

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 nine month periods ended 30 September 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 nine-month periods ended 30 September 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 September 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 nine 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 nine 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) that is endorsed in the Kingdom of Saudi Arabia.

Other Matter

The condensed consolidated interim financial statements for the Group for three month and nine month periods ended as at 30 September 2021, were reviewed by another auditor, and an unmodified conclusion was issued on 11 November 2021. The Group's consolidated financial statements for the year ended as 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 12 Rabi Al-Thani 1444 (H)
Corresponding to 6 November 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 nine months period ended	
		30 September		30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenues	(6)	246,921,376	219,916,086	779,753,838	670,104,344
Cost of revenues		(163,423,281)	(131,759,769)	(491,085,816)	(414,582,589)
GROSS PROFIT		83,498,095	88,156,317	288,668,022	255,521,755
Selling and marketing expenses		(709,630)	(364,989)	(2,020,884)	(3,492,152)
General and administrative expenses		(19,159,973)	(19,511,362)	(63,534,146)	(59,493,632)
Expected credit loss allowance	(13&14)	(11,296,796)	(18,633,958)	(35,603,713)	(86,568,823)
Other income	(7)	13,855,328	2,598,297	22,657,624	8,292,740
OPERATING PROFIT		66,187,024	52,244,305	210,166,903	114,259,888
Share of profit from associate		1,254,455	-	3,559,465	-
Finance cost		(5,329,501)	(4,067,185)	(14,557,139)	(11,707,835)
NET PROFIT BEFORE ZAKAT		62,111,978	48,177,120	199,169,229	102,552,053
Zakat expense		(5,000,000)	(7,850,000)	(15,000,000)	(14,350,000)
NET PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS		57,111,978	40,327,120	184,169,229	88,202,053
Loss from discontinued operations	(8)	-	(36,746,177)	-	(8,780,289)
NET PROFIT FOR THE PERIOD		57,111,978	3,580,943	184,169,229	79,421,764
Earnings per share:					
Basic and diluted earning per share from	(9)	0.36	0.03	1.15	0.66

The accompanying notes from (1) to (22) 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)

	Notes	For the three months period ended		For the nine months period ended	
		30 September		30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
NET PROFIT FOR THE PERIOD		57,111,978	3,580,943	184,169,229	79,421,764
Items that will not be subsequently reclassified into profit or loss:					
Re-measurement (loss) / income on employee's end-of-services benefits.	(18)	(627,879)	(213,843)	(1,125,808)	2,349,171
The company's share in other comprehensive of an associate		(7,940)	-	(87,356)	-
(Comprehensive loss) / other comprehensive income for the period		(635,819)	(213,843)	(1,213,164)	2,349,171
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		56,476,159	3,367,100	182,956,065	81,770,935

The accompanying notes from (1) to (22) 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	As at 30 September 2022 (Unaudited)	As at 31 December 2021 (Audited)
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property and equipment	(10)	1,487,719,152	1,546,936,349
Advance payments for acquisition of property and equipment	(11)	95,803,611	-
Intangible assets and goodwill		29,439,358	32,150,289
Investment in associate		123,730,772	120,258,664
Total Non-Current Assets		1,736,692,893	1,699,345,302
<u>Current assets</u>			
Inventories		47,624,018	53,606,322
Other debit balances		7,801,197	4,849,584
Prepayments	(12)	35,143,327	11,446,239
Contract assets	(13)	5,052,810	7,390,087
Trade receivables	(14)	485,398,844	364,219,105
Cash and cash equivalents		43,211,160	120,857,509
Total current assets		624,231,356	562,368,846
TOTAL ASSETS		2,360,924,249	2,261,714,148
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	(15)	1,600,000,000	1,200,000,000
Statutory reserve		11,289,237	73,230,165
Retained earnings		86,956,065	386,059,072
TOTAL SHAREHOLDERS' EQUITY		1,698,245,302	1,659,289,237
<u>LIABILITIES</u>			
<u>Non-current liabilities</u>			
Loans	(16)	270,173,429	179,120,978
Government grants	(17)	117,213,655	129,331,720
Lease liabilities		-	751,627
Employees' end of service benefits	(18)	70,168,161	65,853,216
Total non-current liabilities		457,555,245	375,057,541
<u>Current liabilities</u>			
Loans	(16)	29,267,991	29,570,441
Government grants	(17)	9,102,925	7,412,889
Lease liabilities		775,463	7,752,599
Provision for zakat		15,083,738	18,347,114
Trade payables		59,557,651	60,968,560
Accrued expenses		21,213,925	22,699,557
Other credit balances		24,521,074	28,334,773
Contract liabilities	(19)	45,600,935	52,281,437
Total current liabilities		205,123,702	227,367,370
TOTAL LIABILITIES		662,678,947	602,424,911
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,360,924,249	2,261,714,148

