

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)

Interim Condensed Consolidated Financial Statements
For the three and nine months period ended 30 September 2023

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898

+966 11 273 4740

Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF
DR. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY
(SAUDI JOINT STOCK COMPANY)**

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dr. Sulaiman Al Habib Medical Services Group Company ("the Company") and its subsidiaries (collectively with the Company referred to as "the Group") as at 30 September 2023, and the related interim condensed consolidated statements of income, comprehensive income, for the three and nine months periods ended 30 September 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. (366)

Riyadh: 13 Rabi Al-Thani 1445H
(28 October 2023)



Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
As at 30 September 2023

		30 September 2023	31 December 2022
		SR	SR
	Notes	(Unaudited)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		2,450,740,252	2,746,989,005
Accounts receivable		902,758,193	741,713,503
Prepayments and other assets		305,346,791	181,380,520
Inventories		542,562,443	490,392,915
Total current assets		4,201,407,679	4,160,475,943
Non-current assets			
Investments in associates		189,566,727	186,999,110
Investments in equity instruments – Sukuk		300,000,000	300,000,000
Property and equipment	7	10,437,454,977	7,936,642,673
Total non-current assets		10,927,021,704	8,423,641,783
Total assets		15,128,429,383	12,584,117,726
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	11	96,039,119	167,651,299
Accounts payable		1,188,647,296	961,319,436
Accruals and other liabilities		1,483,008,184	1,247,476,180
Zakat payable		193,315,972	169,722,113
Current portion of lease liabilities		42,133,559	44,142,088
Total current liabilities		3,003,144,130	2,590,311,116
Non-current liabilities			
Long-term loans	11	4,598,652,077	3,032,584,836
Government grant		56,035,606	60,337,851
Lease liabilities		233,424,087	277,078,057
Employees' end-of-service benefits		583,822,844	518,141,099
Total non-current liabilities		5,471,934,614	3,888,141,843
Total liabilities		8,475,078,744	6,478,452,959
Equity			
Issued and paid-up share capital		3,500,000,000	3,500,000,000
Statutory reserve		876,157,331	876,157,331
Retained earnings		2,016,673,079	1,502,535,470
Equity attributable to equity holders of the parent		6,392,830,410	5,878,692,801
Non-controlling interests		260,520,229	226,971,966
Total equity		6,653,350,639	6,105,664,767
Total liabilities and equity		15,128,429,383	12,584,117,726



APPROVED BY:
FAISAL AL NASSAR
CFO



APPROVED BY:
FAISAL AL NASSAR
CEO



APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of income
For the three and nine months period ended 30 September 2023

	Notes	For the three months period ended		For the nine months period ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		SR	SR	SR	SR
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue		2,442,807,041	2,052,191,099	7,021,949,589	6,057,063,426
Cost of revenue		(1,599,382,382)	(1,370,561,659)	(4,620,057,120)	(4,045,997,495)
Gross profit		843,424,659	681,629,440	2,401,892,469	2,011,065,931
Selling and marketing expenses		(103,270,472)	(76,757,594)	(288,110,688)	(239,054,361)
General and administrative expenses		(188,064,534)	(168,778,953)	(552,314,460)	(499,083,931)
Operating income		552,089,653	436,092,893	1,561,467,321	1,272,927,639
Share of income of associates		2,040,725	3,736,971	11,854,322	14,425,660
Finance costs		(17,552,812)	(12,448,014)	(52,849,590)	(32,286,178)
Other income, net		45,884,489	29,875,681	118,840,319	86,010,116
Income before zakat		582,462,055	457,257,531	1,639,312,372	1,341,077,237
Zakat		(26,855,000)	(25,869,020)	(84,343,938)	(103,959,020)
Net Income for the period		555,607,055	431,388,511	1,554,968,434	1,237,118,217
Net Income for the period Attributable to:					
Equity holders of the Parent		544,766,983	420,617,773	1,521,004,066	1,209,254,671
Non-controlling interests		10,840,072	10,770,738	33,964,368	27,863,546
		555,607,055	431,388,511	1,554,968,434	1,237,118,217
Earnings per share:					
Basic and diluted earnings per share from income for the period attributable to equity holders of the parent	12	1.56	1.20	4.35	3.46


