

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

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KPMG Professional Services

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P.O. Box 4803
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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرعش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Mouwasat Medical Services Company

Introduction

We have reviewed the accompanying September 30, 2023 condensed consolidated interim financial statements of **Mouwasat Medical Services Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at September 30, 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and nine-month periods ended September 30, 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended September 30, 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended September 30, 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠٠٠٠٠٠٠٠٠٠) ريال سعودي متفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومرجعون للتدوين". وهي عضو في شبكة المحاسبة للشركات كي بي إم جي العالمية والناشطة في كي بي إم جي العالمية المحدودة، شركة انجليزية مغلقة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425404



Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Mouwasat Medical Services Company (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2023 condensed consolidated interim financial statements of **Mouwasat Medical Services Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

Nasser Ahmed Al Shutairy
License no. 454




Al Khobar,
Date: Rabi Al-Akhar 17, 1445H
Corresponding to: November 1, 2023G

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

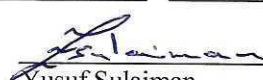
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	2,917,210,701	2,765,341,718
Right-of-use asset	4.1	20,385,997	27,596,156
Goodwill		59,423,486	59,423,486
Intangible assets		20,656,488	16,389,300
Investment in an associate		24,815,671	18,788,375
Advances to contractors and suppliers		260,424,618	200,522,745
Total non-current assets		3,302,916,961	3,088,061,780
Current assets			
Inventories		220,324,529	203,387,227
Accounts receivable	5	1,115,615,525	1,038,752,135
Advances, prepayments and other current assets		91,360,028	76,503,968
Term deposit		90,000,000	111,000,000
Cash and cash equivalents		107,058,230	143,876,493
Total current assets		1,624,358,312	1,573,519,823
Total assets		4,927,275,273	4,661,581,603
EQUITY AND LIABILITIES			
Equity			
Share capital	6	2,000,000,000	1,000,000,000
Statutory reserve		300,000,000	300,000,000
Retained earnings		796,368,047	1,622,846,424
Equity attributable to shareholders of the Company		3,096,368,047	2,922,846,424
Non-controlling interest		141,535,635	153,486,781
Total equity		3,237,903,682	3,076,333,205
Liabilities			
Non-current liabilities			
Long-term borrowings	7	545,049,554	627,750,414
Employees' benefits		149,363,779	137,079,848
Lease liabilities	4.2	18,428,180	25,394,954
Total non-current liabilities		712,841,513	790,225,216
Current liabilities			
Accounts payable		281,323,270	250,043,199
Accruals and other current liabilities		235,455,433	174,877,913
Refund liability	9	125,274,397	105,108,775
Current maturity of lease liabilities	4.2	3,612,000	4,300,000
Current portion of long-term borrowings	7	302,232,874	234,716,005
Provision for zakat	8	28,632,104	25,977,290
Total current liabilities		976,530,078	795,023,182
Total liabilities		1,689,371,591	1,585,248,398
Total equity and liabilities		4,927,275,273	4,661,581,603


Mohammed Al Saleem
(Managing Director)


Mohammed Al Saleem
(Authorized Board Representative)


Yusuf Sulaiman
(Chief Financial Officer)

The accompanying notes 1 through 17 on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

(Expressed in Saudi Riyals, unless otherwise stated)


	Note	For the three month period ended		For the nine month period ended	
		September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Revenue					
Operating revenues, net		549,928,434	475,202,644	1,656,064,106	1,445,679,080
Sales		90,961,579	73,946,115	276,383,183	228,297,136
	9	640,890,013	549,148,759	1,932,447,289	1,673,976,216
Direct cost					
Cost of operations		(275,858,433)	(248,463,707)	(813,824,120)	(734,310,969)
Cost of sales		(66,871,966)	(53,625,347)	(200,110,524)	(166,734,286)
		(342,730,399)	(302,089,054)	(1,013,934,644)	(901,045,255)
Gross profit		298,159,614	247,059,705	918,512,645	772,930,961
Selling and distribution expenses		(28,288,005)	(27,487,370)	(110,916,719)	(82,014,502)
General and administration expenses		(87,577,678)	(80,322,095)	(261,108,799)	(236,644,705)
Operating profit		182,293,931	139,250,240	546,487,127	454,271,754
Share of profit of an associate		903,477	2,954,261	6,027,296	7,490,167
Other income, net		2,871,978	1,918,029	11,703,941	7,819,913
Finance cost		(11,391,177)	(8,147,897)	(34,770,796)	(11,046,715)
Profit before zakat		174,678,209	135,974,633	529,447,568	458,535,119
Zakat expense for the period	8	(11,133,527)	(6,089,991)	(33,577,091)	(19,346,860)
Profit for the period		163,544,682	129,884,642	495,870,477	439,188,259
Other comprehensive income					
<i>Items that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>					
Re-measurement of defined benefit obligations		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		163,544,682	129,884,642	495,870,477	439,188,259



