

DR. SOLIMAN ABDEL KADER
FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended
30 September 2023
together with the
Independent Auditors' Review Report

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

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ص. ب. 55078
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المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

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

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Parent Company") and its subsidiaries ("the Group"), which comprises:

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



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

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial statements of **Dr. Soliman Abdel Kader Fakeeh Hospital 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.

KPMG Professional Services

Abdullah Oudah Althagafi
License No. 455

Jeddah, ____
Corresponding to ____

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Property and equipment	6	1,595,215,676	1,303,085,288
Right-of-use assets	7	528,306,110	391,973,536
Intangible assets and goodwill	8	545,624,266	549,468,160
Investment properties		469,033	499,975
Prepayments and other non-current assets		45,313,547	2,485,543
Other long-term receivables	9	96,887,425	1,416,954,534
Non-current assets		2,811,816,057	3,664,467,036
Inventories		176,020,843	131,462,764
Accounts and other receivables	10	789,600,743	746,931,800
Due from related parties	18	34,218,144	39,322,235
Prepayments and other current assets		151,778,545	171,483,072
Cash and cash equivalents	11	198,595,154	316,762,023
Current assets		1,350,213,429	1,405,961,894
Total assets		4,162,029,486	5,070,428,930
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY</u>			
Share capital	12	200,000,000	100,000,000
Statutory reserve	13	--	50,000,000
Retained earnings		753,244,917	1,747,638,538
Equity attributable to owners of the Company		953,244,917	1,897,638,538
Non-controlling interests ("NCI")		236,404,546	259,605,650
Total equity		1,189,649,463	2,157,244,188
<u>LIABILITIES</u>			
Long-term loans	14	1,196,445,000	1,252,132,548
Lease liabilities	7	516,080,093	290,503,743
Employees' end of service benefits		217,846,340	205,759,274
Non-current liabilities		1,930,371,433	1,748,395,565
Short-term loans	14	175,300,435	554,019,942
Current portion of long-term loans	14	30,485,000	41,849,950
Current portion of lease liabilities	7	62,630,225	110,981,207
Accounts payables		265,520,165	247,368,626
Due to related parties	18	220,105,280	18,699,870
Accrued and other current liabilities		265,202,430	174,693,132
Accrued Zakat	15	22,765,055	17,176,450
Current liabilities		1,042,008,590	1,164,789,177
Total liabilities		2,972,380,023	2,913,184,742
Total equity and liabilities		4,162,029,486	5,070,428,930

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

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

For the three-month and nine-month periods ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the three-month period ended 30 September 2023 (Unaudited)	For the three-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Revenue	16	589,290,519	461,815,503	1,664,368,093	1,472,023,957
Costs of revenue		(413,289,528)	(329,461,422)	(1,229,788,159)	(1,036,092,960)
Gross profit		176,000,991	132,354,081	434,579,934	435,930,997
Other income - net		15,602,522	4,933,653	47,842,116	11,053,920
Administrative expenses		(77,020,486)	(29,039,023)	(191,363,118)	(142,898,974)
Expected credit loss on accounts receivables	10.1	(2,905,000)	(6,110,000)	(10,105,000)	(20,930,000)
Operating profit		111,678,027	102,138,711	280,953,932	283,155,943
Finance costs		(31,383,226)	(22,492,885)	(91,204,830)	(34,622,210)
Profit before zakat		80,294,801	79,645,826	189,749,102	248,533,733
Zakat	15	(10,503,607)	(4,926,669)	(20,835,572)	(14,907,454)
Profit for the period		69,791,194	74,719,157	168,913,530	233,626,279
Other comprehensive loss:					
<i>Items that will not be reclassified to profit or loss:</i>					
Re-measurement loss on defined benefit obligations		--	--	--	--
Total comprehensive income for the period		69,791,194	74,719,157	168,913,530	233,626,279
Profit / (loss) for the period attributable to:					
- Owners of the Parent Company		79,651,123	69,476,415	205,606,379	221,406,008
- Non-controlling interests		(9,859,929)	5,242,742	(36,692,849)	12,220,271
		69,791,194	74,719,157	168,913,530	233,626,279
Total comprehensive income / (loss) for the period attributable to:					
- Owners of the Parent Company		79,651,123	69,476,415	205,606,379	221,406,008
- Non-controlling interests		(9,859,929)	5,242,742	(36,692,849)	12,220,271
		69,791,194	74,719,157	168,913,530	233,626,279
Earnings per share					
Basic and diluted earnings per share	17	0.40	0.35	1.03	1.11

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY

(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>Attributable to owners of the Parent Company</u>				<u>Non-controlling interests</u>	<u>Total equity</u>
		<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>		
Balance at 1 January 2023		100,000,000	50,000,000	1,747,638,538	1,897,638,538	259,605,650	2,157,244,188
<u>Total comprehensive income for the period</u>							
Profit for the period		--	--	205,606,379	205,606,379	(36,692,849)	168,913,530
Other comprehensive income for the period		--	--	--	--	--	--
Total comprehensive income for the period		--	--	205,606,379	205,606,379	(36,692,849)	168,913,530
<u>Transactions with owners</u>							
Dividends	12	--	--	(1,150,000,000)	(1,150,000,000)	(5,600,000)	(1,155,600,000)
Transfers	13	100,000,000	(50,000,000)	(50,000,000)	--	--	--
Additional capital contribution		--	--	--	--	19,091,745	19,091,745
Total transactions with owners		100,000,000	(50,000,000)	(1,200,000,000)	(1,150,000,000)	13,491,745	(1,136,508,255)
Balance at 30 September 2023		<u>200,000,000</u>	<u>--</u>	<u>753,244,917</u>	<u>953,244,917</u>	<u>236,404,546</u>	<u>1,189,649,463</u>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY

(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the nine-month period ended 30 September 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>Attributable to owners of the Parent Company</u>				<u>Non-controlling interests</u>	<u>Total equity</u>
		<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>		
Balance at 1 January 2022		100,000,000	50,000,000	1,463,231,728	1,613,231,728	110,206,416	1,723,438,144
<u>Total comprehensive income for the period</u>							
Profit for the period		--	--	221,406,008	221,406,008	12,220,271	233,626,279
Other comprehensive income for the period		--	--	--	--	--	--
Total comprehensive income for the period		--	--	221,406,008	221,406,008	12,220,271	233,626,279
<u>Transactions with owners</u>							
Dividends	12.2	--	--	(35,000,000)	(35,000,000)	--	(35,000,000)
Balance at 30 September 2022		<u>100,000,000</u>	<u>50,000,000</u>	<u>1,649,637,736</u>	<u>1,799,637,736</u>	<u>122,426,687</u>	<u>1,922,064,423</u>

