

Al Hammadi Holding Company
(Previously Al Hammadi Company for Development and Investment)
(A Saudi Joint Stock Company)

The Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three month and six month periods ended 30 June 2022

and The Independent Auditor Review Report on the condensed consolidated
interim financial information

**Al Hammadi Holding Company(Previously Al Hammadi Company for
Development and Investment)
(A Saudi joint stock company)
Index of the condensed consolidated interim financial statements for the three
month and six-month periods ended 30 June 2022 (Unaudited)**

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

To the shareholders of
Al Hammadi Holding Company (Previously Al Hammadi Company for Development and Investment)
"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 2022 and the related condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of other comprehensive income for the three month and six month periods then ended, and the condensed consolidated interim statements of Changes in Shareholders' 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 statement 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 this condensed consolidated interim financial information 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" 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 information is not prepared in all material respects in accordance with IAS (34) endorsed in the Kingdom of Saudi Arabia.

Other Matter

The condensed consolidated interim financial statements for the Group for three month and six month periods ended at 30 June 2021, were reviewed by another auditor, and an unmodified conclusion was issued on 12 August 2021. The Group's consolidated financial statements for the year ended at 31 December 2021, were also audited by same auditor, and an unmodified opinion was issued on those consolidated financial statements on 24 March 2022.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, on 2 Safar 1444 (H)
Corresponding to 28 August 2022 (G)

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

	Note	For the three months period ended		For the six months period ended	
		30 June	30 June	30 June	30 June
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenues	(6)	281,942,255	223,896,314	532,832,462	450,188,258
Cost of revenues		(172,850,408)	(143,937,374)	(327,662,535)	(282,822,820)
GROSS PROFIT		109,091,847	79,958,940	205,169,927	167,365,438
Selling and marketing expenses		(779,348)	(2,292,898)	(1,311,254)	(3,127,163)
General and administrative expenses		(21,495,686)	(18,959,642)	(44,374,173)	(39,982,270)
Expected credit loss allowance	(12)	(16,800,785)	(25,077,878)	(24,306,917)	(67,934,865)
Other income		3,866,521	3,455,413	8,802,296	5,694,443
OPERATING PROFIT		73,882,549	37,083,935	143,979,879	62,015,583
Share of profit from associate		1,952,434	-	2,305,010	-
Finance cost		(5,736,829)	(3,816,548)	(9,227,638)	(7,640,650)
NET PROFIT BEFORE ZAKAT FROM CONTINUED OPERATIONS		70,098,154	33,267,387	137,057,251	54,374,933
Zakat expense		(5,000,000)	(3,000,000)	(10,000,000)	(6,500,000)
NET PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS		65,098,154	30,267,387	127,057,251	47,874,933
Profit from discontinued operations	(7)	-	10,037,480	-	27,965,888
NET PROFIT FOR THE PERIOD		65,098,154	40,304,867	127,057,251	75,840,821
Earnings per share:					
Basic and diluted earning per share from	(8)	0.41	0.34	0.79	0.63

The accompanying notes from (1) to (21) 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 (Previously Al Hammadi Company for Development and
Investment)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Comprehensive Income
(In Saudi riyals)

	For the three months period ended 30 June		For the six months period ended 30 June	
Notes	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
NET PROFIT FOR THE PERIOD	65,098,154	40,304,867	127,057,251	75,840,821
Items that will not be subsequently reclassified into profit or loss:				
Re-measurement (loss) / income on employee's end-of- services benefits. ⁽¹⁶⁾	(1,978,226)	849,572	(497,929)	2,563,014
(Comprehensive loss) / other comprehensive income for the period	(2,057,642)	849,572	(577,345)	2,563,014
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	63,040,512	41,154,439	126,479,906	78,403,835

The accompanying notes from (1) to (21) 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 (Previously Al Hammadi Company for Development
and Investment)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Financial Position
(In Saudi riyals)