Mohammed Al Saleem
(Managing Director)



Mohammed Al Saleem
(Authorized Board Representative)



Yusuf Sulaiman
(Chief Financial Officer)

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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	For the three month period ended		For the nine month period ended	
		September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Profit attributable to:					
- Shareholders of the Company		156,375,150	122,211,205	473,521,623	413,904,828
- Non-controlling interests		7,169,532	7,673,437	22,348,854	25,283,431
		<u>163,544,682</u>	<u>129,884,642</u>	<u>495,870,477</u>	<u>439,188,259</u>
Total comprehensive income attributable to:					
- Shareholders of the Company		156,375,150	122,211,205	473,521,623	413,904,828
- Non-controlling interests		7,169,532	7,673,437	22,348,854	25,283,431
		<u>163,544,682</u>	<u>129,884,642</u>	<u>495,870,477</u>	<u>439,188,259</u>
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of the Company					
	11	<u>0.78</u>	<u>0.61</u>	<u>2.37</u>	<u>2.07</u>



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MOUWASAT MEDICAL SERVICES COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(Expressed in Saudi Riyals, unless otherwise stated)

	Attributable to shareholders of the Company			Total	Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings			
As at January 1, 2022 (Audited)	1,000,000,000	300,000,000	1,304,190,031	2,604,190,031	97,881,293	2,702,071,324
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	413,904,828	413,904,828	25,283,431	439,188,259
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	413,904,828	413,904,828	25,283,431	439,188,259
Dividends (note 13)	-	-	(275,000,000)	(275,000,000)	-	(275,000,000)
Dividends paid to non-controlling interest	-	-	-	-	(34,300,000)	(34,300,000)
As at September 30, 2022 (Unaudited)	<u>1,000,000,000</u>	<u>300,000,000</u>	<u>1,443,094,859</u>	<u>2,743,094,859</u>	<u>88,864,724</u>	<u>2,831,959,583</u>
As at January 1, 2023 (Audited)	1,000,000,000	300,000,000	1,622,846,424	2,922,846,424	153,486,781	3,076,333,205
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	473,521,623	473,521,623	22,348,854	495,870,477
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	473,521,623	473,521,623	22,348,854	495,870,477
Dividends (note 13)	-	-	(300,000,000)	(300,000,000)	-	(300,000,000)
Dividends paid to non-controlling interest	-	-	-	-	(34,300,000)	(34,300,000)
Increase in share capital (note 6)	1,000,000,000	-	(1,000,000,000)	-	-	-
As at September 30, 2023 (Unaudited)	<u>2,000,000,000</u>	<u>300,000,000</u>	<u>796,368,047</u>	<u>3,096,368,047</u>	<u>141,535,635</u>	<u>3,237,903,682</u>



Mohammed Al Saleem
(Managing Director)



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(Authorized Board Representative)

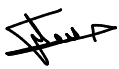


Yusuf Sulaiman
(Chief Financial Officer)

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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(Expressed in Saudi Riyals, unless otherwise stated)

