaidi area and its housing compound in addition to the construction of the hospital in Al Nuzha area.

9. Advance payments for the acquisition of property and equipment

On 28 March 2022, the Company (“the buyer”) signed with Al-Narjes Community Real Estate Developer (the “Developer”) a land purchase agreement (“the Block”) with a total area of 19,202.68 sqm in Al Narjis District, for the purpose of establishing a hospital on it, with a total amount of 115,600,133 Saudi Riyals, excluding real estate tax and commission fees; so that the first payment in the amount of 92,480,106 Saudi riyals (80% of the price of the land) is due upon signing the contract in addition to commission fees of 3,323,505 Saudi Riyals , and the second payment in the amount of 23,120,026 Saudi Riyals (20% of the price of the land) is to be paid upon title transfer.

On 12 February 2023, the company paid the remaining amount of 23,120,026 Saudi Riyal from the price of the Narjis land in addition to real estate tax of 5,780,007 Saudi Riyal and the land title deeds ownership has been transferred to the company, the balance has been transferred to the property and equipment during the period.

10. Investment in associate

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	124,244,424	120,258,664
Company’s share of net profit	1,893,612	4,075,422
Company’s share of other comprehensive income	(47,783)	(89,662)
Balance at the ending of the period/year	<u>126,090,253</u>	<u>124,244,424</u>

11. Trade receivables

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables		595,262,146	639,814,100
Amounts due from related parties	(20)	6,468	-
		<u>595,268,614</u>	639,814,100
Allowance expected credit loss		<u>(153,449,946)</u>	(158,759,268)
Net trade receivables		<u>441,818,668</u>	<u>481,054,832</u>

11. Trade receivables - continued

The summary for the movement of allowance for expected credit loss is as follows:

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	158,759,268	243,344,449
(Reversals) / additions during the period/year	(5,309,322)	44,480,432
Written off bad debts during the period/year	-	(129,065,613)
Balance at the ending of the period/year	153,449,946	158,759,268

Indicators of impairment in the value of trade receivables are reviewed at the end of the reporting period. The allowance expected credit loss is adjusted in proportion to the periodic changes that occur in these indicators. In the opinion of management, there was no decrease in the value of trade receivables other than what was recorded as an allowance for expected credit loss.

12. Share capital

The company's capital as at 30 June 2023 is 1,600 million Saudi riyals (31 December 2022: about 1,600 million Saudi riyals) consisting of 160 million ordinary shares (31 December 2022: 160 million ordinary shares), fully paid up with a nominal value of 10 Saudi riyals.

During 2022, the company has completed the procedures and statutory requirements to increase the company's capital by 33%, by granting free shares to the shareholders by capitalizing the retained earnings and part of the statutory reserve with a total amount of 400 million Saudi riyals, after the approval of the Capital Market Authority (CMA) that was issued on 18 May 2022 in light and approval the Extraordinary General Assembly of the company held on 20 June 2022.

13. Dividends

The Board of Directors of the Company approved, in its meeting held on 21 Sha'ban 1443H (corresponding to: 24 March 2022), the distribution of interim cash dividends of 48 million Saudi Riyal to the company's shareholders for the first quarter of 2022 at a rate of 0.40 Saudi riyals (40 Halalas) per share. The company's General Assembly, held on 21 Dhu Al-Qa'dah 1443H (corresponding to: 20 June 2022), approved the dividends.

The Board of Directors of the Company approved, in its meeting held on 3 Dhu Al-Qa'da 1443H (corresponding to 2 June 2022), the distribution of interim cash dividends of 48 million Saudi Riyal to the company's shareholders for the second quarter of 2022 at a rate of 0.40 Saudi riyals (40 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends for the fiscal year 2022 in accordance with the decision of the Ordinary Assembly on 5 Jumada Al-Awwal 1443H (corresponding to 9 December 2021).

The Board of Directors of the Company approved, in its meeting held on 10 Shaban 1444H (corresponding to: 2 March 2023), the distribution of interim cash dividends of 56 million Saudi Riyal to the company's shareholders for the first quarter of 2023 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2023 in accordance with the decision of the Ordinary Assembly on 21 Dhu al-Qi'dah 1443H (corresponding to: 20 June 2022).

The Board of Directors of the Company approved, in its meeting held on 29 Dhu Al-Qa'da 1444H (corresponding to: 18 June 2023), the distribution of interim cash dividends of 56 million Saudi Riyal to the company's shareholders for the second quarter of 2023 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2023 in accordance with the decision of the Ordinary Assembly on 21 Dhu al-Qi'dah 1443H (corresponding to: 20 June 2022)

14. Long term loans

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current portion		
Loans from Ministry of Finance	28,953,738	29,163,829
Total Current portion	28,953,738	29,163,829
Non-Current portion		
Loans from Ministry of Finance	159,695,667	171,667,309
Loans from commercial banks	-	31,291,364
Total Non-current portion	159,695,667	202,958,673
Total	188,649,405	232,122,502

