

**Al Hammadi Holding Company
(A Saudi Joint Stock Company)**

The Condensed Consolidated Interim Financial
Statements (Unaudited)

For the three-month period ended 31 March 2024
and the Independent Auditor Review Report
on the condensed consolidated interim financial
statements

Al Hammadi Holding Company
(A Saudi joint stock company)
Index of the condensed consolidated interim financial statements for the
three-month period ended 31 March 2024 (Unaudited)

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

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Al Hammadi Holding Company ("the Company") and its subsidiaries (together "the Group") which comprise the condensed consolidated interim statement of financial position of as at 31 March 2024 and the related 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 and condensed consolidated interim statement of cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS 34") "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

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

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Riyadh, 18 Dhul Qa'adah 1445 (H)
Corresponding to: 26- May 2024 (G)

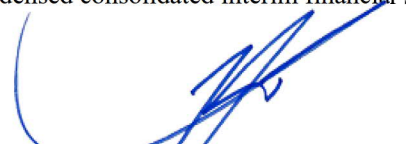
Al Hammadi Holding Company
(A Saudi joint stock company)
Condensed Consolidated Interim Statement of Profit or Loss
(In Saudi riyals)

	Note	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Revenues	(6)	277,040,344	298,601,322
Cost of revenues		(185,983,367)	(178,404,028)
GROSS PROFIT		91,056,977	120,197,294
Selling and marketing expenses		(748,144)	(2,032,653)
General and administrative expenses		(24,317,225)	(25,045,031)
Reversal / (allowance) for expected credit loss		2,174,456	(5,876,817)
Other operating income		6,731,255	4,518,778
OPERATING PROFIT		74,897,319	91,761,571
Company share of profit from associate	(10)	20,977	1,345,658
Finance cost		(5,876,831)	(6,683,929)
NET PROFIT BEFORE ZAKAT		69,041,465	86,423,300
Zakat expense		(5,000,000)	(5,000,000)
NET PROFIT FOR THE PERIOD		64,041,465	81,423,300
Earnings per share:			
Basic and diluted profit for the year attributable to ordinary equity holders	(7)	0.40	0.51

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

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

	Note	For the three-month period ended	
		31 March	
		2024 (Unaudited)	2023 (Unaudited)
NET PROFIT FOR THE PERIOD		64,041,465	81,423,300
Other comprehensive income / (loss)			
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement gain on defined benefit plans	(17)	226,018	211,278
The Company's share in other comprehensive income (loss) of an associate	(10)	42,000	(110,365)
Other comprehensive income for the period		268,018	100,913
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		64,309,483	81,524,213

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.

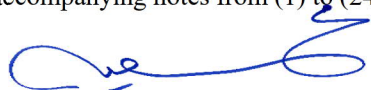
Mohammed Said Al Saafeen
Finance Manager

Mohammed Saleh Al Hammadi
Managing Director & CEO

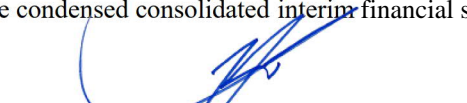
Al Hammadi Holding
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Financial Position
(In Saudi riyals)