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Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of comprehensive income
For the three and nine months period ended 30 September 2023

	For the three months period ended		For the nine months period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net Income for the period	555,607,055	431,388,511	1,554,968,434	1,237,118,217
Other comprehensive income				
<i>Items that will not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gain on employees' end-of-service benefits	771,713	67,083	18,217,438	1,760,856
Other comprehensive income for the period	771,713	67,083	18,217,438	1,760,856
Total comprehensive income for the period	556,378,768	431,455,594	1,573,185,872	1,238,879,073
Total comprehensive income for the period attributable to:				
Equity holders of the parent company	545,757,725	420,628,438	1,539,637,609	1,210,829,574
Non-controlling interests	10,621,043	10,827,156	33,548,263	28,049,499
	556,378,768	431,455,594	1,573,185,872	1,238,879,073



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Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2023

	Attributable to equity holders of the parent				Non-controlling interests SR	Total equity SR
	Issued and paid-up share capital SR	Statutory reserve SR	Retained earnings SR	Total SR		
As at 1 January 2023	3,500,000,000	876,157,331	1,502,535,470	5,878,692,801	226,971,966	6,105,664,767
Net income for the period	-	-	1,521,004,066	1,521,004,066	33,964,368	1,554,968,434
Other comprehensive income	-	-	18,633,543	18,633,543	(416,105)	18,217,438
Total comprehensive income	-	-	1,539,637,609	1,539,637,609	33,548,263	1,573,185,872
Dividends (note 10)	-	-	(1,025,500,000)	(1,025,500,000)	-	(1,025,500,000)
As at 30 September 2023 (Unaudited)	<u>3,500,000,000</u>	<u>876,157,331</u>	<u>2,016,673,079</u>	<u>6,392,830,410</u>	<u>260,520,229</u>	<u>6,653,350,639</u>
As at 1 January 2022	3,500,000,000	711,082,326	1,128,089,112	5,339,171,438	187,904,565	5,527,076,003
Net income for the period	-	-	1,209,254,671	1,209,254,671	27,863,546	1,237,118,217
Other comprehensive income	-	-	1,574,903	1,574,903	185,953	1,760,856
Total comprehensive income	-	-	1,210,829,574	1,210,829,574	28,049,499	1,238,879,073
Dividends (note 10)	-	-	(836,500,000)	(836,500,000)	-	(836,500,000)
As at 30 September 2022 (Unaudited)	<u>3,500,000,000</u>	<u>711,082,326</u>	<u>1,502,418,686</u>	<u>5,713,501,012</u>	<u>215,954,064</u>	<u>5,929,455,076</u>



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Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Interim condensed consolidated statement of cash flows
For the nine months period ended 30 September 2023

