

Al Hammadi Holding Company
(A Saudi Joint Stock Company)

The Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three month and six-month periods ended 30 June 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 and six-month periods ended 30 June 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 statement of financial position of Al Hammadi Holding Company ("the Company") and its subsidiaries (together "the Group") as at 30 June 2024 and the related condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard ("IAS 34") "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on those condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

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

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License No. 362




Riyadh, 3 Safar 1446 (H)
Corresponding to: 7 August 2024 (G)

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

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	Note	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Revenues	(6)	263,458,181	276,655,065	540,498,525	575,256,387
Cost of revenues		(177,718,567)	(183,233,130)	(363,701,934)	(361,637,158)
GROSS PROFIT		85,739,614	93,421,935	176,796,591	213,619,229
Selling and marketing expenses		(1,616,279)	(2,510,652)	(2,364,423)	(4,543,305)
General and administrative expenses		(20,201,888)	(21,223,204)	(44,519,113)	(46,268,235)
Reversal of allowance for expected credit loss		2,004,272	17,838,461	4,178,728	11,961,644
Gain (Loss) from disposal of property and equipment		55,269,000	-	55,269,000	(1,441,926)
Other operating income		9,174,600	5,659,705	15,905,855	11,620,409
OPERATING PROFIT		130,369,319	93,186,245	205,266,638	184,947,816
Company share of profit from associate	(10)	(554,338)	547,954	(533,361)	1,893,612
Finance cost		(5,943,625)	(6,889,058)	(11,820,456)	(13,572,987)
NET PROFIT BEFORE ZAKAT		123,871,356	86,845,141	192,912,821	173,268,441
Zakat expense		(6,000,000)	(5,000,000)	(11,000,000)	(10,000,000)
NET PROFIT FOR THE PERIOD		117,871,356	81,845,141	181,912,821	163,268,441
Earnings per share:					
Earnings per share (basic and diluted)	(7)	0.74	0.51	1.14	1.02

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


Mohammed Said Al Saafeen
Finance Manager


Mohammed Saleh Al Hammadi
Managing Director & CEO

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

	For the three-month period ended 30 June		For the six-month period ended 30 June		
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	
	Note <u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	
NET PROFIT FOR THE PERIOD		<u>117,871,356</u>	<u>81,845,141</u>	<u>181,912,821</u>	<u>163,268,441</u>
Items that will not be subsequently reclassified into profit or loss:					
Re-measurement loss on defined benefit plans	(18)	(323,100)	(798,813)	(97,082)	(587,535)
The company's share in other comprehensive (loss) gain of an associate	(10)	(101,500)	62,582	(59,500)	(47,783)
Other comprehensive income for the period		<u>(424,600)</u>	<u>(736,231)</u>	<u>(156,582)</u>	<u>(635,318)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>117,446,756</u>	<u>81,108,910</u>	<u>181,756,239</u>	<u>162,633,123</u>

The accompanying notes 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 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property and equipment	(8)	1,553,328,982	1,658,600,189
Intangible assets		24,439,781	23,679,139
Investment in associate	(10)	127,788,697	128,381,558
Total non-current assets		1,705,557,460	1,810,660,886
<u>Current assets</u>			
Inventories		57,572,646	56,591,511
Other receivables		13,940,011	9,787,564
Prepayments		22,417,263	21,828,766
Contract assets		5,712,981	9,520,320
Trade receivables	(11)	431,268,708	560,821,399
Cash and cash equivalents		350,034,905	125,237,441
Total current assets		880,946,514	783,787,001
TOTAL ASSETS		2,586,503,974	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
General reserve	(13)	67,355,941	67,355,941
Retained earnings		247,324,135	177,567,896
TOTAL SHAREHOLDERS' EQUITY		1,914,680,076	1,844,923,837
<u>LIABILITIES</u>			
<u>Non-current liabilities</u>			
Loans	(15)	161,451,465	173,847,770
Government grants	(16)	101,283,541	105,835,003
Lease liabilities	(17)	105,990,116	107,407,182
Employees' terminal benefits	(18)	94,501,281	88,235,446
Total non-current liabilities		463,226,403	475,325,401
<u>Current liabilities</u>			
Loans	(15)	18,714,240	18,714,240
Government grants	(16)	9,102,925	9,102,925
Lease liabilities	(17)	14,738,315	14,178,490
Accrued zakat		10,596,511	17,839,642
Trade payables	(19)	55,070,630	74,928,105
Accrued expenses		49,463,675	52,612,715
Other payables		13,613,902	28,348,921
Contract liabilities		37,297,297	58,473,611
Total current liabilities		208,597,495	274,198,649
TOTAL LIABILITIES		671,823,898	749,524,050
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,586,503,974	2,594,447,887