	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit for the period	495,870,477	439,188,259
<i>Adjustment for:</i>		
Depreciation of property and equipment	159,679,037	128,000,153
Depreciation of right-of-use asset	2,108,896	2,589,175
Provision for allowance for expected credit losses	31,340,805	6,163,273
Amortization of intangible assets	4,039,148	3,890,767
Share of result of an associate	(6,027,296)	(7,490,167)
Provision for employees' benefits	25,598,705	21,588,769
Finance cost	34,770,796	11,046,715
Interest income on term deposit	(4,971,413)	(532,835)
Property and equipment written off	61,281	-
Gain on modification of leases	(393,525)	-
Gain on disposal of property and equipment	(28,780)	(239,877)
Zakat expense for the period	33,577,091	19,346,860
	<u>775,625,222</u>	<u>623,551,092</u>
<i>Changes in:</i>		
Accounts receivable	(108,204,195)	(347,602,453)
Advances, prepayments, and other current assets	(14,679,679)	271,082
Inventories	(16,937,302)	(11,478,492)
Accounts payable	31,280,071	37,779,048
Accruals and other current liabilities	62,206,903	42,531,216
Refund liability	20,165,622	49,954,430
Cash generated from operating activities	<u>749,456,642</u>	<u>395,005,923</u>
Employees' benefits paid	(13,314,774)	(12,324,373)
Finance cost paid	(37,996,152)	(16,904,738)
Zakat paid	(30,922,277)	(25,329,810)
Net cash generated from operating activities	<u>667,223,439</u>	<u>340,447,002</u>
Cash flows from investing activities		
Purchase of property and equipment	(50,264,419)	(176,430,815)
Addition to capital work in progress	(109,131,806)	(84,300,518)
Purchase of intangible assets	(8,306,336)	(4,671,947)
Proceeds from disposal of property and equipment	93,875	441,337
Other investment	-	(102,000,000)
Dividend received from an associate	-	5,224,772
Advances to contractors and suppliers	(209,519,057)	(9,406,207)
Interest received on term deposit	4,795,032	568,371
Term deposit	21,000,000	100,000,000
Net cash used in investing activities	<u>(351,332,711)</u>	<u>(270,575,007)</u>
		
Mohammed Al Saleem (Managing Director)	Mohammed Al Saleem (Authorized Board Representative)	Yusuf Sulaiman (Chief Financial Officer)

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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(Expressed in Saudi Riyals, unless otherwise stated)

	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Proceeds from long-term borrowings	180,000,000	325,000,000
Repayment of long-term borrowings	(195,183,991)	(211,973,986)
Proceeds from short term loan	-	90,000,000
Payment of lease liability	(3,225,000)	(4,300,000)
Dividend paid to shareholder	(300,000,000)	(275,000,000)
Dividends paid to non-controlling interest	(34,300,000)	(34,300,000)
Net cash used in financing activities	(352,708,991)	(110,573,986)
Net decrease in cash and cash equivalents	(36,818,263)	(40,701,991)
Cash and cash equivalents at the beginning of the period	143,876,493	156,868,788
Cash and cash equivalents at the end of the period	107,058,230	116,166,797
Significant non-cash transactions		
Transfer from advances to contractors and suppliers to property and equipment	139,846,482	-
Transfer from advances to contractors and suppliers to construction work in progress	9,770,702	33,807,020
Finance cost capitalized	2,660,987	8,045,204
Modification of right-of-use asset	(5,101,263)	-
Modification in lease liability	(5,494,788)	-



Mohammed Al Saleem
(Managing Director)



Mohammed Al Saleem
(Authorized Board Representative)



Yusuf Sulaiman
(Chief Financial Officer)

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MOUWASAT MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals, unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

Mouwasat Medical Services Company ("the Company") is registered in Saudi Arabia under Commercial Registration number 2050032029 dated Ramadan 12, 1417H (corresponding to January 21, 1997). The Company was converted into a Saudi Joint Stock Company in accordance with Ministerial Resolution No. 1880 dated Dhu-al-Hijja 4, 1426H (corresponding to January 4, 2006).

The Company through its multiple branches is engaged in the acquisition, management, operation and maintenance of hospitals, medical centers, drug stores, pharmacies and wholesale of medical equipment and drugs.