The accompanying notes from (1) to (22) 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)

	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	-	-	79,421,764	79,421,764
Other comprehensive income for period	-	-	2,349,171	2,349,171
Total comprehensive income for period	-	-	81,770,935	81,770,935
Dividends	-	-	(60,000,000)	(60,000,000)
As at 30 September 2021 (Unaudited)	1,200,000,000	64,221,381	456,211,160	1,720,432,541
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	-	-	184,169,229	184,169,229
Other comprehensive loss for the period	-	-	(1,213,164)	(1,213,164)
Total comprehensive income for the period	-	-	182,956,065	182,956,065
Transferred to increase share capital	400,000,000	(61,940,928)	(338,059,072)	-
Dividends	-	-	(144,000,000)	(144,000,000)
As at 30 September 2022 (Unaudited)	1,600,000,000	11,289,237	86,956,065	1,698,245,302

Notes

As at 1 January 2021 (Audited)

Net profit for the period

Other comprehensive income for period

Total comprehensive income for period

Dividends

As at 30 September 2021 (Unaudited)

As at 1 January 2022 (Audited)

Net profit for the period

Other comprehensive loss for the period

Total comprehensive income for the period

Transferred to increase share capital

Dividends

As at 30 September 2022 (Unaudited)

The accompanying notes from (1) to (22) 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	For the nine months period ended	
		30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
OPERATING ACTIVITIES			
Net profit of the period		184,169,229	79,421,764
Adjustments for non-cash items:			
Depreciation on property and equipment		74,337,904	80,447,912
Amortization of intangible assets		2,794,056	3,153,266
Share of profit from associate		(3,559,465)	-
Expected credit loss allowance	(13&14)	35,603,713	86,568,823
Government grants amortization	(7-A)	(15,137,934)	(5,710,197)
Current services cost of employees' end-of-service benefits	(18)	9,290,995	9,436,075
Contract liability formed during the period		38,136,445	40,922,514
Finance cost		14,557,139	11,816,290
Zakat expense		15,000,000	14,350,000
Loss from discontinued operations		-	39,181,615
		<u>355,192,082</u>	<u>359,588,062</u>
Working capital adjustments:			
Inventories		5,982,304	13,775,656
Other debit balances		(2,951,613)	(2,053,221)
Prepayments		(23,697,088)	(9,356,727)
Contract assets		(6,748,208)	(5,454,788)
Net changes in related parties		(365,552)	(1,750,013)
Trade receivables		(147,487,824)	(56,894,357)
Trade payables		(1,659,872)	(4,874,937)
Accrued expenses		(2,314,574)	(351,850)
Other payables		(4,496,758)	(7,569,897)
Contract liability		(44,816,947)	(59,937,336)
Cash from operating		<u>126,635,950</u>	<u>225,120,592</u>
Employees' end-of-service benefits paid	(18)	(7,653,378)	(7,497,019)
Zakat paid		(18,207,612)	(20,115,422)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>100,774,960</u>	<u>197,508,151</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(11,229,317)	(7,822,916)
Advance payments for acquisition of property and equipment	(11)	(95,803,611)	-
Purchase of intangible assets		(83,125)	(280,230)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(107,116,053)</u>	<u>(8,103,146)</u>
FINANCING ACTIVITIES			
Proceeds from bank borrowings		146,239,637	50,843,600
Repayment of bank and government borrowings		(63,576,637)	(10,000,000)
Lease liabilities paid		(7,454,973)	(8,124,608)
Finance cost paid		(3,196,343)	(1,346,120)
Dividends paid		(143,316,940)	(59,946,062)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		<u>(71,305,256)</u>	<u>(28,573,190)</u>
Net changes in cash and cash equivalents		<u>(77,646,349)</u>	<u>160,831,815</u>
Cash and cash equivalents at 1 January		<u>120,857,509</u>	<u>13,649,955</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		<u>43,211,160</u>	<u>174,481,770</u>

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)

	For the nine months period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Supplementary information for non-cash transactions		
Additions to property and equipment	3,891,391	-
Dividends payable	683,060	53,938
Transfer from lease liabilities to trade payables	348,608	2,331,588
Amounts due from related parties	55,764	242,592
Right of used assets additions	-	5,738,892
Right of used assets disposals	-	584,110
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The accompanying notes from (1) to (22) 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)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

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 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.