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat		189,749,102	248,533,733
<u>Adjustments for:</u>			
- Depreciation on property and equipment	6	65,625,132	37,489,852
- Depreciation on right-of-use assets	7.1	36,822,337	27,846,704
- Amortization	8	7,126,343	4,679,746
- Depreciation on investment properties		30,942	30,943
- Provision for employee's end of service benefits		28,391,943	20,750,639
- Expected credit loss on accounts receivable	10.1	13,671,607	21,307,215
- (Gain) / loss on disposal of property and equipment		(341,702)	801,788
- Finance costs		91,204,830	34,622,210
		432,280,534	396,062,830
<u>Changes in operating assets and liabilities:</u>			
- Inventories		(44,558,079)	(6,607,970)
- Accounts and other receivables		(56,340,549)	(283,627,770)
- Due from related parties		5,074,147	17,327,866
- Prepayments and other current assets		1,372,642	(197,788,815)
- Accounts payables		18,151,540	82,863,700
- Due to related parties		(14,431,590)	(11,270,699)
- Accrued and other current liabilities		84,573,556	58,317,963
Cash generated from operating activities		426,122,201	55,277,105
Finance costs paid		(74,480,901)	(18,395,932)
Employees' end of service benefits paid		(16,304,875)	(7,587,987)
Zakat paid	15	(15,246,967)	(13,210,834)
Net cash generated from operating activities		320,089,458	16,082,352
Cash flows from investing activities:			
Additions to property and equipment	6	(307,189,656)	(113,704,494)
Additions to intangible assets	8	(3,282,449)	(3,004,150)
Long-term advances to suppliers		(42,828,004)	--
Proceeds from disposal of property and equipment		1,335,070	5,503,762
Receipt from other long-term receivables		1,470,722,435	--
Additions to other long-term receivables		(147,849,279)	(200,538,506)
Receipt on settlement of consideration transferred	5.1	18,331,884	--
Net cash generated from / (used in) investing activities		989,240,001	(311,743,388)
Cash flows from financing activities:			
Dividends paid	12.2	(939,763,000)	(35,000,000)
Addition capital contribution by NCI		19,091,745	--
Payment of lease liabilities		(61,053,067)	(19,398,337)
Proceeds from long-term loans		772,000,000	489,294,692
Repayment of long-term loans		(839,052,498)	--
Net movement in short-term loans		(378,719,508)	(142,449,776)
Net cash (used in) / generated from financing activities		(1,427,496,328)	292,446,579
Net decrease in cash and cash equivalents		(118,166,869)	(3,214,457)
Cash and cash equivalents at beginning of the period		316,762,023	191,655,638
Cash and cash equivalents at the end of the period	11	198,595,154	188,441,181

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED) (continued)

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Major non-cash transactions:			
Addition to right-of-use assets and lease liabilities	7	120,227,477	212,367,363
Terminations of right-of-use assets	7.1	6,427,198	1,520,937
Terminations of lease liabilities	7.2	5,883,408	--

The accompanying notes 1 to 23 form an integral part of these condensed consolidated interim financial statements.

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “Parent Company”) is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi II 1398H (March 20, 1978). The Parent Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi “Closed Joint Stock Company”).

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

The Group’s registered office and principal place of business is Jeddah.

These condensed consolidated interim financial statements include assets, liabilities and the results of the operations of the Parent Company and its following subsidiaries collectively referred to as “the Group”. The condensed interim financial statements of the subsidiaries are prepared for the same reporting period and accounting policies as that of the Parent Company.

The Group has three reportable segments including medical services, education and trading & retail business (note 20).

Further, during nine-month period ended 30 September 2023, the shareholders of the Parent Company resolved to get the Parent Company listed on the Saudi Stock Exchange (Tadawul). In this respect, the shareholders passed a resolution dated 20 June 2023, all the legal formalities are underway to complete the process in due course. However, as at the date of approval of these financial statements the process is still not yet completed.

As at 30 September 2023, the Group has investments in the following subsidiaries:

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>	<u>2023</u>	<u>2022</u>	<u>Principal activities</u>
Al-Farabi Special Health Care Company Limited (“Farabi”)	Kingdom of Saudi Arabia	70%	70%		Healthcare service provider
Dr. Soliman Qader Fakeeh Information Technology Company (Formerly, Kameda Arabia Company Limited)	Kingdom of Saudi Arabia	70%	70%		IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers (“FMH”)	Kingdom of Saudi Arabia	90%	90%		Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)	Kingdom of Saudi Arabia	80%	80%		Medical education service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“FCHC”)	Kingdom of Saudi Arabia	100%	100%		Wholesale and retail of medical equipment

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT (UNAUDITED)

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL (continued)

<u>Name of subsidiaries</u>	<u>Place of incorporation</u>	<u>Effective holding</u>		<u>Principal activities</u>
		<u>2023</u>	<u>2022</u>	
Saudi Airlines Company for Medical Services ("SMS")	Kingdom of Saudi Arabia	75%	75%	Healthcare service provider
Al Toor Medical Services Company ("Al Toor")	Kingdom of Saudi Arabia	51%	51%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company ("Al-Faraj")	Kingdom of Saudi Arabia	89.82%	89.82%	Trading in pharmaceutical products
Advanced Horizon Contracting Company ("AHC")	Kingdom of Saudi Arabia	100%	100%	Construction and contracting
Golden Union Medical Company ("GUMC")	Kingdom of Saudi Arabia	100%	100%	Emergency medical services
Dr. Soliman Abdel Kader Fakeeh Hospital Company - Riyadh ("DSFH Riyadh")	Kingdom of Saudi Arabia	60.56%	60.56%	Healthcare service provider
White Lines Medical Company ("WLMC")	Kingdom of Saudi Arabia	74.25%	74.25%	Trading in pharmaceutical products
Fakeeh Vision Company Limited ("FVCL")	Kingdom of Saudi Arabia	100%	100%	Trading of spectacles and cosmetics
Dr. Soliman Abdel Kader Fakeeh Home Health Care Company ("FHHC") (note 1.1)	Kingdom of Saudi Arabia	100%	--	Home health care

- 1.1 During nine-month period ended 30 September 2023, FHHC were incorporated by the Group but they have not commenced their operations as at the reporting date.