Aggregate maturities of loans are as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within one year	18,714,240	20,005,604
From one year but to five years	93,571,200	93,571,200
More than five years	172,236,856	219,573,858
Total	284,522,296	333,150,662

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Future loans payment	284,522,296	333,150,662
Less: un-amortized finance costs	(95,872,891)	(101,028,160)
Present value of loans payment	188,649,405	232,122,502
Less: current-portion of loans	(28,953,738)	(29,163,829)
Non-current-portion of loans	159,695,667	202,958,673

14.1 **Loans from Commercial Bank**

On 12 Ramadan 1443 (corresponding to: 13 April 2022), the company signed a Sharia-compliant bank loan agreement with a local commercial bank, amounting to 365 million Saudi riyals for a financing period of 7 years, including 3 grace years starting from 30 September 2022, to finance expansions and the company's projects. The loan is collateralized by promissory notes and any other guarantees required by the Bank.

On 8 Ramadan 1444H (corresponding to: 30 March 2023), the company repaid the non-current part of the long-term loan with amount of 30,000,000 Saudi riyals, in addition to the financing costs due.

On 24 Shaaban 1444H (corresponding to: 16 March 2023), the company withdrew a short-term financing amount from a bank facilities agreement with a commercial bank with amount of 50,000,000 Saudi riyals that repaid within six months from withdrawal date. This financing was repaid on 2 Dhu al-Hijjah 1444H (corresponding to: 20 June 2023).

15. Government Grants

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	124,040,849	136,744,609
Government grants amortized for the period/year	(4,551,462)	(17,413,665)
Adjustments	-	4,709,905
Balance at the end of the period/year	<u>119,489,387</u>	<u>124,040,849</u>
Current portion	9,102,925	9,102,925
Non-current portion	<u>110,386,462</u>	<u>114,937,924</u>
	<u>119,489,387</u>	<u>124,040,849</u>

16. Lease Liabilities

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	128,979,676	8,504,226
Additions during the period/year	5,988,945	135,465,060
Disposals during the period/year	(2,749,134)	-
Payments	(5,626,441)	(8,155,460)
Transferred to trade payables	(14,375)	(34,150)
Transferred to related parties payables	(2,159,150)	(6,800,000)
Balance at the end of the period/year	<u>124,419,521</u>	<u>128,979,676</u>

Following are the aggregate maturities of un discounted lease liabilities:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Within one year	14,228,490	15,144,268
From one year to five years	68,018,298	69,108,077
More than five years	108,800,000	115,600,000
Total	<u>191,046,788</u>	<u>199,852,345</u>

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Future minimum lease payment	191,046,788	199,852,345
Less: un-amortized finance lease	(66,627,267)	(70,872,669)
Present value of minimum lease liabilities	124,419,521	128,979,676
Less: current-portion of lease liabilities	(13,588,475)	(14,469,351)
Non-current-portion of lease liabilities	<u>110,831,046</u>	<u>114,510,325</u>

17. Employees' terminal benefits

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Present value of defined benefit obligation at beginning of the period \ year	78,826,036	65,853,216
Current service cost	5,866,787	11,903,783
Special commission cost	2,147,792	3,556,072
Actuarial loss based on a defined benefit plan recognized in the consolidated statement of comprehensive income	587,535	5,973,054
Benefits paid during the period / year	(4,103,393)	(8,460,089)
Present value of defined benefit obligation at end of the period / year	83,324,757	78,826,036

18. Trade payable

		30 June 2023	31 December 2022
	Note	(Unaudited)	(Audited)
Vendors payable		65,023,835	77,926,198
Amounts due to related parties	(20)	2,539,999	9,117,424
		67,563,834	87,043,622

19. Other payable and accruals

		30 June 2023	31 December 2022
	Note	(Unaudited)	(Audited)
Dividend payable	(13)	57,930,689	1,620,853
Retention from others		15,536,915	15,188,907
Legal provisions		2,305,000	2,305,000
Other		16,749,178	5,926,703
		92,521,782	25,041,463

20. Related party transactions and balances

The Group in the normal course of business carries on business with other enterprises and individuals that fall within the definition of a related party as per IFRS. These transactions are carried out in normal course of the business and are measured at exchange amounts, being the amounts agreed by both parties. The transactions are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the period/ year are unsecured, interest free and to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties for the period ended as at 30 June 2023 (31 December 2022: Zero).

20. Related party transactions and balances – continued

During the ordinary course of business, the Group engaged in several significant transactions with related parties (i.e., major shareholders of the Group) as illustrated below:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Compensation to key management members	4,377,189	5,553,773
Purchases from companies owned by shareholders	3,883,035	3,661,058
Rental expense paid to shareholders	10,750,000	6,311,000
Rental expense paid to relatives of shareholders	700,000	630,000
Clinical services rendered to shareholders	15,539	12,262

Significant period/ year-end balances from transactions with related parties are as follows:

Amounts due from related party

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Main shareholders and relatives	(11)	6,468	-
		<u>6,468</u>	<u>-</u>

Amounts due to related party

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Main shareholders and relatives	(18)	2,539,999	9,117,424
		<u>2,539,999</u>	<u>9,117,424</u>

21. Commitments and Contingencies

Letters of guarantee

The Group has letters of guarantee issued in the course of the normal business of the group with a total value of approximately 12.9 million Saudi Riyals (31 December 2022: approximately 11.6 million Saudi Riyals).