	Notes	<u>As at</u> <u>30 June 2022</u> <u>(Unaudited)</u>	<u>As at</u> <u>31 December 2021</u> <u>(Audited)</u>
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property and equipment	(9)	1,505,612,106	1,546,936,349
Advance payments for acquisition of property and equipment	(10)	95,803,611	-
Intangible assets and goodwill		30,268,880	32,150,289
Investment in associate		122,484,257	120,258,664
Total Non-Current Assets		<u>1,754,168,854</u>	<u>1,699,345,302</u>
<u>Current assets</u>			
Inventories		48,620,171	53,606,322
Other debit balances		17,519,293	4,849,584
Prepayments	(11)	14,047,894	11,446,239
Contract assets		7,991,319	7,390,087
Trade receivables	(12)	467,750,353	364,219,105
Cash and cash equivalents		44,779,206	120,857,509
Total current assets		<u>600,708,236</u>	<u>562,368,846</u>
TOTAL ASSETS		<u>2,354,877,090</u>	<u>2,261,714,148</u>
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	(13)	1,600,000,000	1,200,000,000
Statutory reserve		11,289,237	73,230,165
Retained earnings		78,479,906	386,059,072
TOTAL SHAREHOLDERS' EQUITY		<u>1,689,769,143</u>	<u>1,659,289,237</u>
<u>LIABILITIES</u>			
<u>Non-current liabilities</u>			
Loans	(14)	267,340,674	179,120,978
Government grants	(15)	125,725,629	129,331,720
Lease liabilities		377,622	751,627
Employees' end of service benefits	(16)	68,008,464	65,853,216
Total non-current liabilities		<u>461,452,389</u>	<u>375,057,541</u>
<u>Current liabilities</u>			
Loans	(14)	36,828,094	29,570,441
Government grants	(15)	7,212,181	7,412,889
Lease liabilities		785,672	7,752,599
Provision for zakat		10,083,738	18,347,114
Trade payables		62,954,918	60,968,560
Accrued expenses		22,768,696	22,699,557
Other credit balances	(17)	24,148,495	28,334,773
Contract liabilities		38,873,764	52,281,437
Total current liabilities		<u>203,655,558</u>	<u>227,367,370</u>
TOTAL LIABILITIES		<u>665,107,947</u>	<u>602,424,911</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>2,354,877,090</u>	<u>2,261,714,148</u>

The accompanying notes from (1) to (21) 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 (Previously Al Hammadi Company for Development and Investment)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(In Saudi riyals)

	Notes	Share Capital	Statutory Reserve	Retained Earnings	Total Shareholders' Equity
As at 1 January 2021 (Audited)		1,200,000,000	64,221,381	434,440,225	1,698,661,606
Net profit for the period		-	-	75,840,821	75,840,821
Other comprehensive income for period		-	-	2,563,014	2,563,014
Total comprehensive income for period		-	-	78,403,835	78,403,835
Dividends	(17)	-	-	(60,000,000)	(60,000,000)
As at 30 June 2021 (Unaudited)		<u>1,200,000,000</u>	<u>64,221,381</u>	<u>452,844,060</u>	<u>1,717,065,441</u>
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 income for the period		-	-	(577,345)	(577,345)
Total comprehensive income for the period		-	-	126,479,906	126,479,906
Transferred to increase share capital	(13)	400,000,000	(61,940,928)	(338,059,072)	-
Dividends	(17)	-	-	(96,000,000)	(96,000,000)
As at 30 June 2022 (Unaudited)		<u>1,600,000,000</u>	<u>11,289,237</u>	<u>78,479,906</u>	<u>1,689,769,143</u>

The accompanying notes from (1) to (21) 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 (Previously Al Hammadi Company for Development
and Investment)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)