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


Mohammed Said Al Saafeen
Finance Manager


Mohammed Saleh Al Hammadi
Managing Director & CEO

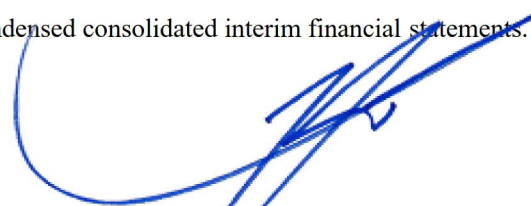
Al Hammadi Holding Company
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(In Saudi riyals)

	<u>Note</u>	<u>Share capital</u>	<u>General reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
As of 1 January 2023 (Audited)		1,600,000,000	37,022,854	73,539,835	1,710,562,689
Net profit for the period		-	-	163,268,441	163,268,441
Other comprehensive income for period		-	-	(635,318)	(635,318)
Total comprehensive income for period		-	-	162,633,123	162,633,123
Dividends	(14)	-	-	(112,000,000)	(112,000,000)
As of 30 June 2023 (Unaudited)		<u>1,600,000,000</u>	<u>37,022,854</u>	<u>124,172,958</u>	<u>1,761,195,812</u>
As of 1 January 2024 (Audited)		1,600,000,000	67,355,941	177,567,896	1,844,923,837
Net profit for the period		-	-	181,912,821	181,912,821
Other comprehensive income for period		-	-	(156,582)	(156,582)
Total comprehensive income for period		-	-	181,756,239	181,756,239
Dividends	(14)	-	-	(112,000,000)	(112,000,000)
As of 30 June 2024 (Unaudited)		<u>1,600,000,000</u>	<u>67,355,941</u>	<u>247,324,135</u>	<u>1,914,680,076</u>

The accompanying notes 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 six- month period ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
OPERATING ACTIVITIES			
Net profit of the period		181,912,821	163,268,441
Adjustments for non-cash items:			
Depreciation of property and equipment and right of use assets		49,055,009	47,981,101
Amortization of intangible assets		341,203	1,774,686
(Gain) Loss on disposal of property and equipment		(55,269,000)	1,441,926
Gain on disposal of right of use assets		-	(489,462)
Share of profit from associate	(10)	533,361	(1,893,612)
Reversal of provision for expected credit loss		(4,178,728)	(11,961,644)
Government grants amortization	(16)	(4,551,462)	(4,551,462)
Current services cost of employees' terminal benefits	(18)	7,076,992	5,866,787
Contract liability formed during the period		17,284,121	25,566,985
Finance cost		11,820,456	13,572,987
Zakat expense		11,000,000	10,000,000
		215,024,773	250,576,733
Working capital adjustments:			
Inventories		(981,135)	(855,058)
Other receivables		(4,261,236)	(2,133,575)
Prepayments		(503,758)	(777,735)
Contract assets		3,807,339	10,510,165
Net changes in related parties		(4,067,543)	(8,743,043)
Trade receivables		133,785,444	44,551,954
Trade payables		(15,832,807)	(12,891,741)
Accrued expenses		(3,149,040)	6,314,167
Other payables		(15,193,910)	11,170,483
Contract liability		(38,460,435)	(10,586,988)
Cash from operations		270,167,692	287,135,362
Employees' terminal benefits paid	(18)	(3,096,251)	(4,103,393)
Zakat paid		(18,243,131)	(16,683,306)
NET CASH FLOWS FROM OPERATING ACTIVITIES		248,828,310	266,348,663

