

**Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)**

The Condensed Consolidated Interim
Financial Statements and Review Report
For the Three Month Period Ended
31 March 2021



Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

**Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)**

The Condensed Consolidated Interim
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For the Three Month Period Ended 31 March 2021

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**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

The Shareholders

**Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Al Hammadi Company for Development and Investment (the "Company")** and its subsidiaries (the "Group") as at 31 March 2021, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



**AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants**



**Abdullah M. AlAzem
License No. 335**

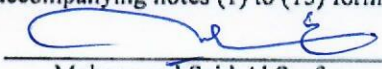
24 Ramadan 1442 H (May 6, 2021)
Riyadh, Kingdom of Saudi Arabia

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Profit or Loss
For the Three Month Period Ended 31 March 2021

	Notes	31 March 2021 (Unaudited) SAR	31 March 2020 (Unaudited) SAR
Revenue		278,448,490	206,689,507
Cost of revenue		(163,896,331)	(140,207,403)
GROSS PROFIT		114,552,159	66,482,104
Selling and marketing expenses		(43,696,202)	(6,438,153)
Administrative and general expenses		(30,567,262)	(26,200,655)
Other operating income		2,611,098	3,214,211
OPERATING PROFIT		42,899,793	37,057,507
Finance expenses		(3,863,839)	(7,362,717)
NET PROFIT BEFORE ZAKAT		39,035,954	29,694,790
Zakat expense		(3,500,000)	(4,750,000)
NET PROFIT FOR THE PERIOD		35,535,954	24,944,790
Earnings per share:			
Basic and diluted profit for the period attributable to ordinary equity holders	(5)	0.30	0.21

The accompanying notes (1) to (15) form an integral part of these condensed consolidated interim financial statements.


Mohammed Said Al Saafeen
Finance Manager


Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

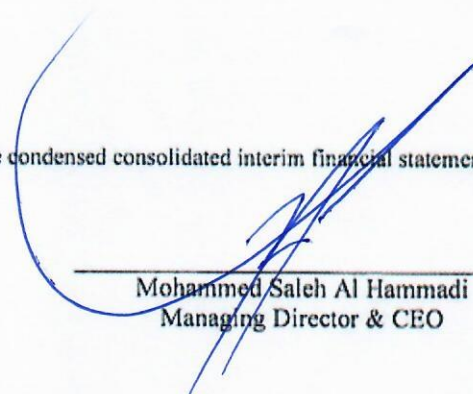
Condensed Consolidated Interim Statement of Comprehensive Income
For the Three Month Period Ended 31 March 2021

	Notes	31 March 2021 (Unaudited) SAR	31 March 2020 (Unaudited) SAR
NET PROFIT FOR THE PERIOD		35,535,954	24,944,790
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement income on defined benefit plans	(9)	<u>1,713,442</u>	<u>1,489,432</u>
Other comprehensive income for the period		<u>1,713,442</u>	<u>1,489,432</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>37,249,396</u>	<u>26,434,222</u>

The accompanying notes (1) to (15) form an integral part of these condensed consolidated interim financial statements.



Mohammed Said Al Saafeen
Finance Manager



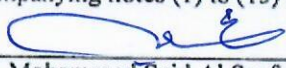
Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Financial Position
As at 31 March 2021