Branch	Commercial Registration Number	Date
Dammam	2050046891	18/09/1425H
Dammam	2050111494	20/04/1438H
Dammam	2050111780	25/05/1438H
Dammam	2050086573	27/11/1433H
Khobar	2051064380	12/09/1438H
Jubail	2055004626	09/03/1421H
Jubail	2055006727	19/09/1425H
Madinah	4650029967	06/05/1421H
Madinah	4650030759	11/11/1421H
Madinah	4650083001	18/01/1438H
Madinah	4650252425	19/05/1444H
Riyadh	1010295838	09/11/1431H
Yanbu	4700118283	04/06/1444H

During the year 2022, Mouwasat Medical Services Company acquired 51% equity interest in the Jeddah Doctors Company ("JDC"). Details regarding the Company's subsidiaries are as follows:

Name	Country of incorporation	Activities	Percentage %
Eastern Medical Services Company Limited	Saudi Arabia	Medical services	51%
Jeddah Doctors Company	Saudi Arabia	Medical services	51%

Eastern Medical Services Company Limited is a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 2051023824 dated Ramadan 10, 1420H (corresponding to December 18, 1999). This subsidiary is engaged in construction and operation of hospitals, dispensaries and special clinics.

Jeddah Doctors Company Limited ("JDC") (Saudi Closed Joint Stock Company) is registered in Kingdom of Saudi Arabia under commercial registration number 4030278617 dated Muharram 13, 1436H (corresponding to 6 November 2014). The subsidiary is engaged in general construction of non-residential buildings including (schools, hospitals, hotels etc.), demolition of buildings; purchase, sale and division of land and real estate, and off-plan sales activities; colleges and university institutes, hospitals, medical operation of hospitals.

These condensed consolidated interim financial statements as at and for the nine-month periods ended September 30, 2023 include all financial information of the branches of the Company and above mentioned subsidiaries (together referred to as 'the Group').

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Statement of compliance (continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2022 ("Last Annual Financial Statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2.2 Basis of preparation

These condensed consolidated interim financial statements are prepared using historical cost convention using the accrual basis of accounting except for employees benefit obligation which is measured at present value of the defined benefit obligation.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals ("SR") which is also the functional and presentation currency of the Group. All values are rounded to the nearest one Riyal except where otherwise indicated.

2.4 Use of judgements 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 expense. 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 financial statements.

2.5 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2022. A number of amendments to existing standards, as detailed in note 2.6 below, became effective from January 1, 2023 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 New standards and amendments to existing standards

New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

- IFRS 17 Insurance contracts (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after 1 January 2023.
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), effective for annual periods beginning on or after 1 January 2023.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

(Expressed in Saudi Riyals, unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 New standards and amendments to existing standards (continued)

Amendments to existing standards issued but not yet effective

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7), effective for annual periods beginning on or after 1 January 2024.
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.
- Lack of Exchangeability (Amendments to IAS 21), effective for annual periods beginning on or after 1 January 2025.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The forthcoming amendments listed above are not expected to have a significant or material impact on the Group's financial statements when they become effective.

3. PROPERTY AND EQUIPMENT

3.1 The movement of property and equipment is as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Carrying value at the beginning of the period / year	2,765,341,718	2,418,632,215
Acquisition of a subsidiary (note 1)	-	114,470,014
Additions	311,674,396	412,388,420
Property and equipment written off	(61,281)	-
Disposals, net of accumulated depreciation	(65,095)	(239,369)
Depreciation for the period / year	(159,679,037)	(179,909,562)
Carrying value at the end of the period / year	<u>2,917,210,701</u>	<u>2,765,341,718</u>

As of September 30, 2023, plots of land amounting to SR 56.1 million (December 31, 2022: SR 56.1 million) have been pledged as security against term loans from Ministry of Finance. During 2021, the Group fully paid the outstanding loan amount related to a subsidiary and applied for release of mortgage against land (having carrying amount of SR 3.18 million). During the period, the mortgage on the aforementioned land has been successfully released.

Finance costs capitalized during the nine-month periods ended September 30, 2023 amounted to SR 2.66 million (December 31, 2022: SR 9.47 million).

3.2 Construction work-in-progress

The carrying value in note 3.1 includes construction work-in-progress amounting to SR 250.8 million (December 31, 2022: SR 148.5 million). It represents costs incurred to construct new hospitals and expansion of existing hospitals, which is currently in work-in-progress.