2. BASIS OF PREPARATION

2.1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2022 ("last annual Financial Statements").

These condensed consolidated interim financial statements do not include all of the information required for a complete set of annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and 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. In addition, results for the interim period ended 30 September 2023, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for employee benefits, which are measured at the present value of defined benefit obligation using projected unit credit method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern assumption.

2.3 Significant judgments, estimates and assumptions

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, accompanying disclosures, including disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future periods. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those described in the last annual financial statements.

2.4 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the Company's functional and presentational currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2022.

Few amendments to standards became effective from 1 January 2023 which do not have a material effect on these condensed consolidated interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

a) Standards, interpretations, and amendments issued

The following amendments to existing standards and framework have been applied by the Group in preparation of these condensed consolidated interim financial statements. The adoption of the following did not result in changes to the previously reported profit or equity of the Group.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 12	International Tax Reform - Pillar Two Model Rules	23 May 2023

b) Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non-current liabilities with covenants (amendments to IAS 1)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 1 January 2023 did not have any material impact on the Group's condensed consolidated interim financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated interim financial statements on adoption.

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT
(UNAUDITED)**

For nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

5. ACQUISITION OF A SUBSIDIARY

Dr. Soliman Abdel Kader Fakeeh Hospital Company - Riyadh ("DSFH Riyadh")

On 8 August 2022, the Parent Company entered into a Share Purchase and Subscription Agreement ("SPSA") with the shareholders of the Rana Medical Services Company (subsequently renamed as Dr. Soliman Abdel Kader Fakeeh Hospital Company – Riyadh), to acquire 60.56% shareholding.

The Parent Company had made payments aggregating to SR 151.5 million to the shareholders of Rana Medical Services Company and had further placed an amount of SR 34 million in escrow against subsequent payments to be made on the finalization of the transaction value. The Parent Company further subscribed to new shares of Rana Medical Services Company, at par, for an amount of SR 200 million. The acquisition was formalized on 29 October 2022, after requisite regulatory approvals.

The acquisition has been accounted for using the acquisition method under IFRS 3 - *Business Combinations*, and accordingly, the assets acquired and liabilities assumed are recorded at estimated fair values at the acquisition date. The determination of estimated fair values required management to make certain estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and may require adjustments, which can be revisited for up to a year following the acquisition.

The fair value of the net assets acquired from Rana Medical Services Company and the consideration transferred were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period, the purchase consideration of the acquisition has been allocated to the assets acquired and liabilities assumed using their fair values at the acquisition date and the resulting goodwill is presented below:

	<u>29 October 2022</u>
Property and equipment and right-of-use assets	695,527,353
Inventories	5,692,285
Prepayments and other non-current assets	14,492,179
Cash and cash equivalents	89,703,900
Lease liabilities	(40,295,045)
Employees' end of service benefits	(4,790,160)
Contractors Payables	(12,420,083)
Account Payables	(34,091,679)
Loans and borrowings	(374,986,747)
Retention payable	(18,232,297)
Accrued and other current liabilities	(3,300,058)
Due to related parties	(1,125,420)
Provisional net assets acquired	316,174,228
<u>Adjustment on finalization of PPA:</u>	
Intangible assets (note 8.2)	26,697,000
Final net assets acquired	342,871,228

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5. ACQUISITION OF A SUBSIDIARY (continued)

Dr. Soliman Abdel Kader Fakeeh Hospital Company - Riyadh ("DSFH Riyadh") (continued)

5.1 Finalization of purchase price allocation:

The completion of the Purchase Price Allocation (PPA) and valuation exercise was completed within twelve months from the acquisition date, which has resulted in the following adjustments to previously reported amounts. These have been adjusted in the current period condensed interim financial statements as follows:

	<u>Provisional purchase price allocation</u>	<u>Adjustment</u>	<u>Final purchase price allocation</u>
Consideration transferred (Note 5.1.1)	351,471,874	(18,331,884)	333,139,990
Add: NCI Proportion	124,699,116	--	124,699,116
Less: Fair value of identifiable net assets acquired	<u>(316,174,228)</u>	<u>(26,697,000)</u>	<u>(342,871,228)</u>
Goodwill	<u>159,996,762</u>	<u>(45,028,884)</u>	<u>114,967,878</u>

5.1.1 Adjustment to consideration transferred

As part of the consideration transferred SR 34 million had been placed in escrow account, which was subject to the finalization of transaction value. During the nine-month period ended 30 September 2023, the said consideration was finalized between the shareholders of the Parent Company and selling shareholders, which resulted in receipt of SR 18.3 million to Group from that escrow account, thereby reducing the overall purchase consideration.

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6. PROPERTY AND EQUIPMENT

6.1 Reconciliation of carrying amounts:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Carrying amount at beginning of the period / year	1,303,085,288	639,856,683
Additions during the period / year	307,189,656	123,600,330
Transfer from right-of-use asset (note 7)	51,559,232	--
Acquisition through business combination (note 5)	--	630,058,728
Disposals during the period / year	(993,368)	(27,797,340)
Depreciation charge for the period / year	(65,625,132)	(62,633,113)
Carrying amount at the end of the period / year	<u>1,595,215,676</u>	<u>1,303,085,288</u>

6.2 Category-wise carrying amounts are as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Land	291,046,046	114,762,046
Buildings and leasehold improvements	755,806,207	763,657,478
Medical and support equipment	245,989,648	191,508,762
Furniture and fixtures	31,794,635	35,381,874
Motor vehicles	9,399,955	4,827,409
Office equipment	6,992,927	9,837,607
Computers	28,184,122	25,717,154
Capital work-in-progress (note 6.3)	226,002,136	157,392,958
	<u>1,595,215,676</u>	<u>1,303,085,288</u>

6.3 Capital work-in-progress mainly represents the construction work being carried out for the Group's expansion projects and upgrading the existing infrastructure and facilities.