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

	Notes	For the six- month period ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
INVESTING ACTIVITIES			
Purchase of property and equipment		(10,034,230)	(39,753,002)
Proceeds from disposal of property and equipment		124,600,000	-
Purchase of intangible assets		(1,101,845)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		113,463,925	(39,753,002)
FINANCING ACTIVITIES			
Proceeds short term loans	(15)	-	54,118,000
Repayment of short- and long-term loans	(15)	(17,339,240)	(101,455,000)
Lease liabilities paid	(17)	(7,916,630)	(5,626,441)
Finance cost paid		(697,792)	(3,396,451)
Dividends paid		(111,541,109)	(55,690,164)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(137,494,771)	(112,050,056)
Net changes in cash and cash equivalents		224,797,464	114,545,605
Cash and cash equivalents on 1 January		125,237,441	60,602,485
CASH AND CASH EQUIVALENTS ON 30 JUNE		350,034,905	175,148,090
<u>Supplementary information for non-cash transactions</u>			
Right-of-use assets additions	(17)	3,080,572	-
Disposal-of-use assets additions		1,102,981	-
Transfer from lease liabilities to trade payables	(17)	12,900	14,375
Transfer from lease liabilities to related parties' payables	(17)	-	2,159,150
Transfer from advance payments for acquisition of property & equipment to property & equipment	(9)	-	95,803,611
Dividends payable		-	56,000,000

The accompanying notes 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:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>	<u>Business Activity</u>	<u>Functional Currency</u>	<u>Ownership Interest</u>	
				<u>2024</u>	<u>2023</u>
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 SIX-MONTH PERIOD ENDED 30 JUNE 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 30 June 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 a historical cost basis except for the employee's terminal benefits which are 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 into 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 of 30 June 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 SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

6. Segment information

Operating segments are 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 of 30 June 2024, 30 June 2023 and 31 December 2023 by business segment:

- Medical Services segment: Fees imposed on hospitals' services for inpatients and outpatients.
- Pharmaceutical products segment.

For the six-month period ended 30 June (Unaudited)	Medical Services		Pharmaceutical Products		Total	
	2024	2023	2024	2023	2024	2023
Revenue	444,450,841	456,603,227	96,047,684	118,653,160	540,498,525	575,256,387
Gross Profit	157,517,104	184,036,775	19,279,487	29,582,454	176,796,591	213,619,229
Depreciation and amortization	48,695,571	48,230,590	700,641	1,525,197	49,396,212	49,755,787
Net profit for the period	164,827,904	147,270,168	17,084,917	15,998,273	181,912,821	163,268,441

For the period / year ended as at	Medical Services		Pharmaceutical Products		Total	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total Assets	2,290,321,042	2,289,384,649	296,182,932	305,063,238	2,586,503,974	2,594,447,887
Total Liabilities	605,530,341	678,334,903	66,293,557	71,189,147	671,823,898	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.

	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Net profit for the period	181,912,821	163,268,441
Weighted average number of ordinary shares	160,000,000	160,000,000
Basic and diluted earnings per share	1.14	1.02

The weighted average number of shares as of 30 June 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.

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

8. Property and equipment

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
<u>Cost</u>		
At the beginning of the period / year	2,309,699,842	2,167,560,253
Additions during the period / year	13,114,802	153,170,329
Disposals during the period / year*	(70,433,981)	(11,030,740)
At the end of the period / year	2,252,380,663	2,309,699,842
<u>Accumulated depreciation</u>		
At the beginning of the period / year	651,099,653	561,381,056
Charge for the period / year	49,055,009	96,982,963
Disposals during the period / year	(1,102,981)	(7,264,366)
At the end of the period / year	699,051,681	651,099,653
<u>Net book value</u>		
At the end of the period / year	1,553,328,982	1,658,600,189

* A land plot located in Al Rayyan district in Riyadh with an area of 35,600 square meters has been sold and its price was received in the amount of 124,600,000 Saudi riyals (excluding real estate transaction tax and brokerage fees) to Emmar Ocean Company, where the book value of the land is 69,331,000 Saudi riyals.