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4. RIGHT-OF-USE-ASSET & LEASE LIABILITIES

The Group has contracted for lease of building with an affiliated entity. The lease period is 11 years from the date of agreement with an option to renew thereafter on mutual consent. Lease payments agreed at the time of inception of lease, may change during the tenure of agreement based on mutual consent of both parties.

During the period ended 30 September 2023, lease rentals were reduced as Company returned certain portion of the leased asset to the lessor, accordingly the right of use assets and lease liabilities are modified as per the requirement of IFRS 16 Leases and resulted gain on modification has been recorded in this condensed consolidated statement of profit or loss and other comprehensive income.

4.1 Right-of-use-assets

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Carrying value at the beginning of the period / year	27,596,156	31,048,389
Effect of modification	(5,101,263)	-
Depreciation expense	(2,108,896)	(3,452,233)
Carrying value at the end of the period / year	20,385,997	27,596,156

4.2 Lease liabilities

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Carrying value at the beginning of the period / year	29,694,954	32,528,235
Effect of modification	(5,494,788)	-
Interest expense	1,065,014	1,466,719
Payments	(3,225,000)	(4,300,000)
Carrying value at the end of the period / year	22,040,180	29,694,954

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current portion	3,612,000	4,300,000
Non-current portion	18,428,180	25,394,954
	22,040,180	29,694,954

5. ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Accounts receivable – trade	1,193,589,002	1,108,264,420
Less: allowance for expected credit losses	(77,973,477)	(72,501,282)
	1,115,615,525	1,035,763,138
Due from related parties (note 10b)	-	2,988,997
	1,115,615,525	1,038,752,135

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5. ACCOUNTS RECEIVABLE (Continued)

Movement in the allowance for expected credit losses is as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	72,501,282	57,510,112
Allowance for expected credit losses during the period / year	31,340,805	18,270,433
Written off	(25,868,610)	(3,279,263)
Balance at the end of the period / year	<u>77,973,477</u>	<u>72,501,282</u>

6. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company is divided into 200 million shares (December 31, 2022: 100 million shares) of SR 10 each.

During the year 2022, the Company's board of directors recommended in its meeting held on 22 December 2022 for capital increase by granting free shares to the Company's shareholders, with one share for each of the shares owned on the day of the extra ordinary general meeting and registered in the Company's shareholder register. The share capital increase was proposed by way of capitalization of SR 1 billion from retained earnings. The proposed bonus shares issuance was approved by the Company's shareholders in an Extraordinary General Assembly Meeting held on 7 August 2023. During the nine-month period ended 30 September 2023, bonus shares were distributed and share capital was increased accordingly.

7. BORROWINGS

7.1 Long term loan

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current		
Loans from commercial banks	296,285,934	228,769,065
Loans from Ministry of Finance	5,946,940	5,946,940
	<u>302,232,874</u>	<u>234,716,005</u>
Non- current		
Loans from commercial banks	474,815,526	551,569,446
Loans from Ministry of Finance	70,234,028	76,180,968
	<u>545,049,554</u>	<u>627,750,414</u>

Loans from Commercial Banks

The Group obtained Islamic loan facilities from various local commercial banks. These loans are secured by promissory notes and assignment of insurance and contract proceeds. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SIBOR" plus an agreed margin.

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7. BORROWINGS (Continued)

7.1 Long term loan (continued)

Loans from Ministry of Finance

The Group obtained loan facilities of SR 147.3 million from Ministry of Finance for expansions and building of new hospitals and purchase of medical equipment. The loans are secured by mortgage on the Group's plots of land and are repayable on equal annual installments. These loans do not carry any financial charges.