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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

7.1 Right-of-use assets

a) Reconciliation of carrying amounts

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Total</u>
<u>Cost:</u>				
Balance as at 1 January 2022	92,223,851	287,929,034	--	380,152,885
Additions during the year *	117,792,107	14,919,044	--	132,711,151
Acquisition through business combination (note 5)	--	8,820,343	56,648,282	65,468,625
Modifications	--	3,125,835	--	3,125,835
Terminations	--	(64,709,404)	--	(64,709,404)
Balance at 31 December 2022	<u>210,015,958</u>	<u>250,084,852</u>	<u>56,648,282</u>	<u>516,749,092</u>
Additions during the period	18,987,829	101,239,648	--	120,227,477
Transfer to property and equipment **	--	--	(56,648,282)	(56,648,282)
Modifications ***	98,940,933	11,972,931	--	110,913,864
Terminations	--	(18,919,642)	--	(18,919,642)
Balance at 30 September 2023	<u>327,944,720</u>	<u>344,377,789</u>	<u>--</u>	<u>672,322,509</u>
<u>Accumulated depreciation:</u>				
Balance as at 1 January 2022	39,338,547	69,657,774	--	108,996,321
Charge for the year	14,825,867	24,535,970	775,732	40,137,569
Terminations	--	(24,358,334)	--	(24,358,334)
Balance at 31 December 2022	<u>54,164,414</u>	<u>69,835,410</u>	<u>775,732</u>	<u>124,775,556</u>
Charge for the period	12,351,969	20,157,050	4,313,318	36,822,337
Transfer to property and equipment **	--	--	(5,089,050)	(5,089,050)
Terminations	--	(12,492,444)	--	(12,492,444)
Balance at 30 September 2023	<u>66,516,383</u>	<u>77,500,016</u>	<u>--</u>	<u>144,016,399</u>
<u>Carrying amounts:</u>				
At 30 September 2023	<u>261,428,337</u>	<u>266,877,773</u>	<u>--</u>	<u>528,306,110</u>
At 31 December 2022	<u>155,851,544</u>	<u>180,249,442</u>	<u>55,872,550</u>	<u>391,973,536</u>

(*) Land lease amounting to SR 117 million has been reclassified from buildings to land in comparative to these condensed interim financial statements.

(**) The Group has terminated certain leases for DSFH Riyadh, acquiring the underlying medical equipment.

(***) Modification represents increase in lease term and rentals of the land and building contracts.

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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

7.2 Lease liabilities

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance as at 1 January	401,484,950	305,721,535
Additions during the period / year	120,227,477	132,711,151
Acquisition through business combination (note 5)	--	40,295,045
Interest expenses for the period / year	20,123,719	19,257,890
Modifications	110,913,864	3,677,484
Terminations	(5,883,408)	(53,959,026)
Payments during the period / year (note 7.2.1)	(68,156,284)	(46,219,129)
Balance as at 30 September / 31 December	578,710,318	401,484,950

Lease liabilities are presented in statement of financial positions as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Non-current portion of lease liabilities	516,080,093	290,503,743
Current portion of lease liabilities	62,630,225	110,981,207
	578,710,318	401,484,950

7.2.1 Includes payment amounting to SR 26.1 million related to the termination of certain leases by DSFH Riyadh, acquiring the underlying medical equipment.

8. INTANGIBLE ASSETS AND GOODWILL (revised)

8.1 Reconciliation of carrying amounts:

	<u>Goodwill</u>	<u>Customer Relationships and medical license</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<u>Cost:</u>					
Balance at 1 January 2023	488,816,378	59,036,000	29,181,969	360,000	577,394,347
Additions during the period	--	--	1,226,400	2,056,049	3,282,449
Balance at 30 September 2023 (unaudited)	488,816,378	59,036,000	30,408,369	2,416,049	580,676,796
<u>Accumulated amortization:</u>					
Balance at 1 January 2023	--	9,942,619	17,983,568	--	27,926,187
Charge for the period	--	4,313,585	2,812,758	--	7,126,343
Adjustments	--	--	--	--	--
Balance at 30 September 2023 (unaudited)	--	14,256,204	20,796,326	--	35,052,530
<u>Carrying amounts:</u>					
At 30 September 2023	488,816,378	44,779,796	9,612,043	2,416,049	545,624,266

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8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)

8.1 Reconciliation of carrying amounts (continued):

	<u>Goodwill</u>	<u>Customer relationships and medical license</u>	<u>Computer software</u>	<u>Software under development</u>	<u>Total</u>
<u>Cost:</u>					
Balance at 1 January 2022	373,848,500	32,339,000	28,566,446	1,860,237	436,614,183
Additions during the year	--	--	180,192	144,275	324,467
Resulting from acquisition of subsidiary (note 5)	159,996,762	--	--	--	159,996,762
Transfers during the year	--	--	1,644,512	(1,644,512)	--
Disposals	--	--	(1,209,181)	--	(1,209,181)
Balance at 31 December 2022 (as previously reported)	<u>533,845,262</u>	<u>32,339,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>595,726,231</u>
<u>IFRS 3 adjustments:</u>					
Medical license (note 5)	(26,697,000)	26,697,000	--	--	--
Adjustment in consideration transferred (note 5.1.1)	(18,331,884)	--	--	--	(18,331,884)
Balance at 31 December 2022 (revised)	<u>488,816,378</u>	<u>59,036,000</u>	<u>29,181,969</u>	<u>360,000</u>	<u>577,394,347</u>
<u>Accumulated amortization:</u>					
Balance at 1 January 2022	--	7,454,140	14,313,191	--	21,767,331
Charge for the year	--	2,488,479	3,670,377	--	6,158,856
Adjustments	--	--	--	--	--
Balance at 31 December 2022	<u>--</u>	<u>9,942,619</u>	<u>17,983,568</u>	<u>--</u>	<u>27,926,187</u>
<u>Carrying amounts:</u>					
At 31 December 2022 (revised)	<u>488,816,378</u>	<u>49,093,381</u>	<u>11,198,401</u>	<u>360,000</u>	<u>549,468,160</u>

- 8.2 During the nine months period ended 30 September 2023, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of DSFH Riyadh. Accordingly, acquisition consideration paid amounting to SR 333.1 million had been allocated to net assets of SR 191.4 million, goodwill of SR 115 million and medical licenses as intangible asset of SR 26.7 million.

The value of medical license has been determined based on the relief-from-royalty approach employed and the management has estimated the fair value of the medical licenses to be SR 26.7 million to be amortized over 10 years.

- 8.3 The fair value of the net assets acquired from Rana Medical Services Company were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period (i.e. within twelve months from the acquisition date), the provisional fair values at which the net assets were acquired from Rana Medical Services Company are finalized and accordingly revised in the comparative to these consolidated interim financial statements.

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9. OTHER LONG-TERM RECEIVABLES

	30 September <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Long-term loans to a related party (notes 9.1)	--	1,336,666,062
Non-current portion of receivables under DAAM Program	96,887,425	80,288,472
	<u>96,887,425</u>	<u>1,416,954,534</u>

9.1 This represented long-term loans provided to Fakeeh Academic Medical Center - Dubai which have been repaid during the nine month period ended 30 September 2023.