	Note	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property and equipment	(8)	1,641,881,858	1,658,600,189
Intangible assets		23,560,206	23,679,139
Investment in associate	(10)	128,444,535	128,381,558
Total non-current assets		1,793,886,599	1,810,660,886
<u>Current assets</u>			
Inventories		57,367,607	56,591,511
Other receivables		10,184,793	9,787,564
Prepayments		23,331,869	21,828,766
Contract assets		8,307,019	9,520,320
Trade receivables	(11)	510,256,874	560,821,399
Cash and cash equivalents		206,016,252	125,237,441
Total current assets		815,464,414	783,787,001
TOTAL ASSETS		2,609,351,013	2,594,447,887
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	(12)	1,600,000,000	1,600,000,000
Statutory reserve		67,355,941	67,355,941
Retained earnings		185,877,379	177,567,896
TOTAL SHAREHOLDERS' EQUITY		1,853,233,320	1,844,923,837
<u>LIABILITIES</u>			
<u>Non-current liabilities</u>			
Loans	(14)	176,303,577	173,847,770
Government grants	(15)	103,559,272	105,835,003
Lease liabilities	(16)	110,767,736	107,407,182
Employees' terminal benefits	(17)	90,915,115	88,235,446
Total non-current liabilities		481,545,700	475,325,401
<u>Current liabilities</u>			
Loans	(14)	18,714,240	18,714,240
Government grants	(15)	9,102,925	9,102,925
Lease liabilities	(16)	14,738,031	14,178,490
Accrued zakat		22,839,642	17,839,642
Trade payables	(18)	60,524,396	74,928,105
Accrued expenses		54,498,765	52,612,715
Other payables		24,304,440	28,348,921
Contract liabilities		69,849,554	58,473,611
Total current liabilities		274,571,993	274,198,649
TOTAL LIABILITIES		756,117,693	749,524,050
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,609,351,013	2,594,447,887

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager




Mohammed Saleh Al Hammadi
Managing Director & CEO

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

	<u>Note</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
As at 1 January 2023 (Audited)		1,600,000,000	37,022,854	73,539,835	1,710,562,689
Net profit for the period		-	-	81,423,300	81,423,300
Other comprehensive income for period		-	-	100,913	100,913
Total comprehensive income for period		-	-	81,524,213	81,524,213
Dividends	(13)	-	-	(56,000,000)	(56,000,000)
As at 31 March 2023 (Unaudited)		<u>1,600,000,000</u>	<u>37,022,854</u>	<u>99,064,048</u>	<u>1,736,086,902</u>
As at 1 January 2024 (Audited)		1,600,000,000	67,355,941	177,567,896	1,844,923,837
Net profit for the period		-	-	64,041,465	64,041,465
Other comprehensive income for period		-	-	268,018	268,018
Total comprehensive income for period		-	-	64,309,483	64,309,483
Dividends	(13)	-	-	(56,000,000)	(56,000,000)
As at 31 March 2024 (Unaudited)		<u>1,600,000,000</u>	<u>67,355,941</u>	<u>185,877,379</u>	<u>1,853,233,320</u>

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.


Mohammed Said Al Saafeen
Finance Manager


Mohammed Saleh Al Hammadi
Managing Director & CEO

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

	Note	For the three- month period ended	
		31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
OPERATING ACTIVITIES			
Net profit of the period		64,041,465	81,423,300
Adjustments for non-cash items:			
Depreciation of property and equipment and right of use assets		25,697,243	23,789,686
Amortization of intangible assets		211,083	885,227
Loss on disposal of property and equipment		-	1,441,926
Share of profit from associate	(10)	(20,977)	(1,345,658)
Expected credit loss allowance		(2,174,456)	5,876,817
Government grants amortization	(15)	(2,275,731)	(2,275,731)
Current services cost of employees' terminal benefits	(17)	3,538,496	2,892,438
Contract liability formed during the period		11,403,389	16,113,565
Finance cost		5,876,831	6,683,929
Zakat expense		5,000,000	5,000,000
		111,297,343	140,485,499
Working capital adjustments:			
Inventories		(776,096)	(6,995,501)
Other receivables		(511,105)	(572,334)
Prepayments		(1,558,007)	(2,095,834)
Contract assets		1,213,301	2,779,016
Net changes in related parties		(3,827,605)	(7,906,110)
Trade receivables		52,908,469	(77,847,777)
Trade payables		(11,706,343)	(6,624,048)
Accrued expenses		1,886,050	5,299,557
Other payables		(4,292,366)	13,173,482
Contract liability		(27,446)	(99,464)
Cash from operations		144,606,195	59,596,486
Employees' terminal benefits paid	(17)	(1,726,815)	(2,286,130)
NET CASH FLOWS FROM OPERATING ACTIVITIES		142,879,380	57,310,356
INVESTING ACTIVITIES			
Purchase of property and equipment		(5,898,340)	(33,349,376)
Purchase of intangible assets		(92,150)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(5,990,490)	(33,349,376)