	Notes	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
OPERATING ACTIVITIES			
Net profit of the period		127,057,251	75,840,821
Adjustments for non-cash items:			
Depreciation on property and equipment		49,193,459	53,495,031
Amortization of intangible assets		1,881,409	2,091,365
Share of profit from associate		(2,305,010)	-
Expected credit loss allowance	(12)	24,306,917	67,934,865
Government grants amortization	(15)	(3,806,799)	(3,806,799)
Current services cost of employees' end-of-service benefits	(16)	6,148,775	6,310,248
Contract liability formed during the period		28,607,395	24,288,395
Finance cost		9,227,638	7,718,308
Zakat expense		10,000,000	6,500,000
		<u>250,311,035</u>	<u>240,372,234</u>
Working capital adjustments:			
Inventories		4,986,151	15,197,414
Other debit balances		(12,669,709)	(132,885)
Prepayments		(2,601,655)	9,861,610
Contract assets		(601,232)	(6,271,681)
Net changes in related parties		(123,762)	(1,668,403)
Trade receivables		(127,792,141)	(94,898,007)
Trade payables		1,594,359	(5,917,688)
Accrued expenses		(748,601)	(3,507,135)
Other payables		(5,036,940)	(721,747)
Contract liability		(42,015,068)	(9,718,016)
Cash from operating		<u>65,302,437</u>	<u>142,595,696</u>
Employees' end-of-service benefits paid	(16)	(5,515,912)	(3,853,178)
Zakat paid		(18,207,612)	(16,413,741)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>41,578,913</u>	<u>122,328,777</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(7,869,216)	(4,656,699)
Advance payments for acquisition of property and equipment	(10)	(95,803,611)	-
Purchase of intangible assets		-	(255,730)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(103,672,827)</u>	<u>(4,912,429)</u>
FINANCING ACTIVITIES			
Proceeds from bank borrowings		146,239,637	31,837,367
Repayment of bank and government borrowings		(56,119,387)	(10,000,000)
Lease liabilities paid		(6,991,000)	(6,457,608)
Finance cost paid		(1,964,301)	(775,856)
Dividends paid		(95,149,338)	(59,905,598)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		<u>(13,984,389)</u>	<u>(45,301,695)</u>
Net changes in cash and cash equivalents		<u>(76,078,303)</u>	<u>72,114,653</u>
Cash and cash equivalents at 1 January		120,857,509	13,649,955
CASH AND CASH EQUIVALENTS AT 30 JUNE		<u>44,779,206</u>	<u>85,764,608</u>
Supplementary information for non-cash transactions			
Right of used assets additions		-	5,738,892
Transfer from lease liabilities to trade payables		413,973	1,397,011
Dividends payable		850,662	98,402
The accompanying notes from (1) to (21) 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 (Previously Al Hammadi Company for
Development and Investment)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)**

1. Corporate information

Al Hammadi Holding Company (Previously Al Hammadi Company for Development and Investment) (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 55004, Riyadh 11534, 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, Rental, 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’ 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.

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest	
				2022	2021
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%	100%
Medical Industries Company Limited	Saudi Arabia	Industrial Company	Saudi Riyals	100%	100%

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
Maintenance & Operations	1010374273	Riyadh
Arabian Hospitality	1010610529	Riyadh
Medical Support Services Training Center	1010500366	Riyadh
Medical Support Services Female Training Center	1010651084	Riyadh
Bio and Pharmaceutical Industries Complex	1126105966	Sudair

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

1. Corporate information – continued

Impact of COVID-19

In response to the spread of the Covid-19 virus in the world and the resulted disruptions to economic activities in the markets. The group's management has proactively assessed the impact on its operations to ensure the continuity of providing its services. Notwithstanding these challenges, the operations currently remain largely unaffected as the healthcare sector has been classified as an essential service by the government and as a result, no restrictions have been placed by the government of the kingdom of Saudi Arabia on Group's operations or its supply chain. The Group's management continues to monitor the financial and operational effects of the spread of Covid-19 as well as the economic effects in general. The Group's measures have focused on managing the crisis in terms of operating efficiency and benefiting from various government initiatives that aimed to support the health sector in the Kingdom. In addition, the Group's management has taken measures to sustain the supply chain of medicines and medical as well as non-medical supplies, which had the effect of increasing its stocks to secure operational needs in anticipation of any unexpected disruptions and meeting the unusual increase in demand for medicines and medical supplies. Moreover, the Group's management has focused on the availability of sufficient cash balances to finance operational requirements to ensure the continuation of its activities.

Despite the difficulty to determine the extent and duration of the impact of the Covid-19 epidemic spread, the Group's management believes that it will not have a material impact on the Group's ability to continue its activities. The management will continue to monitor the situation closely and will reflect any required impacts or changes in the relevant financial reporting periods.

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 2021 (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.

2.2 Preparation of the financial statements

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the employees end of service 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.

Al Hammadi Holding Company (Previously Al Hammadi Company for
Development and Investment)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows
(In Saudi riyals)

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 2021.

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 2022 and have 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.