The Group is required to comply with certain covenant under the loan facility agreements. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. The Group was in compliance with financial covenants as of September 30, 2023. Aggregate maturities are as follows:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Within one year	302,232,874	234,716,005
Later than one year but not later than five years	454,509,009	530,568,615
Later than five years	90,540,545	97,181,799
	<u>847,282,428</u>	<u>862,466,419</u>

8 ZAKAT

The movement in zakat provision is:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	25,977,290	23,723,450
<i>Charge:</i>		
Current period / year	28,632,104	25,977,290
Prior years	4,944,987	1,606,360
	33,577,091	27,583,650
Paid during the period / year	(30,922,277)	(25,329,810)
Balance at the end of the period / year	<u>28,632,104</u>	<u>25,977,290</u>

Mouwasat Medical Services Company

The Company has submitted its zakat returns up to year ended December 31, 2022, settled zakat as per the return and obtained the required certificates and official receipts. The assessments for the years up to 2016 were finalized and settled in 2018. Zakat, Tax and Custom Authority ("ZATCA") raised queries for years 2017 and 2018 and the Company has provided the relevant information. According to ZATCA portal, the inquiry case for these years were closed and ZATCA did not raise any Zakat differences. ZATCA raised assessments for years 2019 and 2020 with a total liability of SR 7.3 million. Company has submitted an objection against ZATCA's assessment for the year 2019 and 2020 and subsequent to the objection, ZATCA issued a revised assessment with a total liability of SR 6.3 million, on which the Company is filing an appeal to the Tax Committees. The assessment for the year 2021 and 2022 is still under review by the ZATCA.

Eastern Medical Services Company Limited

The subsidiary has submitted its zakat returns up to year ended 31 December 2022, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2013 to 2016 and for the year 2018 were finalized and settled in 2018. ZATCA raised an assessment for the year 2019 amounting to SR 0.663 million and Company has submitted an objection against ZATCA's assessment, the Company's objection was rejected by ZATCA and the Company filed an appeal to the Tax Committee. The assessment for the years 2020, 2021 and 2022 are still under review by the ZATCA.

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8. ZAKAT (Continued)

Jeddah Doctor Company

The subsidiary has submitted the zakat return up to year ended 31 December 2022, settled zakat as per the returns and obtained the required certificates and official receipts. The subsidiary has not received any assessments from Zakat, Tax and Customs Authority ("ZATCA") since inception.

9. REVENUE

The Group generates revenue primarily from:

- Services relating to inpatient and outpatient; and
- Sale of pharmaceutical goods.

Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by service lines and timing of revenue recognition. All revenues are generated within Kingdom of Saudi Arabia.

	September 30, 2023	September 30, 2022
	(Unaudited)	(Unaudited)
Revenue by service lines		
Rendering of medical services	1,656,064,106	1,445,679,080
Pharmaceuticals	276,383,183	228,297,136
	<u>1,932,447,289</u>	<u>1,673,976,216</u>
Timing of revenue recognition		
Medical services and pharmaceuticals sales transferred at a point in time	1,163,136,585	969,122,285
Medical services transferred over time	769,310,704	704,853,931
	<u>1,932,447,289</u>	<u>1,673,976,216</u>

The following table provides information about contract assets and refund liability from contracts with customers:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Refund liability (note 9.1)	<u>125,274,397</u>	<u>105,108,775</u>
Contract assets (note 9.2)	<u>5,992,310</u>	<u>4,212,160</u>

9.1 Refund liability

Certain contracts provide for discounts comprise retrospective volume discounts granted to insurance companies on attainment of certain admission levels / certain levels of patient visits. The retrospective volume discounts give rise to variable consideration. Variable consideration is recognised as a revenue to the extent that it is highly probable that it will not reverse. Discounts are accrued over the course of the period based on the estimated level of business using single most likely amount method. This is adjusted at the end of the period to reflect actual volumes. Volume discounts are recorded as a reduction in revenue and liabilities are created based on these estimates.