10. ACCOUNTS AND OTHER RECEIVABLES

	30 September <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Trade receivables	586,591,899	574,065,514
Contract assets	341,488,564	305,354,184
Other receivables	697,744	890,276
	<u>928,778,207</u>	<u>880,309,974</u>
Less: allowance for impairment losses	<u>(139,177,464)</u>	<u>(133,378,174)</u>
	<u>789,600,743</u>	<u>746,931,800</u>

10.1 The movement of allowance for expected credit losses is as follows:

	30 September <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Balance at beginning of the period / year	133,378,174	120,598,172
Provision for expected credit loss during the period / year	13,671,607	20,963,813
Written-off during the period / year	<u>(7,872,317)</u>	<u>(8,183,811)</u>
Balance at end of the period / year	<u>139,177,464</u>	<u>133,378,174</u>

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11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances.

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cash in hand	4,157,866	1,338,262
Short-term deposits (note 11.1)	105,000,000	170,000,000
Cash at banks - current accounts	89,437,288	145,423,761
	<u>198,595,154</u>	<u>316,762,023</u>

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

- 11.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

12. SHARE CAPITAL

The shareholding of the Group is as follows:

	Nationality / country of incorporation	No. of shares of SR 1 each 30 September 2023 (Unaudited)	No. of shares of SR 10 each 31 December 2022 (Audited)	Amount SR 1 each 30 September 2023 (Unaudited)	Amount SR 10 each 31 December 2022 (Audited)
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	79,984,000	3,999,200	79,984,000	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	79,984,000	3,999,200	79,984,000	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	39,992,000	1,999,600	39,992,000	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	20,000	1,000	20,000	10,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	20,000	1,000	20,000	10,000
		<u>200,000,000</u>	<u>10,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>

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12. SHARE CAPITAL (continued)

- 12.1 The Parent Company's shareholders in Extraordinary General Assembly Meeting held on 12 Rabi Al Awwal 1445H (corresponding to 27 September 2023), approved amendments to its by-laws including an increase in share capital of SR 100 million through a transfer from the retained earnings (SR 50 million) and statutory reserve (SR 50 million). Accordingly the share capital of the Parent Company was increased from SR 100 million to SR 200 million and the nominal value per share was reduced from SR 10 per share to SR 1 per share, while maintaining the same ownership percentages of each shareholder of the Parent Company. The legal formalities for such change has been completed during the nine month period ended 30 September 2023.

Accordingly, revised shareholding structure of the Parent Company is as follows:

	<u>No. of shares</u>	<u>Amount</u>
Dr. Mazen Soliman Abdel Kader Fakeeh	79,984,000	79,984,000
Mr. Ammar Soliman Abdel Kader Fakeeh	79,984,000	79,984,000
Dr. Manal Soliman Abdel Kader Fakeeh	39,992,000	39,992,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	20,000	20,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	20,000	20,000
	<u>200,000,000</u>	<u>200,000,000</u>

- 12.2 The Group's shareholders approved annual dividend amounting to SR 50 million for the year ended 31 December 2022 (31 December 2021: SR 35 million) in the the General Assembly Meeting held on 20 June 2023.
- 12.3 The Group's shareholders have also approved dividend amounting to SR 1.1 billion in the Extraordinary General Assembly meeting held on 27 September 2023.
- 12.4 The Parent Company has paid SR 939.8 million dividend during the nine-month period ended 30 September 2023 (31 December 2022: SR 35 million).

13. STATUTORY RESERVE

The statutory reserve appearing in comparative of these condensed consolidated interim financial statements pertains to the Parent Company, and was required as per the previous Companies' Law. This reserve could be utilized for the benefit of the Parent Company or its shareholders. Through resolution passed in Extra Ordinary General Assembly meeting held on 27 September 2023, the shareholders approved the transfer of statutory reserve amounting to SR 50 million to share capital of the Parent Company (note 12). In accordance with the Parent Company's amended by-laws, it is not required to set aside the statutory reserve.

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14. LOANS AND BORROWINGS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	1,848,002,440	888,219,246
Acquisition through business combination (note 5)	--	374,986,747
Loans obtained during the period / year	1,359,000,000	978,776,447
Payments made during the period / year	(1,804,772,005)	(393,980,000)
Balance at end of the period / year	<u>1,402,230,435</u>	<u>1,848,002,440</u>

14.1 Long-term loans

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Long-term loans	1,226,930,000	1,293,982,498
Current portion of long-term loans	(30,485,000)	(41,849,950)
Non-current portion of Long-term loans	<u>1,196,445,000</u>	<u>1,252,132,548</u>

- i) The Group had a long-term loan facility of SR 1.1 billion as at 31 December 2022 from a commercial bank for new investments and capital projects out of which the Group had utilized SR 918.9 million as at 31 December 2022. During the nine-month period ended 30 September 2023, the Group has settled the utilized amount, and accordingly the balance is SR Nil as at 30 September 2023.
- ii) The Group had a long-term facility of SR 375 million as at 31 December 2022, from a commercial bank for capital projects, which had been fully utilized as at 31 December 2022. During the nine-month period ended 30 September 2023, the Group has settled all the utilized. The loan carried interest at prevailing market interest rates and was secured against the mortgage of the hospital land.
- iii) During the year, the Group obtained a new long-term facility of SR 370 million for the purpose of repaying the long-term loan facility mentioned in point (ii) above, from a commercial bank for capital projects, which has been fully utilized as of 30 September 2023. The loan carries interest at prevailing market interest rates and is secured against the mortgage of the hospital land.
- iv) The Group has long term facilities of SR 1.4 billion as at 30 September 2023 (31 December 2022: SR 755 million) from commercial banks for new investments and capital projects, out of which the Group has utilised SR 856.9 million as at 30 September 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

The facility agreements with the commercial banks contain financial covenants, which require the Group to maintain certain leverage ratios, which are complied by the Group as at 30 September 2023.

14.2 Short term loans

The short-term loans are repayable within 12 months from the balance sheet date.

- i) The Group has a short-term loan facility of SR 700 million (2022: SR 650 million) from commercial banks for working capital requirements, of which the Group has utilised SR 104.9 million as at 30 September 2023 (2022: SR 554 million). The loan carry interest at prevailing market interest rates.