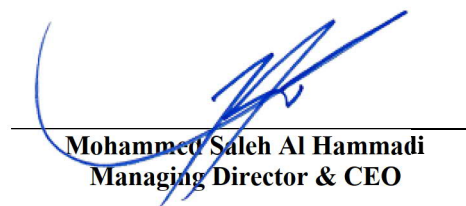
Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows - Continued
(In Saudi riyals)

	Notes	For the three- month period ended	
		31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
FINANCING ACTIVITIES			
Proceeds short term loans	(14)	-	50,000,000
Repayment of long term loans	(14)	-	(30,000,000)
Lease liabilities paid	(16)	-	(50,000)
Finance cost paid		(357,964)	(2,144,592)
Dividends paid		(55,752,115)	(55,690,164)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(56,110,079)	(37,884,756)
Net changes in cash and cash equivalents			
Cash and cash equivalents at 1 January		125,237,441	60,602,485
CASH AND CASH EQUIVALENTS AT 31 MARCH		206,016,252	46,678,709
<u>Supplementary information for non-cash transactions</u>			
Right-of-use assets additions	(16)	3,080,572	-
Transfer from lease liabilities to trade payables	(16)	1,120,380	700,484
Transfer from lease liabilities to related parties payables	(16)	9,150	9,150
Transfer from advance payments for acquisition of property & equipment to property & equipment	(9)	-	95,803,611

The accompanying notes from (1) to (24) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



Mohammed Saleh Al Hammadi
Managing Director & CEO

1. Corporate information

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

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

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

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest	
				2024	2023
Medical Support Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Pharmaceutical Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Al-Hammadi for Hospitals Operations and Management Company Limited*	Saudi Arabia	Trading Company	Saudi Riyals	-	100%
Medical Industries Company Limited	Saudi Arabia	Industrial Company	Saudi Riyals	100%	100%

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

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(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
Al-Hammadi for Hospitals Operations and Management Operations and Maintenance	1010374269	Riyadh
Maintenance & Constructions	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 pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the group as of 31 December 2023 (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 consolidated financial statements prepared in accordance with International Financial Reporting Standards. specific accounting policies and explanatory explanations have been included to explain important events and transactions to understand changes in the financial position and financial performance of the group in the financial statements for the previous year. The results for the three-month period ended on 31 March 2024 are not necessarily indicative of the results that can be expected for the year ending on 31 December 2024.

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 terminal benefits which is measured at the present value of future obligations using the Projected Unit Credit method.

2.3 Use of judgments and estimates

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

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

3. Functional and presentation currency

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

4. Basis of consolidation

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

5. Material 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 2023.

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 2024 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements as at 31 March 2024. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals unless otherwise stated)

6. Segment information

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

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

The following are selected financial information as at 31 March 2024, 31 March 2023 and 31 December 2023 by business segment:

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

	Medical Services		Pharmaceutical Products		Total	
	2024	2023	2024	2023	2024	2023
For the three-month period ended 31 March (Unaudited)						
Revenue	227,434,717	238,752,449	49,605,627	59,848,873	277,040,344	298,601,322
Gross Profit	80,914,021	105,069,474	10,142,956	15,127,820	91,056,977	120,197,294
Depreciation and amortization	25,550,360	23,904,183	357,966	770,730	25,908,326	24,674,913
Net profit for the period	59,344,729	73,204,471	4,696,736	8,218,829	64,041,465	81,423,300

	Medical Services		Pharmaceutical Products		Total	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2024 (Unaudited)	31 December 2023 (Audited)
For the period / year ended as at						
Total Assets	2,301,212,214	2,289,384,649	308,138,799	305,063,238	2,609,351,013	2,594,447,887
Total Liabilities	687,515,868	678,334,903	68,601,825	71,189,147	756,117,693	749,524,050

7. Earnings per share

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

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Net profit for the period	64,041,465	81,423,300
Weighted average number of ordinary shares	160,000,000	160,000,000
Basic and diluted earnings per share	0.40	0.51

The weighted average number of shares as at 31 March 2024 totaled 160,000,000.