9.2 Contract assets

Contract assets are related to in-patients who were provided services during the reporting period but were not discharged or billed as of the reporting date. Contract assets are included as part of Advances, prepayments and other current assets.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors and entities controlled, jointly controlled or significantly influenced by such parties. Terms and conditions of these transactions are approved by the Group's management. During the period, the Group transacted with the following related parties:

Related Party	Nature of transaction	For the nine-month periods ended September 30,	
		2023	2022
Advance Medical Project Company ("AMPC") – Associate	- Revenue	(2,327,879)	(2,508,099)
	- Purchase of services	4,988,749	5,096,038
	- Other services	(204,756)	(101,157)
Al-Mouwasat International Company – Affiliate	- Purchases	24,677,762	27,348,596
	- Rent	1,733,862	2,316,000
	- Other services	(154,895)	(205,227)
AdVision Media Solution – Affiliate	- Advertisement services	26,660,021	24,249,022
Magrabi Hospitals & Centers Company Ltd. – Affiliate	- Revenue	(3,708,750)	(1,609,602)
	- Expenses	(292,999)	(242,495)
	- Interest on lease liabilities	1,065,014	1,100,039

The breakdown of the amounts due to / due from related parties are as follows:

a) Due to related parties

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Al-Mouwasat International Company	7,797,720	5,881,147
Advance Medical Project Company ("AMPC")	5,357,678	-
Magrabi Hospitals & Centers Company Ltd.	2,933,030	-
Doctors Company For Health Projects	2,672,589	3,761,603
AdVision Media Solution	1,534,083	791,515
	20,295,100	10,434,265

b) Due from related parties

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advance Medical Project Company ("AMPC")	-	2,323,208
Magrabi Hospitals & Centers Company Ltd.	-	665,789
	-	2,988,997

Amounts due to and due from related parties principally include balances related to above mentioned transactions and are included within accounts payable and accounts receivable, respectively in the statement of financial position. Outstanding balances at the reporting date are unsecured, interest free and payable within 12 months in ordinary course of business. Prices and terms of payment of the above transactions are approved by the Group's management.

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10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

c) Compensation to key management personnel

The remuneration of directors and other key management personnel during the period was as follows:

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
	(Unaudited)	(Unaudited)
Salary and allowances	14,805,000	14,130,000
Incentives and other benefits	13,728,017	12,961,757
	<u>28,533,017</u>	<u>27,091,757</u>

The remuneration of directors and key executives is determined by the remuneration committee considering the performance of individuals and market trends. Board of Directors' fee of SR 2.96 million (September 30, 2022: SR 2.96 million) have been included as part of key management personnel remuneration.

11. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as basic earnings per share.

	Nine-month period ended September 30, 2023	Nine-month period ended September 30, 2022
	(Unaudited)	(Unaudited)
Profit for the period attributable to the shareholders of the Company	473,521,623	413,904,828
Weighted average number of outstanding shares during the period	200,000,000	200,000,000
Basic and diluted earnings per share attributable to the shareholders of the Company	<u>2.37</u>	<u>2.07</u>

The weighted average number of outstanding shares have been retrospectively adjusted for prior period to reflect the distribution of 100 million bonus shares.

12. CONTINGENCIES AND COMMITMENTS

12.1 The Group's bankers have given guarantees, on behalf of the Group, amounting to SR 2.3 million as of September 30, 2023, (December 31, 2022: SR 17.8 million) mainly in respect of performance guarantees to customers.

12.2 The capital expenditure contracted by the Group but not yet incurred until September 30, 2023 was approximately SR 533 million (December 31, 2022: SR 364.15 million) relating to certain expansion projects.

12.3 The Group has outstanding letter of credits amounting to SR 8.25 million as of September 30, 2023 (December 31, 2022: SR 18.16 million).

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13 DIVIDENDS

The Board of Directors at their meeting held on 28 Jumada Al-Awwal 1444H (corresponding to 22 December 2022G) proposed a cash dividend of SR 3 per share amounting to SR 300 million for the year ended 31 December 2022G which was subsequently approved by shareholders in General Assembly Meeting held on Shawwal 17, 1444H (corresponding to May 7, 2023G).

The Board of Directors at their meeting held on Jumada Al-Akhirah 14, 1443H (corresponding to January 17, 2022G) proposed a cash dividend of SR 2.75 per share amounting to SR 275 million for the year ended 31 December 2021G which was subsequently approved by shareholders in General Assembly Meeting held on Shawwal 8, 1443H (corresponding to May 9, 2022G).

14 SEGMENT INFORMATION

The Board of Directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the interim condensed consolidated financial statements.

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

Operating segments:

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments:

- Medical Services segment: Fees for inpatient and outpatient services.
- Pharmaceuticals products segment.