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.

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%

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts in Saudi Riyals unless otherwise stated)

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
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 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 employee’s end of service benefits which is measured at the present value of future obligations using the Projected Unit Credit method.

2. Basis of preparation- Continued

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 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 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. 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 (Previously Al Hammadi Company for Development and Investment)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 21)

For the nine-month period ended 30 September	Medical Services		Pharmaceutical Products		Total	
	2022	2021	2022	2021	2022	2021
Revenue	629,525,882	512,971,032	150,227,956	157,133,312	779,753,838	670,104,344
Gross Profit	254,265,469	209,563,600	34,402,553	45,958,155	288,668,022	255,521,755
Net profit from continuing operations	178,085,038	67,192,620	6,084,191	21,009,433	184,169,229	88,202,053
(loss) / Profit from discontinued operations	-	(14,608,950)	-	5,828,661	-	(8,780,289)
Depreciation and amortization	74,835,233	81,148,034	2,296,727	2,453,144	77,131,960	83,601,178
Net profit for the period	178,085,038	52,583,670	6,084,191	26,838,094	184,169,229	79,421,764

As at	Medical Services		Pharmaceutical Products		Total	
	30 September 22	31 Dec 2021	30 September 22	31 Dec 2021	30 September 22	31 Dec 2021
Total Assets	2,081,696,576	1,999,054,308	279,227,673	262,659,840	2,360,924,249	2,261,714,148
Total Liabilities	628,867,141	563,905,846	33,811,806	38,519,065	662,678,947	602,424,911

7. Other income

	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
Government grants released	15,137,934	5,710,197
Human Resources Support Fund	3,209,271	234,715
Rent	1,570,383	1,393,094
Others	2,740,036	954,734
	22,657,624	8,292,740

(7-A) Government grants released

	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
Government grants released during the year	5,609,844	5,710,197
Adjustments	9,528,090	-
	15,137,934	5,710,197

8. 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.

Results of discontinued operations:

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Revenues	-	131,700,840
Cost and expenses	-	(101,506,958)
disposal losses of discontinued operations		(39,181,615)
Other income	-	315,899
Finance costs	-	(108,455)
loss from discontinued operations	-	(8,780,289)
loss per share from discontinued operations	-	(0.07)

- The loss from discontinued operations is (zero) Saudi Riyals for the nine months ended 30 September 2022 (30 September 2021: 8.8 million Saudi Riyals) and the profit from continuing operations is 184.2 million Saudi Riyals for the nine months ended 30 September 2022 (30 September 2021: 88.2 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.

9. 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:

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Profit for the period	184,169,229	79,421,764
Weighted average number of ordinary shares	160,000,000	120,000,000
Basic and diluted earnings per share	1.15	0.66

10. Property and equipment

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Property and equipment	1,485,827,085	1,535,359,262
Right of use assets	1,892,067	11,577,087
	1,487,719,152	1,546,936,349

Land and buildings illustrated above basically include a part of lands with a value of SAR 152.5 million (31 December 2021: SAR 152.2 million) and a part of buildings with a net book value of SAR 919.7 million as at 30 September 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 hospital in Al-Suwaidi area and its housing compound in addition to the construction of the hospital in Al Nuzha area. Note (16).

11. Advance payments for the acquisition of property and equipment

On 28 March 2022, the Company (“the buyer”) signed with Al-Narjes Community for Real Estate Development and Investment Company (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 2022, the company has paid the first payment and commission fees of 95,803,611 Saudi Riyals.

On 08 September 2022, the company received a letter from the developer stating that the delivery date was delayed due to some comments received from the Riyadh Municipality, which were not in the approved preliminary scheme, with the developer's commitment to deliver and transfer ownership before the date of 28 February 2023.