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

8. Property and equipment

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Property and equipment	1,516,160,775	1,533,182,236
Right of use assets	125,721,083	125,417,953
	1,641,881,858	1,658,600,189

Property and equipment illustrated above include lands with a value of SAR 152.5 million (31 December 2023: SAR 152.2 million) and a buildings with a net book value of SAR 873.1 million as at 31 March 2024 (31 December 2023: SAR 881.3 million) pledged as a collateral for a long-term loan from the Ministry of Finance to fund the construction of the hospital in Al-Suwaidi area and its housing compound in addition to the construction of the hospital in Al Nuzha area.

9. Advance payments for the acquisition of property and equipment

On 28 March 2022, the Company (“the buyer”) signed with Al-Narjes Community Real Estate Developer (the “Developer”) a land purchase agreement (“the Block”) with a total area of 19,202.68 sqm in Al Narjis District, for the purpose of establishing a hospital on it, with a total amount of 115,600,133 Saudi Riyals, excluding real estate tax and commission fees; so that the first payment in the amount of 92,480,106 Saudi riyals (80% of the price of the land) is due upon signing the contract in addition to commission fees of 3,323,505 Saudi Riyals (Including receivable value added tax in the amount of 433,501 Saudi Riyals) , and the second payment in the amount of 23,120,026 Saudi Riyals (20% of the price of the land) is to be paid upon title transfer.

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

10. Investment in associate

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/year	128,381,558	124,244,424
Company’s share of net profit	20,977	4,184,741
Company’s share of other comprehensive income	42,000	(47,607)
Balance at the ending of the period/year	128,444,535	128,381,558

11. Trade receivables

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables		585,729,104	638,637,573
Amounts due from related parties	(19)	19,748	19,040
		585,748,852	638,656,613
Deduct: Allowance expected credit loss		(75,491,978)	(77,835,214)
Net trade receivables		510,256,874	560,821,399

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/year	77,835,214	158,759,268
(Reversal) / charged during the period/year	(2,343,236)	27,520,461
Written off bad debts during the period/year	-	(108,444,515)
Balance at the ending of the period/year	75,491,978	77,835,214

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

12. Share capital

The company's capital as at 31 March 2024 is 1,600 million Saudi riyals (31 December 2023: about 1,600 million Saudi riyals) consisting of 160 million ordinary shares (31 December 2023: 160 million ordinary shares), fully paid up with a nominal value of 10 Saudi riyals.

13. Dividends

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

The Board of Directors of the Company approved, in its meeting held on 8 Ramadan 1445H (corresponding to: 18 March 2024), the distribution of interim cash dividends of 56 million Saudi Riyal to the company's shareholders for the fourth quarter of 2023 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2023 in accordance with the decision of the Ordinary Assembly on 21 Dhu al-Qi'dah 1443H (corresponding to: 20 June 2022).

14. Long term loans

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Current portion		
Loans from Ministry of Finance	18,714,240	18,714,240
Total Current portion	18,714,240	18,714,240
Non-Current portion		
Loans from Ministry of Finance	176,303,577	173,847,770
Total Non-current portion	176,303,577	173,847,770
Total	195,017,817	192,562,010

Aggregate maturities of loans are as follows:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Within one year	18,714,240	18,714,240
From one year but to five years	93,571,200	93,571,200
More than five years	170,861,856	170,861,856
Total	283,147,296	283,147,296

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Future loans payment	283,147,296	283,147,296
Less: un-amortized finance costs	(88,129,479)	(90,585,286)
Present value of loans payment	195,017,817	192,562,010
Less: current-portion of loans	(18,714,240)	(18,714,240)
Non-current-portion of loans	176,303,577	173,847,770

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14.1 Loans from Commercial Bank- Continued

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 31 March 2022, to finance expansions and the company's projects. The loan is collateralized by promissory notes and any other guarantees required by the Bank.