	<u>Medical Services</u>	<u>Pharmaceuticals</u>	<u>Total</u>
For the nine-month periods ended September 30, 2023 (unaudited)			
Revenues	<u>1,656,064,106</u>	<u>276,383,183</u>	<u>1,932,447,289</u>
Gross profit	842,239,986	76,272,659	918,512,645
Unallocated income / (expenses)			
Selling and distribution expenses			(110,916,719)
General and administration expenses			(261,108,799)
Share of profit of an associate			6,027,296
Other income			11,703,941
Finance cost			<u>(34,770,796)</u>
Profit before zakat			529,447,568
Zakat expense for the period			<u>(33,577,091)</u>
Profit for the period			<u>495,870,477</u>

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14. SEGMENT INFORMATION (Continued)

	Medical Services	Pharmaceuticals	Total
For the nine-month periods ended September 30, 2022 (unaudited)			
Revenues	<u>1,445,679,080</u>	<u>228,297,136</u>	<u>1,673,976,216</u>
Gross profit	711,368,111	61,562,850	772,930,961
Unallocated income / (expenses)			
Selling and distribution expenses			(82,014,502)
General and administration expenses			(236,644,705)
Share of profit of an associate			7,490,167
Other income			7,819,913
Finance cost			<u>(11,046,715)</u>
Profit before zakat			458,535,119
Zakat expense for the period			<u>(19,346,860)</u>
Profit for the period			<u>439,188,259</u>
	Medical Services	Pharmaceuticals	Total
As at September 30, 2023 (unaudited)			
Total assets	<u>4,680,911,509</u>	<u>246,363,764</u>	<u>4,927,275,273</u>
Total liabilities	<u>1,528,881,290</u>	<u>160,490,301</u>	<u>1,689,371,591</u>
As at December 31, 2022 (audited)			
Total assets	<u>4,428,502,523</u>	<u>233,079,080</u>	<u>4,661,581,603</u>
Total liabilities	<u>1,434,649,800</u>	<u>150,598,598</u>	<u>1,585,248,398</u>

Geographical segments:

All of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including directors' salaries, profit from term deposit, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

15. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The Group's principal financial assets include cash and cash equivalents, accounts receivable and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long-term borrowings and accounts payable, due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

Fair values hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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15. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (Continued)

Fair values hierarchy (continued)

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Accounting classifications and fair values

The following table shows the carrying value of financial assets and financial liabilities. It does not include the fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value.

Particulars	September 30, 2023	December 31, 2022
	Carrying value (Amortized cost)	Carrying value (Amortized cost)
	(Unaudited)	(Audited)
Financial assets not measured at fair value		
Accounts receivable	1,115,615,525	1,038,752,135
Contract asset	5,992,310	4,212,160
Cash and cash equivalents	107,058,230	143,876,493
Other current assets	10,068,847	7,176,259
Term deposit	90,000,000	111,000,000
Total	1,328,734,912	1,305,017,047

Particulars	September 30, 2023	December 31, 2022
	Carrying value (Amortized cost)	Carrying value (Amortized cost)
	(Unaudited)	(Audited)
Financial liabilities not measured at fair value		
Long-term borrowings	847,282,428	862,466,419
Lease liabilities	22,040,180	29,694,954
Accounts payable	281,323,270	250,043,199
Refund liability	125,274,397	105,108,775
Other current liabilities	131,708,879	100,623,885
Total	1,407,629,154	1,347,937,232

As at the reporting date all financial assets and financial liabilities are measured at amortized cost. The carrying value of the financial assets and financial liabilities of the Group approximate their fair value.

Risk management activities

The Group's financial risk management objectives and policies are consistent with those disclosed in the last annual consolidated financial statements as at and for the year ended December 31, 2022.

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16. SUBSEQUENT EVENTS

There were no significant events occurred subsequent to September 30, 2023, except as mentioned otherwise in these condensed interim consolidated financial statements, that would have a material impact on the financial position and financial performance of the Group.

17. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been approved on behalf of Board of Directors on Rabi Al-Akhar 17, 1445H, corresponding to November 1, 2023G.