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14. LOANS AND BORROWINGS (continued)

14.2 Short term loans (continued)

- ii) The Group has short-term loan facility of SR 200 million as at 30 September 2023 (31 December 2022: SR 230 million) from a commercial bank for working capital requirements, out of which the Group has utilised SR 70.3 million as at 30 September 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

15. ZAKAT

a) Charge for the period :

Zakat included in the statement of condensed interim statement of profit or loss and other comprehensive income are comprised of the following:

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Charge for the period	20,835,572	14,907,454

b) The movement in the accrual for Zakat is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	17,176,450	12,402,602
Charge for current period / year	20,835,572	20,439,741
Payments during the period / year	(15,246,967)	(15,665,893)
Balance at end of the period / year	22,765,055	17,176,450

c) Status of assessments

During 2021, the Parent Company obtained Zakat, Tax and Customs Authority "ZATCA" approval to submit the returns on combined basis with a sister concern, and the Parent Company has submitted its Zakat returns from the year 2020 on a combined basis. Accordingly, the Parent Company has filed Zakat declaration up to the financial year ended 31 December 2022 with the General Authority of Zakat and Income Tax (ZATCA) on combined basis as well. The Parent Company also obtained the Zakat certificate valid until 30 April 2024. The Parent Company finalized its Zakat status for the years from 2009 to 2016. The Parent Company filed its Zakat return for the year ended December 31, 2017 and the ZATCA issued preliminary assessment for the year 2017, which has shown Zakat differences of SR 0.7 million due from the Parent Company, which the Parent Company agreed on settling.

The Parent Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued its Zakat assessment against the Parent Company's accounts and claimed an additional Zakat liability of SR 1.5 million. The Parent Company objected against the said assessment. The ZATCA rejected the Parent Company's objection. The Parent Company escalated its objection to the Committees for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD), which is still under review by the CRTVD till to-date. The CRTVD rejected the Parent Company's objection. The Parent Company filed an appeal against the CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR), and is still under study till to date

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15. ZAKAT (continued)

c) Status of final assessments (continued)

The Parent Company filed its Zakat returns for the years ended December 31, 2017, 2019, 2020, 2021 and 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Farabi Special Healthcare Company Limited filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Kameda Arabia Company Limited Company filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Mazen Fakeeh Complementary Health Care Company Limited has filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited has filed its Zakat returns for the years up to December 31, 2016. As per the Zakat/tax bylaws, the status of the Company for the said years is considered finalized. The Company filed its Zakat returns for the years ended December 31, 2017 to 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Toor Medical Services filed its Zakat returns filed its Zakat returns for the years ended December 31, 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Faraj Pharmaceutical Medical Company has filed its Zakat returns filed its Zakat returns for the years ended December 31, 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Golden Union Company Limited filed its Zakat returns filed its Zakat returns for the years ended December 31, 2022, and obtained the unrestricted Zakat certificate for the year 2022. The ZATCA did not issue the Zakat assessments for the said years till to-date.

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15. ZAKAT (continued)

c) Status of final assessments (continued)

Saudi Airlines Company for Medical Services has filed its Zakat return till the year 2022. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from Zakat till 31 December 2018 in accordance with the regulations of the ZATCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation ("Saudi") as of 31 December 2018, therefore no Zakat provision was made up to the end of year 2018. However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to Zakat on the 75% share of Dr. Soliman Abdul Kader Fakeeh Hospital Company in SMS's net adjusted profit and zakat base effective from 26 December 2019. The ZATCA has challenged the exemption of shares of Saudia in 2019 considering that the Company is no longer 100% owned by Saudia.

16. REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition, all revenue is primarily generated in the Kingdom of Saudi Arabia:

	For the three-month period ended 30 September 2023 (Unaudited)	For the three-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Revenue from Health care operations	532,349,586	416,862,195	1,512,685,882	1,324,745,076
Revenue from Medical related services	27,197,342	20,031,644	71,766,406	75,336,764
Revenue from Education services	26,061,642	22,243,906	71,342,187	66,014,143
Revenue from IT services	3,681,949	2,677,758	8,573,618	5,927,974
	589,290,519	461,815,503	1,664,368,093	1,472,023,957
<i>Timing of revenue recognition</i>				
Point in time	296,993,981	207,504,446	741,468,266	778,355,169
Over time	292,296,538	254,311,057	922,899,827	693,668,788
Revenue from contracts with customers	589,290,519	461,815,503	1,664,368,093	1,472,023,957

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17. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	For the three- month period ended 30 September <u>2023</u> (Unaudited)	For the three- month period ended 30 September <u>2022</u> (Unaudited)	For the nine- month period ended 30 September <u>2023</u> (Unaudited)	For the nine- month period ended 30 September <u>2022</u> (Unaudited)
Profit for the period attributable to ordinary equity holders of the Parent	<u>79,651,123</u>	69,476,415	<u>205,606,379</u>	221,406,008
Weighted average number of ordinary shares in issue	<u>200,000,000</u>	200,000,000	<u>200,000,000</u>	200,000,000
Basic and diluted earnings per share	<u>0.40</u>	0.35	<u>1.03</u>	1.11

The share issue during the nine-month period has been treated as if it had occurred before the beginning of 30 September 2022 as required by IAS 33, "Earnings per share" as follows:

	For the nine- month period ended 30 September <u>2023</u> (Unaudited)	For the nine- month period ended 30 September <u>2022</u> (Unaudited)
Issued ordinary shares at 01 January	10,000,000	10,000,000
Effect of change in par value (note 12)	90,000,000	90,000,000
Effect of shares transfer (note 12)	<u>100,000,000</u>	<u>100,000,000</u>
Weighted average number of ordinary shares at 30 September	<u>200,000,000</u>	<u>200,000,000</u>

Diluted earnings per share has been computed by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, the Parent Company does not have any instruments that could potentially dilute earnings per share.

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18. RELATED PARTY TRANSACTIONS AND BALANCES

The Group, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise of the shareholders of the Group, being parent Companies, their subsidiaries and associates, and other companies with common directorship with significant influence on other companies and key management personnel. Transactions with related parties arise mainly from goods/services received and various business arrangements undertaken at approved contractual terms.