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

On 24 Shaaban 1444H (corresponding to: 16 March 2023), the Company withdrew a short-term financing amount from a bank facilities agreement with a commercial bank with amount of 50,000,000 Saudi riyals that repaid within six months from withdrawal date.

15. Government Grants

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/year	114,937,928	124,040,849
Government grants amortized for the period/year	(2,275,731)	(9,102,921)
Balance at the end of the period/year	112,662,197	114,937,928
Current portion	9,102,925	9,102,925
Non-current portion	103,559,272	105,835,003
	112,662,197	114,937,928

16. Lease Liabilities

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period/year	121,585,672	128,979,676
Additions during the period/year	3,080,572	2,927,089
Disposals during the period/year	-	(2,749,134)
Finance cost	1,969,053	8,207,540
Payments during the period/year	-	(11,680,574)
Transferred to trade payables	(1,120,380)	(36,425)
Transferred to related parties payables	(9,150)	(4,062,500)
Balance at the end of the period/year	125,505,767	121,585,672

Following are the aggregate maturities of un discounted lease liabilities:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Within one year	14,738,031	14,178,490
From one year to five years	69,680,570	68,009,148
More than five years	102,000,000	102,000,000
Total	186,418,601	184,187,638

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Future minimum lease payment	186,418,601	184,187,638
Less: un-amortized finance lease	(60,912,834)	(62,601,966)
Present value of minimum lease liabilities	125,505,767	121,585,672
Less: current-portion of lease liabilities	(14,738,031)	(14,178,490)
Non-current-portion of lease liabilities	110,767,736	107,407,182

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17. Employees' terminal benefits

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Present value of defined benefit obligation at beginning of the period/year	88,235,446	78,826,036
Current service cost	3,538,496	11,849,852
Special commission cost	1,094,006	4,397,369
Actuarial (gain) /loss based on a defined benefit plan recognized in the consolidated statement of comprehensive income	(226,018)	922,117
Benefits paid during the period / year	(1,726,815)	(7,759,928)
Present value of defined benefit obligation at end of the period / year	90,915,115	88,235,446

18. Trade payable

		31 March 2024	31 December 2023
	Note	(Unaudited)	(Audited)
Vendors payable		59,790,414	70,367,226
Amounts due to related parties	(19)	733,982	4,560,879
		60,524,396	74,928,105

19. Related party transactions and balances

The Group in the normal course of business carries on business with other enterprises and individuals that fall within the definition of a related party as per IFRS. These transactions are carried out in normal course of the business and are measured at exchange amounts, being the amounts agreed by both parties. The transactions are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the period/ year are unsecured, interest free and to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties for the period ended as at 31 March 2024 (31 December 2023: Zero).

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

	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Compensation to key management members	1,629,945	2,724,005
Purchases from companies owned by shareholders	2,556,524	2,039,557
Rental expense paid to shareholders	6,450,000	6,450,000
Rental expense paid to relatives of shareholders	350,000	350,000
Clinical services rendered to shareholders	12,002	9,071

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

		31 March 2024	31 December 2023
	Note	(Unaudited)	(Audited)
Amounts due from related party			
Main shareholders	(11)	19,748	19,040
		19,748	19,040
Amounts due to related party			
Main shareholders	(18)	733,982	4,560,879
		733,982	4,560,879

20. Commitments and Contingencies

Letters of guarantee

The Group has letters of guarantee issued in the course of the normal business of the group with a total value of approximately 9.1 million Saudi Riyals (31 December 2023: approximately 20.1 million Saudi Riyals).

Legal cases provision

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

21. Financial assets and financial liabilities

Financial instruments risk management objectives and policies

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

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

Market Risk

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

Currency Risk

It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk.