Al Hammadi Holding Company (Previously Al Hammadi Company for Development and Investment)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2022
(All amounts in Saudi Riyals unless otherwise stated)

6. Segment information

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

The following are selected financial information by business segment:

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

Certain comparative figures in the statement of profit or loss have been reclassified to conform to the presentation in the current year (Note 19)

For the six-month period ended 30 June	Medical Services		Pharmaceutical Products		Total	
	2022	2021	2022	2021	2022	2021
Revenue	427,645,941	332,696,746	105,186,521	117,491,512	532,832,462	450,188,258
Gross Profit	180,222,381	132,758,049	24,947,546	34,607,389	205,169,927	167,365,438
Net profit from continuing operations	125,453,019	30,283,309	1,604,232	17,591,624	127,057,251	47,874,933
profit from discontinued operations	-	23,778,764	-	4,187,124	-	27,965,888
Depreciation and amortization	49,553,239	53,986,899	1,521,629	1,599,497	51,074,868	55,586,396
Net income	125,453,019	54,062,073	1,604,232	21,778,748	127,057,251	75,840,821

As at	Medical Services		Pharmaceutical Products		Total	
	30 June 22	31 Dec 2021	30 June 22	31 Dec 2021	30 June 22	31 Dec 2021
Total Assets	2,095,285,240	1,999,054,308	259,591,850	262,659,840	2,354,877,090	2,261,714,148
Total Liabilities	626,423,833	563,905,846	38,684,114	38,519,065	665,107,947	602,424,911

7. Discontinued operations

The Board of Directors of the Company agreed, in the meeting of the Board of Directors held on 16 September 2021, to stop the operational activities of Al Hammadi Hospital, Al Olaya Branch, and to establish a new hospital to replace it, at an estimated cost of 450 million Saudi riyals to be financed from bank loans and the company's own cash flows. The planned new hospital has a capacity of 300 beds and 120 medical clinics specializing in general medical services, oncology, treatment of sports injuries, and sports and occupational medical rehabilitation. It is expected that the trial operation of the new hospital will start in the first quarter of 2026, noting that the reception of patients at Al Hammadi Hospital Olaya was stopped by the end of September 2021.

The comparative figures in the condensed consolidated interim financial statements of profit or loss and other comprehensive income have been reclassified to show discontinued operations separately from continuing operations.

Al Hammadi Holding Company (Previously Al Hammadi Company for Development and Investment)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2022

(All amounts in Saudi Riyals unless otherwise stated)

7. Discontinued operations- (continued)

Results of discontinued operations:

	<u>30 June 2022</u> <u>(Unaudited)</u>	<u>30 June 2021</u> <u>(Unaudited)</u>
Revenues	-	96,543,646
Cost and expenses	-	(68,693,529)
Other income	-	193,429
Finance costs	-	(77,658)
Profit from discontinued operations	-	27,965,888
Profit earnings per share from discontinued operations	-	0,23

- The profit from discontinued operations is (zero) Saudi Riyals for the six months ended 30 June 2022 (30 June 2021: 28.0 million Saudi Riyals) and the profit from continuing operations is 127 million Saudi Riyals for the six months ended 30 June 2022 (30 June 2021: 47.9 million Saudi Riyals).
- The company's management does not expect any material negative impact on the company's future profits as a result of the temporary suspension of the operation of Al Hammadi Hospital Olaya Branch.

8. Earnings per share

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

The following table reflects the profit and share data used in the basic and diluted EPS computations:

	<u>30 June 2022</u> <u>(Unaudited)</u>	30 June 2021 <u>(Audited)</u>
Profit for the period	127,057,251	75,840,821
Weighted average number of ordinary shares	160,000,000	120,000,000
Basic and diluted earnings per share	0.79	0.63

9. Property and equipment

	<u>30 June 2022</u> <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
Property and equipment	1,500,708,767	1,535,359,262
Right of use assets	4,903,339	11,577,087
	1,505,612,106	1,546,936,349

Land and buildings illustrated above basically include a part of lands with a value of SAR 152.5 million and a part of buildings with a net book value of SAR 925.1 million as at 30 June 2022 (31 December 2021: SAR 941.5 million) pledged as a collateral for a long-term loan from the Ministry of Finance to fund part of the construction of the new hospital in Al-Suwaidi area and its housing compound in addition to the construction of the new hospital in Al Nuzha area. Note (14).

10. 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. The Developer will hand over the land and transfer its ownership on 8 September 2022 (the “delivery date”) provided that the buyer pays the full price of the block on its dates without delaying it until the date of delivery and payment of the commission and value-added tax for the commission and payment of the real estate tax, and the delivery is made based on the delivery record signed by both parties. During the second quarter, the company has paid the first payment and commission fees of 95,803,611 Saudi Riyals.