Transactions with key management personnel

Key management personnel compensation

- a) Key management personnel remuneration and compensation comprised of the following:

	For the three- month period ended 30 September 2023 (Unaudited)	For the three- month period ended 30 September 2022 (Unaudited)	For the nine- month period ended 30 September 2023 (Unaudited)	For the nine- month period ended 30 September 2022 (Unaudited)
Short-term employee benefits	5,588,164	5,102,090	18,835,544	17,451,380
Post-employment benefits	225,282	200,390	675,846	601,172
	<u>5,813,446</u>	<u>5,302,480</u>	<u>19,511,390</u>	<u>18,052,552</u>

- b) Board of Directors / Committee members remuneration and compensation comprised of the following:

	For the three- month period ended 30 September 2023 (Unaudited)	For the three- month period ended 30 September 2022 (Unaudited)	For the nine- month period ended 30 September 2023 (Unaudited)	For the nine- month period ended 30 September 2022 (Unaudited)
Meeting attendance fees	330,000	316,750	990,000	950,259
Other remuneration	62,529	62,247	114,000	186,740
	<u>392,529</u>	<u>378,997</u>	<u>1,104,000</u>	<u>1,136,999</u>

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Related party relationships

<u>Name</u>	<u>Relationship</u>
Fakeeh Academic Medical Centre – Dubai	Common Shareholder
Saudi Arabian Airlines Corporation	Non - controlling Shareholder
Saudi Airlines Air Transport Company	Subsidiary of non - controlling Shareholder
Royal Fleet Services	Subsidiary of non - controlling Shareholder
Saudi Arabian Engineering Industries Company	Subsidiary of non - controlling Shareholder
Flyadeal Airline Company	Subsidiary of non - controlling Shareholder
Prince Sultan Aviation Academy	Subsidiary of non - controlling Shareholder
Saudi Royal Aviation	Subsidiary of non - controlling Shareholder
Saudi Private Aviation	Subsidiary of non - controlling Shareholder
Saudi Ground Services Company	Subsidiary of non - controlling Shareholder
Dr. Abdulaziz AlFallah	Non-controlling Shareholder
Maabar Rehabilitation Centre	Common Shareholder
Saudi Airlines Cargo Company	Subsidiary of non - controlling Shareholder
Saudi Airlines Real Estate Development Company	Subsidiary of non - controlling Shareholder
Dr. Mazen Soliman Abdel Kader Fakeeh	Shareholder and President
Mr. Ammar Soliman Abdel Kader Fakeeh	Shareholder
Dr. Manal Soliman Abdel Kader Fakeeh	Shareholder
Fakeeh Real Estate Company Limited	Shareholder
Al Solimania United Company Limited	Shareholder
Saudi Airlines Catering Co	Shareholder
Abdullah Mohammad Abdulaziz Al Rais	Non - controlling Shareholder

d) Related party transactions

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>Nine-month</u>	
		<u>period ended 30</u>	
		<u>September</u>	
		<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)

Due from related parties –other long-term receivables (non-current)

Fakeeh Academic Medical Centre – Dubai	Interest income	38,209,074	16,509,802
	Loan disbursement (note 9)	131,250,326	163,365,518

Due from related parties

	Revenue	175,688	208,250
Saudi Arabian Airlines Corporation	Expenses incurred on behalf of the related party	4,038,299	6,732,374
	Revenue		
Saudi Airlines Air Transport Company	Expenses incurred on behalf of the related party	21,842,991	32,222,855
		--	2,984,957
Royal Fleet Services	Services provided	4,574,560	5,183,754

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Related party transactions (continued)

<u>Name</u>	<u>Nature of transactions</u>	Amount of transactions	
		<u>Nine-month period ended 30 September</u>	
		<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)
<u>Due from related parties (continued)</u>			
Saudi Arabian Engineering Industries Company	Services provided	2,161,374	1,303,127
Flyadeal Airline Company	Services provided	771,651	966,455
Prince Sultan Aviation Academy	Services provided	114,534	152,926
Saudi Royal Aviation	Services provided	45,540	--
Saudi Private Aviation	Services provided	40,078	44,556
Saudi Ground Services Company	Services provided	14,425	36,249
Fakeeh Real Estate Company Limited	Expenses incurred on behalf of the related party	--	20,217
Al Solimania United Company Limited	Expenses incurred on behalf of the Company	--	6,725
Saudi Airlines Cargo Company	Services provided	--	110,495
Saudi Airlines Real Estate Development Company	Services provided	345	9,770

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Related party transactions (continued)

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>Nine-month period ended 30 September</u>	
		<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)
<u>Due to related parties</u>			
Dr. Mazen Soliman Abdel Kader Fakeeh	Lease rentals*	7,596,777	5,729,312
	Dividend declared	459,908,000	--
Mr. Ammar Soliman Abdel Kader Fakeeh	Lease rentals*	7,596,777	5,729,312
	Dividend declared	459,908,000	--
Dr. Manal Soliman Abdel Kader Fakeeh	Lease rentals*	3,798,389	2,864,656
	Dividend declared	229,954,000	--
Fakeeh Real Estate Company Limited	Dividend declared	115,000	--
Al Solimania United Company Limited	Dividend declared	115,000	--
Saudi Airlines Catering Co	Payments made on behalf of the Group	762,354	--
Abdullah Mohammad Abdulaziz Al Rais		3,972,143	
	Payments made on behalf of the Group		--
Fakeeh Academic Medical Centre – Dubai	Services received	13,799,870	3,614,100

(*) During nine-month period ended, the Group has modified lease arrangements with the shareholders of the Parent Company with increase in lease term and rentals of the land and building contracts.

e) Related party closing balances

<u>Name</u>	<u>Closing balance</u>	
	<u>30 September 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
<u>Due from related parties –other long-term receivables (non-current)</u>		
Fakeeh Academic Medical Centre – Dubai	--	1,336,666,062

Due from related parties

Saudi Arabian Airlines Corporation	20,391,447	16,046,675
Saudi Airlines Air Transport Company	7,025,803	14,414,894
Royal Fleet Services	2,865,161	5,263,990
Saudi Arabian Engineering Industries Company LLC	2,651,303	1,694,293
Flyadeal Airline Company LLC	829,820	58,167
Prince Sultan Aviation Academy	333,370	218,836
Saudi Royal Aviation	45,540	--
Saudi Private Aviation	43,470	17,561

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18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

e) Related party closing balances (continued)