Cash flow interest rate risks

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

Price Risk

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

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21. Financial assets and financial liabilities - continued

Credit Risk

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

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	510,256,874	560,821,399
Cash and cash equivalents	205,617,774	124,904,699
Other receivables	10,184,793	9,787,564
	726,059,441	695,513,662

Liquidity Risk

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

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

<u>As at 31 March 2024</u> <u>(Unaudited)</u>	<u>On demand</u>	<u>Within one</u> <u>year</u>	<u>After one year</u> <u>but not more</u> <u>than five years</u>	<u>More than</u> <u>five years</u>	<u>Total</u>
Loans	-	18,714,240	93,571,200	170,861,856	283,147,296
Trade payables	60,524,396	-	-	-	60,524,396
Accrued expenses	54,498,765	-	-	-	54,498,765
Other payables	24,304,440	-	-	-	24,304,440
Lease liabilities	-	14,738,031	69,680,570	102,000,000	186,418,601
<u>As at 31 December 2023</u> <u>(Audited)</u>	<u>On demand</u>	<u>Within one</u> <u>year</u>	<u>After one year</u> <u>but not more</u> <u>than five years</u>	<u>More than</u> <u>five years</u>	<u>Total</u>
Loans	-	18,714,240	93,571,200	170,861,856	283,147,296
Trade payables	74,928,105	-	-	-	74,928,105
Accrued expenses	52,612,715	-	-	-	52,612,715
Other payables	28,348,921	-	-	-	28,348,921
Lease liabilities	-	14,178,490	68,009,148	102,000,000	184,187,638

21. Financial assets and financial liabilities - continued

Capital Management

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

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

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Total liabilities	756,117,693	749,524,050
Less: Cash at banks	(205,617,774)	(124,904,699)
Net liabilities	550,499,919	624,619,351
Total shareholder's equity	1,853,233,320	1,844,923,837
Net liabilities to Total shareholder's equity	0.30	0.34

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

There have been no changes to the objectives, policies and procedures for capital management during the period /years ended as at 31 March 2024 and to 31 December 2023.

Fair Value

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

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

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

22. Comparative Figures

Some comparative figures have been reclassified to conform with the presentation in the current period, to enhance comparability and to be more relevant to users of the consolidated financial statements, as follows:

For the year ended 31 December 2023	Impact of reclassification		
Consolidated Statement of Financial Position	As previously reported	Re-classified	As Classified
Loans - Non-current	163,826,053	10,021,717	173,847,770
Loans - Current	28,735,957	(10,021,717)	18,714,240
Lease liabilities - Current	13,542,248	636,242	14,178,490
Lease liabilities - Non-current	108,043,424	(636,242)	107,407,182
For the period ended 31 March 2023	Impact of reclassification		
Consolidated Statement of profit or loss	As previously reported	Re-classified	As Classified
Cost of revenue	(178,196,652)	(207,376)	(178,404,028)
Selling and marketing expenses	(2,106,259)	73,606	(2,032,653)
General and administrative expense	(25,178,801)	133,770	(25,045,031)

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23. Subsequent Events

- On the 23rd of Ramadan 1445H (corresponding to April 2, 2024), the company announced on Tadawul that it has signed a contract to sell a land with an area of 35,600 square meters located in the Al Rayyan district in Riyadh with Emmar Ocean Company for an amount of 124,600,000 Saudi Riyals (excluding the Real Estate Transaction Tax and the Brokerage Fees). An initial non-refundable payment of 2,492,000 Saudi Riyals was made for the land, and the buyer is obligated to pay the remaining 122,108,000 Saudi Riyals by no later than Thursday, June 13, 2024. The proceeds from the sale of the land will be used to support the company's financial position and strengthen its future growth plans. It is noteworthy that the book value of the land is 69,331,000 Saudi Riyals.
- The Board of Directors of the Company approved, in its meeting held on 10 Dhu al-Qi`dah 1445H (corresponding to: 18 May 2024), the distribution of interim cash dividends of 56 million Saudi Riyal to the company's shareholders for the first quarter of 2024 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2024 in accordance with the decision of the Ordinary Assembly on 21 Dhu al-Qi`dah 1443H (corresponding to: 20 June 2022).

24. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved by the board of directors on 10 Dhul Qa'adah 1445H (corresponding to: 18 May 2024).