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 864.9 million as at 30 June 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

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	128,381,558	124,244,424
Company’s share of net profit	(533,361)	4,184,741
Company’s share of other comprehensive income	(59,500)	(47,607)
Balance at the ending of the period/year	127,788,697	128,381,558

11. Trade receivables

	<u>Note</u>	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>31 December 2023</u> <u>(Audited)</u>
Trade receivables		504,852,128	638,637,573
Amounts due from related parties	(20)	49,015	19,040
		<u>504,901,143</u>	<u>638,656,613</u>
Deduct: Allowance expected credit loss		<u>(73,632,435)</u>	<u>(77,835,214)</u>
Net trade receivables		<u>431,268,708</u>	<u>560,821,399</u>

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

	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>31 December 2023</u> <u>(Audited)</u>
Balance at the beginning of the period/year	77,835,214	158,759,268
(Reversal) / charged during the period/year	(4,202,779)	27,520,461
Written off bad debts during the period/year	-	(108,444,515)
Balance at the ending of the period/year	<u>73,632,435</u>	<u>77,835,214</u>

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 of 30 June 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. General reserve

The Company's General Assembly, in its extraordinary meeting held on 24 Dhu al-Hijjah 1445 H (corresponding to 30 June 2024), approved the update of the company's articles of association to comply with the new Companies Law. The meeting approved the transfer of the statutory reserve, amounting to 67,355,941 Saudi Riyals as of December 31, 2023, to a general reserve.

14. 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 29 Dhu Al-Qa'da 1444H (corresponding to: 18 June 2023), the distribution of interim cash dividends of SR 56 million to the Company's shareholders for the second quarter of 2023 at a rate of 0.35 Saudi riyals (35 Halalas) per share. This comes in light of the authorization given by the Company's General Assembly to the Board of Directors to distribute interim dividends on a semi-annual or quarterly base for the fiscal year 2023 in accordance with the decision of the General 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. Dividends- Continued

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).

15. Long term loans

	<u>30 June 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Current portion		
Loans from Ministry of Finance	18,714,240	18,714,240
Total Current portion	<u>18,714,240</u>	<u>18,714,240</u>
Non-Current portion		
Loans from Ministry of Finance	161,451,465	173,847,770
Total Non-current portion	<u>161,451,465</u>	<u>173,847,770</u>
Total	<u>180,165,705</u>	<u>192,562,010</u>

Aggregate maturities of loans are as follows:

	<u>30 June 2024</u> (Unaudited)	<u>31 December 2023</u> (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	153,522,616	170,861,856
Total	<u>265,808,056</u>	<u>283,147,296</u>

	<u>30 June 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Future loans payment	265,808,056	283,147,296
Less: un-amortized finance costs	<u>(85,642,351)</u>	<u>(90,585,286)</u>
Present value of loans payment	180,165,705	192,562,010
Less: current-portion of loans	<u>(18,714,240)</u>	<u>(18,714,240)</u>
Non-current-portion of loans	<u>161,451,465</u>	<u>173,847,770</u>

15.1 Loans provided by commercial banks

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. This financing was repaid on 2 Dhu al-Hijjah 1444H (corresponding to: 20 June 2023).

Al Hammadi Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR
THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(All amounts in Saudi Riyals unless otherwise stated)

16. Government Grants

	30 June 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	(4,551,462)	(9,102,921)
Balance at the end of the period/year	<u>110,386,466</u>	<u>114,937,928</u>
Current portion	9,102,925	9,102,925
Non-current portion	<u>101,283,541</u>	<u>105,835,003</u>
	<u>110,386,466</u>	<u>114,937,928</u>

17. Lease Liabilities

	30 June 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	3,991,717	8,207,540
Payments during the period/year	(7,916,630)	(11,680,574)
Transferred to trade payables	(12,900)	(36,425)
Transferred to related parties' payables	-	(4,062,500)
Balance at the end of the period/year	<u>120,728,431</u>	<u>121,585,672</u>

Following are the aggregate maturities of undiscounted lease liabilities:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within one year	14,738,315	14,178,490
From one year to five years	69,680,935	68,009,148
More than five years	95,200,000	102,000,000
Total	<u>179,619,250</u>	<u>184,187,638</u>

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Future minimum lease payment	179,619,250	184,187,638
Less: un-amortized finance lease	(58,890,819)	(62,601,966)
Present value of minimum lease liabilities	120,728,431	121,585,672
Less: Current-portion of lease liabilities	(14,738,315)	(14,178,490)
Non-current-portion of lease liabilities	<u>105,990,116</u>	<u>107,407,182</u>