11. Prepayments

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Advances to suppliers	15,483,222	11,430,028
Other prepayments	535,431	1,986,970
Total	16,018,653	13,416,998
Expected credit losses allowance	(1,970,759)	(1,970,759)
Net prepayments	14,047,894	11,446,239

12. Trade receivables

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables – billed	734,251,984	606,538,506
Amounts due from related parties	1,071,072	1,025,048
Total Trade Receivables	735,323,056	607,563,554
Expected credit losses allowance	(267,572,703)	(243,344,449)
Net trade receivables	467,750,353	364,219,105

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Beginning balance	243,344,449	88,458,291
Additions during the period/year	24,306,917	155,013,259
Written off bad debts during the period/year	(78,663)	(127,101)
Ending balance	267,572,703	243,344,449

Indicators of impairment in the value of trade receivables are reviewed at the end of the reporting period. The expected credit loss allowance 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 a provision for expected credit losses.

13. Share capital

The company's capital as on 30 June 2022 is about 1,600 million Saudi riyals (31 December 2021: about 1,200 million Saudi riyals) consisting of 160 million ordinary shares (31 December 2021: 120 million ordinary shares), fully paid up with a nominal value of 10 Saudi riyals.

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) was issued on 18 May 2022 in light and approval The Extraordinary General Assembly of the company on 20 June 2022.

14. Loans

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Current portion		
Loans from Ministry of Finance	36,828,094	29,570,441
Total Current portion	36,828,094	29,570,441
Non-Current portion		
Loans from commercial banks	100,000,000	-
Loans from Ministry of Finance	167,340,674	179,120,978
Total Non-current portion	267,340,674	179,120,978
Total	304,168,768	208,691,419

14.1 Loans from Ministry of Finance

- a) 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, out of which 100 million Saudi riyals were withdrawn during the second quarter of 2022. The loan is pledged to promissory notes and any other guarantees required by the Bank.
- b) On 11 September 2013, the company obtained a loan from the Ministry of Finance to fund the construction of the new hospital in Al-Suwaidi area and the purchase of the indispensable medical and non-medical equipment. This loan qualifies to be considered as government grant because the Ministry of Finance represent a governmental body and provides the company with a zero-interest loan. The value of the loan is 149.1 million SR. This loan is in Saudi Riyals without any financing commissions and is collateralized by a mortgage of the project land and building. The loan is to be repaid over twenty equal annual installments after a grace period of five years of contract date. as the company started paying the installments of this loan starting in 2018.

On 26 January 2015, the company obtained a loan from the Ministry of Finance to fund the building of the housing compound related to Al-Suwaidi Hospital project. This loan qualifies to be considered as government grant because the Ministry of Finance represent a governmental body and provides the company with a zero-interest loan. The value of the loan is SR 27.5 million. This loan is in Saudi Riyals without any financing Commissions and is collateralized by a mortgage of the project land and building. The loan is to be repaid over twenty equal annual installments after a grace period of five years of the contract date. as the company started paying the installments of this loan starting in 2019.

- c) On 20 July 2015, the company obtained a loan from the Ministry of Finance-to-finance part of the costs of building and furnishing a new hospital in the Nuzha area. This loan qualifies to be considered as government grant because the Ministry of Finance represent a governmental body and provides the company with a zero-interest loan. The value of the loan is 197.6 million. This loan is in Saudi Riyals without any financing Commissions and is collateralized by a mortgage of the project land and building. The loan is to be repaid over twenty equal annual installments after a grace period of five years of the contract date, as the company started paying the installments of this loan starting in 2021.

Al Hammadi Holding Company (Previously Al Hammadi Company for Development and Investment)

(A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals unless otherwise stated)

15. Government Grants

	<u>30 June 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Balance at the beginning of the period/year	136,744,609	144,358,206
Government grants amortized for the period/year	(3,806,799)	(7,613,597)
Balance at the end of the period/year	<u>132,937,810</u>	<u>136,744,609</u>
Current portion	7,212,181	7,412,889
Non-current portion	<u>125,725,629</u>	<u>129,331,720</u>
	<u>132,937,810</u>	<u>136,744,609</u>

16. Employees' end of service benefits

The following tables summarize the components of employees end of service benefits recognized in the condensed consolidated interim statement of profit or loss and amounts recognized in the condensed consolidated interim statement of other comprehensive income and condensed consolidated interim statement of financial position:

a) Amount recognized in the condensed consolidated interim statement of financial position:

	<u>30 June 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Present value of defined benefit obligation	<u>68,008,464</u>	<u>65,853,216</u>

b) Benefit expense (recognized in condensed consolidated interim statement of profit or loss):