	2023 SR (Unaudited)	2022 SR (Unaudited)
Operating activities		
Income before zakat	1,639,312,372	1,341,077,237
Non-cash adjustments to reconcile income before zakat to net cash flows:		
Depreciation	234,155,486	231,488,129
Share of income of associates	(11,854,322)	(14,425,660)
Allowance for expected credit losses	172,104,533	152,263,793
Finance costs	52,849,590	32,286,178
Employees' end-of-service benefits	111,339,403	85,663,909
	<u>2,197,907,062</u>	<u>1,828,353,586</u>
Working capital adjustments:		
Accounts receivable	(333,149,223)	(157,182,055)
Inventories	(52,169,528)	(80,731,844)
Prepayments and other assets	(118,347,284)	(36,002,775)
Accounts payable	234,278,708	93,502,718
Accruals and other liabilities	230,649,553	295,376,381
Cash generated from operations	<u>2,159,169,288</u>	<u>1,943,316,011</u>
Zakat paid	(60,860,238)	(69,368,923)
Employees' end-of-service benefits paid	(32,627,824)	(36,205,142)
Net cash from operating activities	<u>2,065,681,226</u>	<u>1,837,741,946</u>
Investing activities		
Purchase of property and equipment	(2,706,010,896)	(1,207,550,030)
Investments in associates	(2,550,000)	(126,035,354)
Dividends from associates	10,515,094	-
Investments in equity instruments – Sukuk	-	(300,000,000)
Net cash used in investing activities	<u>(2,698,045,802)</u>	<u>(1,633,585,384)</u>
Financing activities		
Proceeds from long-term loans, net	1,490,289,465	500,250,164
Lease liabilities paid	(76,657,747)	(33,938,394)
Finance costs paid	(52,015,895)	(29,789,208)
Dividends paid	(1,025,500,000)	(836,500,000)
Net cash from (used in) financing activities	<u>336,115,823</u>	<u>(399,977,438)</u>
Net decrease in cash and cash equivalents	(296,248,753)	(195,820,876)
Cash and cash equivalents at the beginning of the period	2,746,989,005	2,643,829,664
Cash and cash equivalents at the end of the period	<u>2,450,740,252</u>	<u>2,448,008,786</u>
Non-cash transactions:		
Recognition of right-of-use assets	31,862,719	50,542,856
Recognition of lease liabilities	31,862,719	50,542,856



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CFO



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FAISAL AL NASSAR
CEO



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The accompanying notes form an integral part of these interim condensed consolidated financial statements.

1. Corporate information and activities

Dr. Sulaiman Al Habib Medical Services Group Company (the “Company”) (a Saudi Listed Joint Stock Company) is registered in Riyadh, under commercial registration number 1010118330 dated 11 Jumada al-thani 1414H (corresponding to 25 November 1993). The registered office is located at Olaya District, P.O. Box 301578, Riyadh 11372, Kingdom of Saudi Arabia (the “Kingdom”), and the Company was listed on the Saudi Stock Exchange (Tadawul) on 22 Rajab 1441H (corresponding to 17 March 2020).

The activities of the Company and its subsidiaries (collectively referred to as “the Group”) are to provide private health services and ancillary services for its operations in the Kingdom and the region through the establishment, management, and operation of hospitals, general and specialized medical complexes, day surgery centers, pharmaceutical facilities, and other ancillary areas which include providing services of Home health care, specialized medical laboratories, technology services & information systems, providing facility maintenance services, Tele-medicine services, revenue cycle management services, medical equipment maintenance services, and real estate activity.

The Company has two branches, the first branch is located in Riyadh, Kingdom, “Branch of Dr. Sulaiman Al Habib Medical Services Group Company” (“the Branch”) under commercial registration number 1010357146 dated 24 Muharram 1434H (corresponding to 8 December 2012). The Branch is engaged in wholesale and retail trade in cosmetics and maintenance of medical devices and equipment. The second one is located in the Kingdom of Bahrain, “Dr. Sulaiman Al-Habib Medical Services Group Holding Company - Foreign Branch” (“the Foreign Branch”) under commercial registration number 81609-1 dated 22 Rajab 1433H (corresponding to 12 June 2012). The Foreign Branch is engaged in activities of head offices and management offices.

The number of shares is 350,000,000 and the share value is 10 Saudi riyals.

The interim condensed consolidated financial statements include the financial information of the branches mentioned above and subsidiaries mentioned in note 3.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as International Financial Reporting Standards (“IFRS”) as endorsed in Kingdom of Saudi Arabia”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

These interim condensed consolidated financial statements are prepared on a historical cost basis. The interim condensed consolidated financial statements are presented in Saudi Riyals, which is the functional, and presentation currency of the Company and all values are rounded to the nearest one Riyal, except when otherwise indicated.