12. Prepayments

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Advances to suppliers	34,143,448	11,430,028
Other prepayments	2,970,638	1,986,970
Total	37,114,086	13,416,998
Expected credit loss allowance	(1,970,759)	(1,970,759)
Net prepayments	35,143,327	11,446,239

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13. Contract assets

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Contract assets	14,138,295	7,390,087
Expected credit loss allowance	(9,085,485)	-
Net contract assets	5,052,810	7,390,087
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/year	-	-
Additions during the period/year	9,085,485	-
Balance at the ending of the period/year	9,085,485	-

14. Trade receivables

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables – billed	753,947,667	606,538,506
Amounts due from related parties	1,235,191	1,025,048
Total Trade Receivables	755,182,858	607,563,554
Expected credit loss allowance	(269,784,014)	(243,344,449)
Net trade receivables	485,398,844	364,219,105

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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/year	243,344,449	88,458,291
Additions during the period/year	26,518,228	155,013,259
Written off bad debts during the period/year	(78,663)	(127,101)
Balance at the ending of the period/year	269,784,014	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 loss.

15. Share capital

The company's capital as at 30 September 2022 is 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.

16. Loans

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Current portion		
Loans from Ministry of Finance	29,267,991	29,570,441
Total Current portion	29,267,991	29,570,441
Non-Current portion		
Loans from commercial banks	100,000,000	-
Loans from Ministry of Finance	170,173,429	179,120,978
Total Non-current portion	270,173,429	179,120,978
Total	299,441,420	208,691,419

16.1 Loans from Commercial Bank

- 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 collateralized by promissory notes and any other guarantees required by the Bank.

16.2 Loans from Ministry of Finance

- a) On 11 September 2013, the company obtained a loan from the Ministry of Finance to finance 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 represents 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. The company started paying the installments of this loan starting in 2018.
- b) On 26 January 2015, the company obtained a loan from the Ministry of Finance to finance 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 represents 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. 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 the building, medical equipment and furnishing a new hospital in the Nuzha area. This loan qualifies to be considered as government grant because the Ministry of Finance represents 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. The company started paying the installments of this loan starting in 2021.

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17. Government Grants

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/year	136,744,609	144,358,206
Government grants amortized for the period/year	(5,609,844)	(7,613,597)
Adjustments	(4,818,185)	-
Balance at the end of the period/year	<u>126,316,580</u>	<u>136,744,609</u>
Current portion	9,102,925	7,412,889
Non-current portion	<u>117,213,655</u>	<u>129,331,720</u>
	<u>126,316,580</u>	<u>136,744,609</u>

18. Employees' end of service benefits

The following tables summarize the components of employee's 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:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Present value of defined benefit obligation	<u>70,168,161</u>	<u>65,853,216</u>

b) Amount recognized in the condensed consolidated interim statement of profit or loss:

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Current service cost	9,290,995	9,436,075
Special commission cost	1,551,520	1,492,069
	<u>10,842,515</u>	<u>10,928,144</u>

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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Present value of defined benefit obligation at beginning of the period \ year	65,853,216	63,684,084
Current service cost	9,290,995	12,565,995
Special commission cost	1,551,520	1,993,671
Actuarial loss / (profit) based on a defined benefit plan recognized in the consolidated statement of comprehensive income	1,125,808	(2,454,496)
Benefits paid during the period / year	(7,653,378)	(9,936,038)
Present value of defined benefit obligation at end of the period / year	<u>70,168,161</u>	<u>65,853,216</u>

18. Employees' end of service benefits- Continued

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

19. Other credit balances

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Retention payable	20,645,718	19,836,489
Legal provision	2,305,000	2,305,000
Dividend's payables *	1,317,703	634,643
Accrued VAT	13,116	5,232,545
Other	239,537	326,096
	<u>24,521,074</u>	<u>28,334,773</u>

*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 0.50 Saudi riyals (50 cents) per share. The company's general assembly, held on 07 Shawwal 1442 (corresponding to 19 May 2021), approved dividends.

*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 0.40 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 0.40 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 15 Safar 1444 (corresponding to 10 September 2022), the distribution of interim cash dividends of SAR48 million to the company's shareholders for the third quarter of 2022 at a rate of 0.30 Saudi riyals (30 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).

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20. 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).

21. 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:

For the period ended 30 September 2021)	Impact of reclassification		
	As previously reported	Re-classified	As Classified
Condensed consolidated Interim Statement of profit or loss			
Revenue	669,463,790	640,554	670,104,344
Other income	8,933,294	(640,554)	8,292,740
Cost of revenue	(396,494,584)	(18,088,005)	(414,582,589)
General and administrative expense	(77,581,637)	18,088,005	(59,493,632)
Selling and marketing expenses	(90,060,975)	86,568,823	(3,492,152)
Expected credit loss allowance	-	(86,568,823)	(86,568,823)

22. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved by the board of directors on 8 Rabi Al-Than 1444H (corresponding to: 2 November 2022).