	<u>30 June 2022</u> <u>(Unaudited)</u>	<u>30 June 2021</u> <u>(Unaudited)</u>
Current service cost	6,148,775	6,310,248
Special commission cost	1,024,456	991,652
	<u>7,173,231</u>	<u>7,301,900</u>

c) Movement in the present value of defined benefit obligation:

	<u>30 June 2022</u> <u>(Unaudited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
Present value of defined benefit obligation at beginning of the period \ year	65,853,216	63,684,084
Current service cost	6,148,775	12,565,995
Special commission cost	1,024,456	1,993,671
Actuarial loss / (profit) based on a defined benefit plan recognized in the consolidated statement of comprehensive income	497,929	(2,454,496)
Benefits paid during the period \ year	<u>(5,515,912)</u>	<u>(9,936,038)</u>
Present value of defined benefit obligation at end of the period \ year	<u>68,008,464</u>	<u>65,853,216</u>

d) Principal actuarial assumptions:

	<u>2022</u>	<u>2021</u>
Discount rate	3,1 %	3,1 %
Salary increase rate	3 %	3 %
Retirement age	60 years	60 years

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17. Other credit balances

	<u>30 June 2022</u> <u>(Unaudited)</u> <u>SAR</u>	<u>31 December 2021</u> <u>(Audited)</u> <u>SAR</u>
Retention payable	20,097,258	19,836,489
Legal provision	2,305,000	2,305,000
Dividend's payables *	1,485,305	634,643
Accrued VAT	-	5,232,545
Other	260,932	326,096
	<u>24,148,495</u>	<u>28,334,773</u>

*The Board of Directors of the Company approved, in its meeting held on 21 Sha'ban 1443 (corresponding to 24 March 2022), the distribution of interim cash dividends of SAR48 million to the company's shareholders for the first quarter of 2022 at a rate of SAR0.40 Saudi riyals (40 cents) per share. The company's general assembly, held on 21 Dhu Al-Qa'dah 1443 (corresponding to: 20 June 2022), approved dividends.

*The Board of Directors of the Company approved, in its meeting held on 03 Dhu Al-Qa'da 1443 (corresponding to 02 June 2022), the distribution of interim cash dividends of SAR48 million to the company's shareholders for the second quarter of 2022 at a rate of SAR0.40 Saudi riyals (40 cents) 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 05 Jumada Al-Awwal 1443 (corresponding to: 09 December 2021).

*The Board of Directors of the Company approved, in its meeting held on 12 Sha'ban 1442 (corresponding to 25 March 2021), the distribution of interim cash dividends of SAR60 million to the company's shareholders for the year 2020 at a rate of SAR0.50 Saudi riyals (50 cents) per share. The company's general assembly, held on 07 Shawwal 1442 (corresponding to 19 May 2021), approved dividends.

18. Contingent liabilities

The Group has letters of guarantee issued in the course of the normal business of the group with a total value of 17.4 million Saudi Riyals (31 December 2021: 15.1 million Saudi Riyals).

19. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation in the current period, to enhance the comparability of information, and to be more appropriate for users of the condensed consolidated interim financial statements, as follows:

<u>For the period ended 30 June 2021)</u>	<u>Impact of reclassification</u>				
	As previously reported	Re-classified	As Classified	Included in discontinued operations	Included in continued operations
Condensed consolidated Interim Statement of profit or loss					
Revenue	546,201,702	530,202	546,731,904	96,543,646	450,188,258
Other income	6,418,074	(530,202)	5,887,872	193,429	5,694,443
Cost of revenue	(332,836,625)	(14,456,189)	(347,292,814)	(64,469,994)	(282,822,820)
General and administrative expense	(58,641,909)	14,456,189	(44,185,720)	(4,203,450)	(39,982,270)
Selling and marketing expenses	(71,082,113)	67,934,865	(3,147,248)	(20,085)	(3,127,163)
Expected credit loss provision	-	(67,934,865)	(67,934,865)	-	(67,934,865)
Finance cost	(7,718,308)	-	(7,718,308)	(77,658)	(7,640,650)

20. Subsequent events

On 25 Muharram 1444 (corresponding to: 23 August 2022), the company completed the statutory procedures to approve the amendments to the company's articles of association and commercial register.

21. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved by the board of directors on 25 Muharram 1444 (corresponding to 23 August 2022).