18. Employees' terminal benefits

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Present value of defined benefit obligation at beginning of the period/year	88,235,446	78,826,036
Current service cost	7,076,992	11,849,852
Special commission cost	2,188,012	4,397,369
Actuarial loss based on a defined benefit plan recognized in the consolidated statement of comprehensive income	97,082	922,117
Benefits paid during the period / year	(3,096,251)	(7,759,928)
Present value of defined benefit obligation at end of the period / year	<u>94,501,281</u>	<u>88,235,446</u>

Al Hammadi Holding Company
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(All amounts in Saudi Riyals unless otherwise stated)

19. Trade payable

		30 June 2024	31 December 2023
	Note	(Unaudited)	(Audited)
Vendors payable		54,547,320	70,367,226
Amounts due to related parties	(20)	523,310	4,560,879
		<u>55,070,630</u>	<u>74,928,105</u>

20. Related party transactions and balances

The Group in the normal course of business carries on business with other enterprises and individuals that fall within the definition of a related party as per IFRS. These transactions are carried out in the normal course of the business and are measured in 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 of 30 June 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:

	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Compensation to key management members	3,273,560	4,377,189
Purchases from companies owned by shareholders and their relatives	4,691,941	3,883,035
Rental expense paid to shareholders	12,900,000	10,750,000
Rental expense paid to relatives of shareholders	700,000	700,000
Clinical services rendered to shareholders	23,187	15,539

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

		30 June 2024	31 December 2023
	Note	(Unaudited)	(Audited)
Amounts due from related party			
Main shareholders	(11)	<u>49,015</u>	<u>19,040</u>
		<u>49,015</u>	<u>19,040</u>
Amounts due to related party			
Main shareholders and their relatives	(19)	<u>523,310</u>	<u>4,560,879</u>
		<u>523,310</u>	<u>4,560,879</u>

21. Commitments and Contingencies

Letters of guarantee

The Group has letters of guarantee issued during the normal business of the group with a total value of approximately 8.1 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.

22. Financial assets and financial liabilities

Financial instruments risk management objectives and policies

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

The Group's activities exposed it to various risks. These risks are Market risk (which includes Currency risk, fair value and cash flow interest rate risks and price risks), 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 exposure 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 a periodic basis.

Price Risk

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

Credit Risk

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

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

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Trade receivables	431,268,708	560,821,399
Cash and cash equivalents	349,725,798	124,904,699
Other receivables	13,940,011	9,787,564
	794,934,517	695,513,662

22. Financial assets and financial liabilities - continued

Liquidity Risk

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

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

<u>As of 30 June 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	153,522,616	265,808,056
Trade payables	55,070,630	-	-	-	55,070,630
Accrued expenses	49,463,675	-	-	-	49,463,675
Other payables	13,613,902	-	-	-	13,613,902
Lease liabilities	-	14,738,315	69,680,935	95,200,000	179,619,250

<u>As of 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

Capital Management

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

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

	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>31 December 2023</u> <u>(Audited)</u>
Total liabilities	671,823,898	749,524,050
Less: Cash at banks	(349,725,798)	(124,904,699)
Net liabilities	322,098,100	624,619,351
Total shareholder's equity	1,914,680,076	1,844,923,837
Net liabilities to Total shareholder's equity	0,17	0,34

The Group manages its capital structure and adjusts it considering changes in economic conditions.

There have been no changes to the objectives, policies and procedures for capital management during the period /years ended as of 30 June 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.

23. 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 30 June 2023	Impact of reclassification		
Consolidated Statement of profit or loss	As previously reported	Re-classified	As Classified
Cost of revenue	(362,770,687)	(1,133,529)	(361,637,158)
Selling and marketing expenses	(3,192,963)	1,350,342	(4,543,305)
General and administrative expense	(46,485,048)	(216,813)	(46,268,235)

24. Subsequent events

The Board of Directors of the Company approved, in its meeting held on 28 Muharram 1446H (corresponding to: 3 August 2024), the distribution of interim cash dividends of 56 million Saudi Riyal to the company's shareholders for the second 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 Extraordinary General Assembly on 24 Dhu al-Hejah 1445H (corresponding to: 30 June 2024).

25. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements have been approved by the board of directors on 28 Muharram 1446H (corresponding to: 3 August 2024).