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 September 2023

3. Basis of consolidation

These interim condensed consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (collectively referred to as "the Group"), mainly domiciled in Kingdom of Saudi Arabia ("KSA") and United Arab Emirates ("UAE") as at 30 September 2023 & 31 December 2022:

	Country of incorporation and business	Activities	Ownership %	
			30 September 2023	31 December 2022
Sehat Al Olaya Medical Complex Company	KSA	Hospital	100%	100%
Asharq Alawsat Pharmacies Company	KSA	Pharmacy	100%	100%
Dr. Sulaiman Al Habib Hospital FZ – LLC	UAE	Hospital	100%	100%
Buraidah Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Rayan Hospital for Healthcare Company	KSA	Hospital	100%	100%
Home Healthcare Company	KSA	Home Healthcare services	100%	100%
Al Gharb Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Mokhtabarat Diagnostic Medical Company	KSA	Laboratory Services	100%	100%
Sehat Al Suwaidi Medical Company	KSA	Hospital	100%	100%
Hulool Al Sahaba for IT & Communication Company	KSA	IT Support Services	100%	100%
Rawabet Medical Company*	KSA	Medical Services, and Telemedicine services	100%	100%
Sehat Al Sharq Medical Limited Company	KSA	Hospital	50%	50%
Al Wosta Medical Limited Company	KSA	Hospital	50%	50%
Gharb Jeddah Hospital Company	KSA	Hospital	50%	50%
Shamal Al Riyadh for Healthcare Company	KSA	Hospital	100%	100%
Al Muhammadiyah Hospital for Healthcare Company	KSA	Hospital	100%	100%
Taswyat Administrative Company	KSA	Revenue cycle management	100%	100%
Al Marakez Al Awwalyah for Health Care Company	KSA	Medical Primary Healthcare centers	100%	100%
Wrass Real Estate Company**	KSA	Real Estate	100%	100%
Flow Medical Company	KSA	Medical equipments maintenance	100%	100%
Sehat Al Kharj for Healthcare Company	KSA	Hospital	100%	100%
Bawabat Al Gharb for Health Care Company	KSA	Hospital	100%	100%
Bawabat Al Shamal for Health Care Company	KSA	Hospital	100%	100%
Sehat Al Hamra for Health Care Company***	KSA	Hospital	100%	-
Wrass for Operation and Maintenance Company****	KSA	Anciliary services	100%	40%

* During the period, the name of this subsidiary has been changed from "Intensive Care Company for Healthcare" to "Rawabet Medical Company".

** During the period, the name of this subsidiary has been changed from "Rawabet Medical Company" to "Wrass Real Estate Company", and its activity changed.

*** During the period, the Group established new subsidiary "Sehat Al Hamra for Health Care Company".

**** On 17 May 2023, the Group acquired the remaining 60% of "Wrass for Operation and Maintenance Company", previously "Serco Saudi Services Company", to become 100% owned. The acquisition was done at fair value. The acquisition consideration and the financial information of the acquiree are immaterial to the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

3. Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

5. New standards effective as of 1 January 2023.

IFRS 17 Insurance Contracts

In May 2017, the International Accounting Standards Board issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's interim condensed consolidated financial statements.

5. New standards effective as of 1 January 2023.(continued)

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

6. Segment Information

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

The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group.

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 September 2023

6. Segment Information (continued)

The identified key segments are Hospitals/Healthcare Facilities, Pharmacies and HMG Solutions/Others (which includes IT support services, laboratory services, home healthcare services, medical equipments maintenance, revenue cycle management and real estate). The segment results for the period ended 30 September 2023 and the reconciliation of the segment measures to the respective statutory items included in the interim condensed consolidated financial statements are as follows:

For the nine months period ended 30 September 2023 (Unaudited)	Hospitals/ Healthcare Facilities	Pharmacies	HMG Solutions / Others	Total
<i>SR' millions</i>				
Saudi Arabia:				
Revenue	5,009	1,381	219	6,609
Gross profit	1,850	437	47	2,334
Outside Saudi Arabia:				
Revenue	331	79	3	413
Gross profit	48	17	3	68
Total				
Revenue	5,340	1,460	222	7,022
Gross profit	1,898	454	50	2,402
Unallocated income (expenses)				
Selling and marketing				(288)
General and administrative				(553)
Operating income				1,561
Share of income of associates				12
Finance costs				(53)
Other income				119
Income before zakat				1,639
Zakat				(84)
Net income for the period				1,555
As at 30 September 2023 (Unaudited)				
Saudi Arabia:				
Total assets	11,482	413	2,628	14,523
Total liabilities	7,020	577	776	8,373
Outside Saudi Arabia				
Total assets	545	54	6	605
Total liabilities	79	20	3	102
Total				
Total assets	12,027	467	2,634	15,128
Total liabilities	7,099	597	779	8,475

Dr. Sulaiman Al Habib Medical Services Group Company and its Subsidiaries
(Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial statements (continued)
30 September 2023

6. Segment Information (continued)

For the nine months period ended 30 September 2022 (Unaudited)	Hospitals/ Healthcare Facilities	Pharmacies	HMG Solutions / Others	Total
<i>SR' millions</i>				
Saudi Arabia:				
Revenue	4,280	1,172	225	5,677
Gross profit	1,490	379	90	1,959
Outside Saudi Arabia:				
Revenue	317	60	3	380
Gross profit	35	14	3	52
Total				
Revenue	4,597	1,232	228	6,057
Gross profit	1,525	393	93	2,011
Unallocated income (expenses)				
Selling and marketing				(239)
General and administrative				(499)
Operating income				1,273
Share of income of associates				14
Finance costs				(32)
Other income				86
Income before zakat				1,341
Zakat				(104)
Net income for the period				1,237
As at 31 December 2022 (audited)				
Saudi Arabia:				
Total assets	8,495	378	3,151	12,024
Total liabilities	5,080	540	723	6,343
Outside Saudi Arabia				
Total assets	508	42	10	560
Total liabilities	114	18	3	135
Total				
Total assets	9,003	420	3,161	12,584
Total liabilities	5,194	558	726	6,478

7. Property and equipment

	As at 30 September 2023 SR (Unaudited)	As at 31 December 2022 SR (Audited)
Property and equipment	10,120,536,726	7,610,726,965
Right-of-use assets	316,918,251	325,915,708
	10,437,454,977	7,936,642,673

8. Related party disclosures

Related parties represent shareholders, Directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Significant transactions and balances with related parties in the ordinary course of business which are included in the interim condensed consolidated financial statements are summarized as follows:

Nature of transaction	Related party	Relationship	For the nine months period ended	
			30 September 2023	30 September 2022
			(Unaudited) SR	(Unaudited) SR
Capital work-in-progress	Masah Contracting Company	Affiliate	374,738,619	321,514,865
Capital work-in-progress	Namara Specialist Establishment for Trading	Affiliate	222,210	-
Purchases and services	Rawafed Al Seha International Company	Affiliate	44,625,865	27,888,788
Revenue	Dr. Abdulaziz Ibrahim Ajaji Dental Clinics Company	Associate	45,671,457	41,873,799
Purchases and services	Members of the Board of Directors	Affiliates	77,094,918	24,603,284

Compensation of key management personnel of the Group

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	For the nine months period ended	
	30 September 2023	30 September 2022
	SR (Unaudited)	SR (Unaudited)
Short-term employee benefits	9,360,000	8,910,000
Board of Directors and its committees remuneration	2,128,500	2,210,000
Post-employment and medical benefits	780,000	742,500
Total compensation paid to key management personnel	12,268,500	11,862,500

9. Zakat

The group has filed its consolidated zakat returns for the group and its subsidiaries (100% owned subsidiaries as per note 3) to Zakat, Tax, and Customs Authority (ZATCA) and obtained zakat certificates for all previous years up to 31 December 2022 and final Zakat assessments up to 31 December 2021.