Legal cases provision

There are some legal cases, in the normal course of business, that are still pending in front of the competent authorities, and the management works to resolve them, but the final outcome of these cases is not certain. The management closely monitors the updates and takes the necessary provision, based on the principle of conservatism. The management believes that the current provisions are sufficient and it does not expect that the results of these cases will be material on the condensed consolidated interim financial statements of the Group.

22. Financial assets and financial liabilities

Financial instruments risk management objectives and policies

The main financial instruments carried on the Group's statement of financial position include cash and cash equivalents, accounts receivables and other debit balances, due from related parties, accounts payables, loans, due to related parties, accrued liabilities and other credit balances. The main purpose behind the Group's financial liabilities is to finance the operations and to provide guarantees to support the operations.

The Group's activities exposed it to various risks. These risks are: Market risk (which includes: Currency risk, fair value and cash flow interest rate risks and price risk), Credit risk and Liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include: loans, borrowings and deposits.

Currency Risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk. The Group has also some transactions in EURO which were not significant as at 30 June 2023 and 31 December 2022.

Fair value and cash flow interest rate risks

The exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group monitors the commission rate fluctuations on a continuous basis and acts accordingly. The Group's commission rates principally relate to its borrowings and are subject to change on periodic basis.

Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is currently not exposed to price risk as it has no investments in marketable securities.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group places its cash with banks that have sound credit ratings. Accounts receivables and due from related parties are carried net of allowance for expected credit loss.

The maximum credit risk for the Group is as follows, and most of them are unsecured:

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
Trade receivables	441,818,668	481,054,832
Other receivables	9,319,321	7,182,309
Cash and cash equivalents	175,148,090	60,602,485
	626,286,079	548,839,626

22. Financial assets and financial liabilities - continued

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The table below summarizes the maturities of the Company's financial liabilities, based on contractual payment dates and current market interest rates:

<u>As at 30 June 2023</u> <u>(Unaudited)</u>	<u>On demand</u>	<u>Within one year</u>	<u>After one year but not more than five years</u>	<u>More than five years</u>	<u>Total</u>
Loans	-	18,714,240	93,571,200	172,236,856	284,522,296
Trade payables	67,563,834	-	-	-	67,563,834
Accrued expenses	41,817,954	-	-	-	41,817,954
Other payables	92,521,782	-	-	-	92,521,782
Lease liabilities	-	14,228,490	68,018,298	108,800,000	191,046,788
	<u>201,903,570</u>	<u>32,942,730</u>	<u>161,589,498</u>	<u>281,036,856</u>	<u>677,472,654</u>
<u>As at 31 December 2022</u> <u>(Audit)</u>	<u>On demand</u>	<u>Within one year</u>	<u>After one year but not more than five years</u>	<u>More than five years</u>	<u>Total</u>
Loans	-	20,005,604	93,571,200	219,573,858	333,150,662
Trade payables	87,043,622	-	-	-	87,043,622
Accrued expenses	35,503,787	-	-	-	35,503,787
Other payables	25,041,463	-	-	-	25,041,463
Lease liabilities	-	15,144,268	69,108,077	115,600,000	199,852,345
	<u>147,588,872</u>	<u>35,149,872</u>	<u>162,679,277</u>	<u>355,173,858</u>	<u>680,591,879</u>

Capital Management

The Group's objective when managing capital is to preserve the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintaining a strong capital base to support the sustainable development of its business.

The ratio of the Group's adjusted net liabilities to the Group's equity is as follows:

	<u>30 June 2023</u> <u>(Unaudited)</u>	<u>31 December 2022</u> <u>(Audited)</u>
Total liabilities	785,810,772	771,285,376
Less: Cash at banks	<u>(174,979,402)</u>	<u>(60,151,375)</u>
Net liabilities	<u>610,831,370</u>	<u>711,134,001</u>
Total equity	<u>1,761,195,812</u>	<u>1,710,562,689</u>
Net liabilities to Total equity	<u>0,35</u>	<u>0.42</u>

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. There have been no changes to the objectives, policies and procedures for capital management during the period /years ended as at 30 June 2023 and to 31 December 2022.

22. Financial assets and financial liabilities - continued

Fair Value

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents and accounts receivable. Financial liabilities consist of long-term loans, accounts payable, accruals and other liabilities and zakat payable.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale

The fair values of financial instruments are not materially different from their carrying values.

23. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved by the board of directors on 22 Muharram 1445H (corresponding to: 9 August 2023).