	Notes	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
ASSETS			
Non-current assets			
Property and equipment	(6)	1,660,068,592	1,678,256,741
Intangible assets		39,358,875	39,785,461
		<u>1,699,427,467</u>	<u>1,718,042,202</u>
Current assets			
Inventories		65,194,785	61,844,950
Trade receivables		650,467,327	595,961,584
Prepayments		26,189,350	35,890,277
Other receivables		4,411,949	4,394,621
Contract Assets		7,223,321	5,230,424
Cash and cash equivalents		43,161,806	13,649,955
		<u>796,648,538</u>	<u>716,971,811</u>
TOTAL ASSETS		<u>2,496,076,005</u>	<u>2,435,014,013</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		1,200,000,000	1,200,000,000
Statutory reserve	(7)	64,221,381	64,221,381
Retained earnings		411,689,621	434,440,225
TOTAL SHAREHOLDERS' EQUITY		<u>1,675,911,002</u>	<u>1,698,661,606</u>
LIABILITIES			
Non-current liabilities			
Loans	(11)	200,203,474	197,446,575
Employees' terminal benefits	(9)	64,270,939	63,684,084
Government grants	(10)	134,841,210	136,744,609
Lease liabilities		5,751,465	12,464,891
		<u>405,067,088</u>	<u>410,340,159</u>
Current liabilities			
Trade payables		46,548,297	53,053,218
Accrued expenses		25,130,556	26,841,031
Accrued zakat		22,438,386	19,883,931
Other payables		101,001,332	39,167,661
Loans	(8)	60,629,405	47,428,480
Government grants	(11)	7,613,597	7,613,597
Lease liabilities	(10)	13,908,444	5,446,332
Contract liabilities		137,827,898	126,577,998
		<u>415,097,915</u>	<u>326,012,248</u>
TOTAL LIABILITIES		<u>820,165,003</u>	<u>736,352,407</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>2,496,076,005</u>	<u>2,435,014,013</u>

The accompanying notes (1) to (15) form an integral part of these condensed consolidated interim financial statements.


Mohammed Said Al Saafeen
Finance Manager


Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
For the Three Month Period ended 31 March 2021

	Share Capital	Statutory Reserve	Retained Earnings	Total Shareholders' Equity
Notes	SAR	SAR	SAR	SAR
As at January 1, 2020 (Audited)	1,200,000,000	51,138,685	314,992,150	1,566,130,835
Net profit for the period	-	-	24,944,790	24,944,790
Other comprehensive income	-	-	1,489,432	1,489,432
Total comprehensive income	-	-	26,434,222	26,434,222
As at March 31, 2020 (Unaudited)	1,200,000,000	51,138,685	341,426,372	1,592,565,057
As at January 1, 2021 (Audited)	1,200,000,000	64,221,381	434,440,225	1,698,661,606
Net profit for the period	-	-	35,535,954	35,535,954
Other comprehensive income	-	-	1,713,442	1,713,442
Total comprehensive income	-	-	37,249,396	37,249,396
Dividends	-	-	(60,000,000)	(60,000,000)
As at March 31, 2021 (Unaudited)	1,200,000,000	64,221,381	411,689,621	1,675,911,002

(8)

The accompanying notes (1) to (15) form an integral part of these condensed consolidated interim financial statements.

Mohammed Said Al Saifeen
Finance Manager

Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Month Period Ended 31 March 2021

	Notes	31 March 2021 SAR (Unaudited)	31 March 2020 SAR (Unaudited)
OPERATING ACTIVITIES			
Net profit before Zakat		39,035,954	29,694,790
Adjustments to reconcile net profit before Zakat to net cash flow:			
Depreciation and amortization		27,638,186	25,612,562
Provision for expected credit loss		42,856,987	5,046,166
Contract liability provided during the period		11,308,360	11,451,114
Finance expenses		3,863,839	7,362,717
Government grants release	(10)	(1,903,399)	(1,903,399)
Current services cost of employees' terminal benefits	(9)	3,181,035	3,121,225
		<u>125,980,962</u>	<u>80,385,175</u>
Working capital adjustments:			
Trade receivables		(96,153,064)	30,667,468
Inventories		(3,349,835)	(25,549,276)
Net changes in related parties		(1,249,647)	(379,044)
Prepayments		9,700,927	3,713,146
Other receivables		(17,328)	(505,342)
Contract assets		(1,992,897)	1,891,838
Trade payables		(7,861,952)	5,515,410
Accrued expenses		(1,710,475)	(3,621,318)
Other payables		1,833,671	(989,069)
Contract liability		(58,460)	(7,121,996)
		<u>25,121,902</u>	<u>84,006,992</u>
Employees' terminal benefits paid	(9)	(1,374,289)	(2,138,482)
Finance charges paid		(423,521)	(3,900,502)
Zakat paid		(945,545)	-
NET CASH RESULTED FROM OPERATING ACTIVITIES		<u>22,378,547</u>	<u>77,968,008</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(3,284,558)	(3,986,274)
NET CASH USED IN INVESTING ACTIVITIES		<u>(3,284,558)</u>	<u>(3,986,274)</u>
FINANCING ACTIVITIES			
Proceeds from bank borrowings		13,183,470	17,581,801
Repayment of bank borrowings		-	(20,000,000)
Lease liabilities		(2,765,608)	(1,485,000)
NET CASH RESULTED FROM (USED IN) FINANCING ACTIVITIES		<u>10,417,862</u>	<u>(3,903,199)</u>
Net changes in cash and cash equivalents		29,511,851	70,078,535
Cash and cash equivalents at the beginning of the period		13,649,955	75,639,567
CASH AND CASH EQUIVALENTS AT MARCH, 31		<u>43,161,806</u>	<u>145,718,102</u>
Supplementary information for non-cash transactions			
Unpaid declared dividends		60,000,000	-
Right of used assets additions		5,738,892	1,375,421
Transfer from lease liabilities to trade payables		1,397,011	101,035

The accompanying notes (1) to (15) form an integral part of these condensed consolidated interim financial statements.

Mohammed Said Al Saafeen
Finance Manager

Mohammed Saleh Al Hammadi
Managing Director & CEO

Al Hammadi Company for Development and Investment (A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements For the Three Month Period Ended 31 March 2021

1. Corporate information

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

The Company’s registered address is P.O. Box 55004, Riyadh 11534, Saudi Arabia.

The main activities of the Company and its subsidiaries (the “Group”) are wholesale and retail trading of medical equipment, pharmaceutical and cosmetic products, establishing, maintaining, managing and operating hospitals and medical centers, wholesale and retail trading of food and beverages, acquisition and rental of land for constructing buildings and investing them by means of selling or renting in favor of the Group, establishment or participation in different industrial projects, establishment of commercial centers, operating, and maintaining them in Saudi Arabia.

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest	
				2021	2020
Medical Support Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Pharmaceutical Services Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Al-Hammadi for Hospitals Operations and Management Company Limited	Saudi Arabia	Trading Company	Saudi Riyals	100%	100%
Medical Industries Company Limited	Saudi Arabia	Industrial Company	Saudi Riyals	100%	100%

These condensed consolidated interim financial statements include the accounts of the Group and following branches, which operate under separate commercial registrations:

Branch Name	Commercial Registration No.	City
Al Hammadi Hospital, Olaya	1010263026	Riyadh
Al Hammadi Hospital, Al-Suwaidi	1010934227	Riyadh
Al Hammadi Hospital, Al-Nuzha	1010374270	Riyadh
Maintenance & Operations	1010374273	Riyadh
Arabian Hospitality	1010610529	Riyadh
Medical Support Services Training Center	1010500366	Riyadh
Medical Support Services Female Training Center	1010651084	Riyadh
Bio and Pharmaceutical Industries Complex	1126105966	Sudair

Al Hammadi Company for Development and Investment (A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

1. Corporate information - continued

Impact of COVID-19

In response to the spread of the Covid-19 virus in the world and the resulted disruptions to economic activities in the markets. The Group's management has proactively assessed the impact on its operations to ensure the continuity of providing its services. Notwithstanding these challenges, the operations currently remain largely unaffected as the healthcare sector has been classified as an essential service by the government and as a result no restrictions have been placed by the government of kingdom of Saudi Arabia on Group's operations or its supply chain. The Group's management continues to monitor the financial and operational effects of the spread of Covid-19 as well as the economic effects in general. The Group's measures have focused on managing the crisis in terms of operating efficiency and benefiting from various government initiatives that aimed to support the health sector in the Kingdom. In addition, the Group's management has taken measures to sustain the supply chain of medicines and medical as well as non-medical supplies, which had the effect of increasing its stocks to secure operational needs in anticipation of any unexpected disruptions and meeting the unusual increase in demand for medicines and medical supplies. Moreover the Group's management has focused on the availability of sufficient cash balances to finance operational requirements to ensure the continuation of its activities under such circumstances. Despite the difficulty to determine the extent and duration of impact from the Covid-19 epidemic spread, the Group's management believes that it will not have a material impact on the Group's ability to continue its activities. The management will continue to monitor the situation closely, and will reflect any required impacts or changes in the relevant financial reporting periods.

2. Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group's last annual financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements, however; accounting policies 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 Preparation of the financial statements

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the defined benefit obligation which measured at present value of future obligations using the Projected Unit Credit method.

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

Al Hammadi Company for Development and Investment (A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

2. Basis of preparation - continued

2.3 Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and 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 consolidated financial statements.

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

3. Basis of consolidation

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

4. Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and have been explained in Group annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

5. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as the regular or basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

The following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2021 SAR	31 March 2020 SAR
Net profit for the period	<u>35,535,954</u>	<u>24,944,790</u>
Weighted average number of ordinary shares	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted earnings per share	<u>0.30</u>	<u>0.21</u>

6. Property and equipment

	31 March 2021 SAR	31 December 2020 SAR
Property and equipment	1,637,141,453	1,657,933,744
Right of use of assets	22,927,139	20,322,997
	<u>1,660,068,592</u>	<u>1,678,256,741</u>

7. Share capital

Share capital of the Company is 1,200 million SR consists of 120 million fully paid ordinary shares with a par value of SR 10 (31 December 2020: SR 1,200 million).

8. Other payables

	31 March 2021 SAR	31 December 2020 SAR
Dividends payables*	60,000,000	-
Other payables	41,001,332	39,167,661
	<u>101,001,332</u>	<u>39,167,661</u>

*The Board of directors of Al Hammadi Company for Development and Investment resolved in its meeting held on 12 Sha'aban 1442H) corresponding to March 25, 2021, to distribute cash dividends of SR 60 million to the shareholders of the Company for the fiscal year 2020 at a rate of SR 0.50 (50 hala) per share.

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

9. Employees' termination Benefits

The following tables summarize the components of end of service benefits recognized in the consolidated statement of profit or loss and amounts recognized in the consolidated statement of comprehensive income and consolidated statement of financial position:

a) Amount recognized in the consolidated statement of financial position:

	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Present value of defined benefit obligation	64,270,939	63,684,084

b) Benefit expense (recognized in consolidated statement of profit or loss):

	31 March 2021 SAR	31 March 2020 SAR
Current service cost	3,181,035	3,121,225
Special commission cost	493,551	464,001
Benefit expense	3,674,586	3,585,226

c) Movement in the present value of defined benefit obligation:

	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Present value of defined benefit obligation at beginning of the period	63,684,084	59,871,135
Charge recognized in consolidated statement of profit or loss:		
Current service cost	3,181,035	12,824,834
Special commission cost	493,551	1,882,593
Actuarial gain on defined benefit plan recognized in the consolidated statement of comprehensive income	(1,713,442)	(1,703,815)
Benefits paid during the period \ year	(1,374,289)	(9,190,663)
Present value of defined benefit obligation at end of the period \ year	64,270,939	63,684,084

d) Principal actuarial assumptions:

	2021	2020
Discount rate	3,1 %	3,1 %
Salary increase rate	3 %	3 %
Retirement age	60 years	60 years

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

10. Government grants

	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
At 1 January	144,358,206	151,971,803
Government grants released	(1,903,399)	(7,613,597)
At the end of period \ year	142,454,807	144,358,206
	31 March 2021 SAR	31 December 2020 SAR
Current	7,613,597	7,613,597
Non-current	134,841,210	136,744,609
	142,454,807	144,358,206

11. Loans

	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Current portion		
Loans from Ministry of Finance	37,428,480	37,428,480
Loans from commercial banks	23,200,925	10,000,000
Total Current portion	60,629,405	47,428,480
Non-Current portion		
Loans from Ministry of Finance	200,203,474	197,446,575
Total Non-current portion	200,203,474	197,446,575
Total	260,832,879	244,875,055

11.1 Loans from ministry of finance

- a) On 11 September 2013, The Group obtained a loan from the Ministry of Finance to fund part of the construction of the new hospital in Al-Suwaidi area and the purchase of the indispensable medical and non-medical equipment. This loan qualifies to be considered as government grant because the Ministry of Finance represent a governmental body and provides the Group with a zero interest loan. The value of the loan is 149.1 million SR. The Group has utilized it in full as at 31 December 2017. This loan is in Saudi Riyals without any financing commissions and is collateralized by a mortgage of the project land and building. The loan is to be repaid over twenty equal annual installments after a grace period of five years of contract date.
- b) On 26 January 2015, the Group signed another financing agreement with the Ministry of Finance to fund the building of the housing compound related to Al-Suwaidi Hospital project. This loan qualifies to be considered as government grant because the Ministry of Finance represent a governmental body and provides the Group with a zero interest loan. The value of the loan is SR 27.5 million of which the Group has utilized it in full as at 31 December 2017. This loan is in Saudi Riyals without any financing Commissions and is collateralized by a mortgage of the project land and building. The loan is to be repaid over twenty equal annual installments after a grace period of five years of contract date.

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

11. Loans – continued

11.1 Loans from ministry of finance – continued

- c) On 20 July 2015, the Group signed a third financing agreement with the Ministry of Finance to fund part of the construction and furnishing costs of the hospital in Al-Nuzha area. This loan qualifies to be considered as government grant because the Ministry of Finance represent a governmental body and provides the Group with a zero interest loan. This loan amounted SR 197.6 million and the Group has utilized it in full as at 31 December 2018. This loan is in Saudi Riyals without any financing commissions and is collateralized by a mortgage of the project land and building. The loan is to be repaid over twenty equal annual installments after a grace period of five years of contract date. The first installment was due in the second quarter of 2020.
- The installments of the Ministry of Finance's loans due during the year 2020 amounting to 17.3 million riyals have been postponed for the following year, as part of the Ministry of Finance's initiative to mitigate the economic effects of the COVID-19 pandemic on the private sector.

12. Segment information

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

The following are selected financial information as at 31 March 2020 and 2019 by business segments:

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

31 March	Medical Services		Pharmaceuticals Products		Total	
	2021	2020	2021	2020	2021	2020
	SAR	SAR	SAR	SAR	SAR	SAR
Revenue	209,430,872	152,479,942	69,017,618	54,209,565	278,448,490	206,689,507
Gross Profit	93,549,743	47,409,378	21,002,416	19,072,726	114,552,159	66,482,104
Depreciation and amortization	26,516,702	24,968,874	1,121,484	643,688	27,638,186	25,612,562
Net profit	23,179,999	14,623,131	12,355,955	10,321,659	35,535,954	24,944,790

	Medical Services		Pharmaceuticals Products		Total	
	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020	31 Mar 2021	31 Dec 2020
	SAR	SAR	SAR	SAR	SAR	SAR
Total Assets	2,277,117,569	2,228,311,145	218,958,436	206,702,868	2,496,076,005	2,435,014,013
Total Liabilities	779,224,835	705,006,349	40,940,168	31,346,058	820,165,003	736,352,407

Al Hammadi Company for Development and Investment
(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (*continued*)

For the Three Month Period Ended 31 March 2021

13. Subsequent events

In the opinion of management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these condensed consolidated interim financial statements.

14. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation in the current period, as follows:

(As at 31 March 2020)

Condensed consolidated interim statement of profit or loss

	As previously reported	Re- classifications	As reclassified
Selling and marketing expenses	1,391,987	5,046,166	6,438,153
Provision for expected credit loss	5,046,166	(5,046,166)	-

- Rights-of-use assets were presented within property and equipment.
- Goodwill were presented within intangible assets.
- Amount due from / to related parties were presented within trade receivables / trade payables.
- Other payable balances were separated from prepayments.
- Other receivable balances were separated from accrued expenses.
- Dividends payable were presented within other receivables balances

15. Approval of the condensed consolidated interim financial statements

These consolidated financial statements have been approved by the board of directors on 24 Ramadan 1442H (corresponding to 6 May 2021).