As for other subsidiaries (with ownership less than 100% as per note 3) that are not part of the consolidated zakat base, which required submitting separate zakat returns. Sehat Al Sharq Medical Limited Company, Gharb Jeddah Hospital Company, and Al Wosta Medical Limited Company submitted their zakat returns to ZATCA, and zakat certificates were obtained up to 31 December 2022. Sehat Al Sharq Medical Limited Company obtained the final zakat assessments for all years up to 31 December 2016. Gharb Jeddah Hospital Company obtained the final zakat assessments for all years up to 31 December 2020. Al Wosta Medical Limited Company obtained the final zakat assessments for all years up to 31 December 2022.

On 17 May 2023, the Group acquired the remaining 60% of "Wrass for Operation and Maintenance Company", previously "Serco Saudi Services Company", to become 100% owned. The zakat certificates were obtained up to 31 December 2022, and the final zakat assessments for all years up to 31 December 2018.

10. Dividends

During the period ended 30 September 2023, the Board of Directors resolved to distribute interim dividends of SR 2.93 per share totaling to SR 1,025,500,000 (30 September 2022: interim dividends of SR 2.39 per share making a total of SR 836,500,000) as follows:

- On 18 February 2023, the Board of Directors announced the recommendation to distribute interim dividends of SR 325,500,000 at SR (0.93) only ninety-three halala per share (representing 9.3% of the nominal value of the share) for the 4th quarter of 2022. (This was approved by the Ordinary General Assembly meeting held on 19 Ramadan 1444 AH (corresponding to 10 April 2023).
- On 6 May 2023, the Board of Directors announced the recommendation to distribute interim dividends of SR 350,000,000 at SR (1) only one riyal per share (representing 10% of the nominal value of the share) for the 1st quarter of 2023.
- On 5 August 2023, the Board of Directors announced the recommendation to distribute interim dividends of SR 350,000,000 at SR (1) only one riyal per share (representing 10% of the nominal value of the share) for the 2nd quarter of 2023.

The interim dividends for the first and second quarters of 2023 will be endorsed in the Company's upcoming general assembly meeting.

11. Long-term loans

	As at 30 September 2023 SR (Unaudited)	As at 31 December 2022 SR (Audited)
Current-portion of loans:		
Loans from local banks (i)	61,835,713	123,671,425
Loans from Ministry of Finance (ii)	34,203,406	43,979,874
	96,039,119	167,651,299
Non-current portion of loans:		
Loans from local banks (i)	4,275,028,553	2,688,699,978
Loans from Ministry of Finance (ii)	323,623,524	343,884,858
	4,598,652,077	3,032,584,836

- i) Loans from local banks
The Group is financed through Islamic facilities in the form of long-term and short-term loans (Murabaha / Tawarruq) from local banks. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SIBOR" plus an agreed margin. The facilities are secured by corporate promissory notes.
- ii) Loans from Ministry of Finance (MoF)
The Group's long-term financing includes MoF non-interest bearing loans to finance the capital expenditures related to the Company and its subsidiaries. The loan repayment instalments are settled on equal yearly installments. Certain assets are pledged against the loans obtained from the MoF.

12. Earnings per share

Basic and diluted earnings per share ("EPS") is calculated by dividing the income for the period attributable to ordinary equity holders 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 income for the period attributable to equity holders of the parent and share data used in the basic and diluted EPS computations:

	For the three months period ended		For the nine month period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	SR	SR	SR	SR
Income for the period attributable to equity holders of the parent	544,766,983	420,617,773	1,521,004,066	1,209,254,671
Weighted average number of ordinary shares	350,000,000	350,000,000	350,000,000	350,000,000
Basic and diluted earnings per share from income for the period attributable to equity holders of the parent	1.56	1.20	4.35	3.46

13. Fair values

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 at reporting date largely.

14. Subsequent events

In the opinion of management, no significant events have occurred subsequent to 30 September 2023 that would have a material impact on financial position or financial performance of the Group.

15. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved for issuance by the Board of Directors on 13 Rabi Al-Thani 1445H (corresponding to 28 October 2023).