<u>Name</u>	<u>Closing balance</u>	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>Due from related parties (continued)</u>		
Saudi Ground Services Company	32,230	17,805
Dr. Abdulaziz AlFallah	--	6,100
Fakeeh Real Estate Company Limited	--	616,743
Maabar Rehabilitation Centre	--	702,754
Al Solimania United Company Limited	--	241,117
Saudi Airlines Cargo Company	--	23,185
Saudi Airlines Real Estate Development Company	--	115
	34,218,144	39,322,235
<u>Due to related parties</u>		
Dr. Mazen Soliman Abdel Kader Fakeeh	85,580,590	1,960,000
Mr. Ammar Soliman Abdel Kader Fakeeh	87,252,173	1,960,000
Dr. Manal Soliman Abdel Kader Fakeeh	43,224,237	980,000
Saudi Airlines Catering Co	577,588	--
Abdullah Mohammad Abdulaziz Al Rais	3,470,692	--
Fakeeh Academic Medical Center – Dubai	--	13,799,870
	220,105,280	18,699,870

19. COMMITMENTS AND CONTINGENCIES

As at 30 September 2023, the Group's bankers have issued letters of guarantee amounting to SR 13.8 million (2022: SR 17.1 million) out of which SR 13.6 million (2022: SR 12.6 million) have been issued on behalf of the Group's related parties. Remaining SR 0.2 million (2022: SR 4.5 million) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 30 September 2023, the Group has outstanding letters of credit amounting to nil (2022: SR 3.1 million) issued by the bank in favor of the Group's related party.

As at 30 September 2023, the Group has commitments for capital work in progress of SR 351 million (2022: SR 132.5million) mainly relating to construction, renovation and upgradation of buildings.

As at 30 September 2023, there are no significant litigations and claims against the Group.

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20. BUSINESS SEGMENTS

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has three reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the President as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group. The identified key segments are medical services, education, trading and retail.

The Group's top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenue and net income) for each of the business segments as at and for the nine-month period ended 30 September:

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20. BUSINESS SEGMENTS (continued)

	Reportable Segments			
	<i><u>Medical services</u></i>	<i><u>Education</u></i>	<i><u>Trading, Retail & Others</u></i>	<i><u>Total</u></i>
30 September 2023 (Unaudited)				
Revenues	1,538,288,833	71,342,187	120,081,724	1,729,712,744
Inter-segment revenue eliminations	--	--	(65,344,651)	(65,344,651)
Segment revenue	<u>1,538,288,833</u>	<u>71,342,187</u>	<u>54,737,073</u>	<u>1,664,368,093</u>
Direct costs	(1,159,629,088)	(41,581,810)	(83,317,097)	(1,284,527,995)
Inter-segment direct costs	--	--	54,739,836	54,739,836
Segment cost	<u>(1,159,629,088)</u>	<u>(41,581,810)</u>	<u>(28,577,261)</u>	<u>(1,229,788,159)</u>
Segment gross profit	<u>378,659,745</u>	<u>29,760,377</u>	<u>26,159,812</u>	<u>434,579,934</u>
Operating expenses	(160,597,424)	(15,026,708)	(35,155,264)	(210,779,396)
Inter-segment operating expenses	--	--	9,311,278	9,311,278
Segment operating expenses	<u>(160,597,424)</u>	<u>(15,026,708)</u>	<u>(25,843,986)</u>	<u>(201,468,118)</u>
Other income	44,910,821	(271,297)	3,202,592	47,842,116
Operating profit	<u>262,973,142</u>	<u>14,462,372</u>	<u>3,518,418</u>	<u>280,953,932</u>
Finance cost	(91,022,314)	(153,000)	(29,516)	(91,204,830)
Zakat	(18,280,183)	(900,000)	(1,655,389)	(20,835,572)
Profit for the period	<u>153,670,645</u>	<u>13,409,372</u>	<u>1,833,513</u>	<u>168,913,530</u>
Segment assets	3,663,909,216	174,792,974	323,327,296	4,162,029,486
Segment liabilities	2,727,158,656	122,020,178	123,201,189	2,972,380,023

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20. BUSINESS SEGMENTS (continued)

	Reportable Segments			
	<i>Medical services</i>	<i>Education</i>	<i>Trading & Retail</i>	<i>Total</i>
30 September 2022 (Unaudited)				
External revenues	1,358,011,434	66,014,142	89,542,677	1,513,568,253
Inter-segment revenue eliminations	--	--	(41,544,296)	(41,544,296)
Segment revenue	<u>1,358,011,434</u>	<u>66,014,142</u>	<u>47,998,381</u>	<u>1,472,023,957</u>
Direct costs	(979,491,320)	(32,809,287)	(56,407,071)	(1,068,707,678)
Inter-segment direct costs	--	--	32,614,718	32,614,718
Segment cost	<u>(979,491,320)</u>	<u>(32,809,287)</u>	<u>(23,792,353)</u>	<u>(1,036,092,960)</u>
Segment gross profit	<u>378,520,114</u>	<u>33,204,855</u>	<u>24,206,028</u>	<u>435,930,997</u>
Operating expenses	(118,355,016)	(17,246,043)	(36,726,128)	(172,327,187)
Inter-segment operating expenses	--	--	8,498,213	8,498,213
Segment operating expenses	<u>(118,355,016)</u>	<u>(17,246,043)</u>	<u>(28,227,915)</u>	<u>(163,828,974)</u>
Other income	10,367,939	5,500	680,481	11,053,920
Operating profit	<u>270,533,037</u>	<u>15,964,312</u>	<u>(3,341,406)</u>	<u>283,155,943</u>
Finance cost	(34,486,258)	(74,649)	(61,303)	(34,622,210)
Zakat	(11,038,852)	(1,800,000)	(2,068,602)	(14,907,454)
Profit for the period	<u>225,007,927</u>	<u>14,089,663</u>	<u>(5,471,311)</u>	<u>233,626,279</u>
Segment assets	4,635,081,180	148,302,883	287,044,867	5,070,428,930
Segment liabilities	2,698,483,690	81,287,814	133,413,238	2,913,184,742

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21. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability
- Fair value information of the Group's financial instruments is analysed below:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in inactive markets for similar assets and liabilities or valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

There were no transfers between level 1 and level 3 during the nine-month period 30 September 2023 (31 December 2022: nil). There were no financial assets or financial liabilities classified under level 2.

There were no changes in valuation techniques during the period.

As at 30 September 2023, the financial assets of the Group comprised of accounts and other receivables, due from related parties, cash and cash equivalents and other long-term receivables which are recorded at amortised cost and the Group's financial liabilities include loans and bank facilities, employees' end of service benefits, lease liabilities, accounts payables, due to related parties and accrued and other current liabilities.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

22. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end, that would require disclosures or adjustments in these condensed consolidated interim financial statements.

23. DATE OF AUTHORIZATION FOR ISSUE

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of Parent Company on _____, corresponding to _____.

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer