DALLAH HEALTHCARE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
together with the
INDEPENDENT AUDITOR'S REPORT

KPMG Professional Services
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Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Dallah Healthcare Company (Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Dallah Healthcare Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٬٠٠٠٬٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً " شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Independent Auditor's Report

To the Shareholders of Dallah Healthcare Company (Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Revenue recognition

Refer Note 4(n) and 3(a) for the accounting estimate and policy related to revenue recognition and Note 24 for related disclosure.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2022, the Group recognized total revenue of SR 2,487 million (2021: SR 2,105 million). The Group recognizes revenue upon satisfaction of performance obligation related to medical services and pharmaceutical products at the fair value of consideration received or receivable, net of variable consideration. Revenue recognition is considered a key audit matter as there is an audit risk mainly due to following. - For performance obligations satisfied at a point in time, revenue is not recognised when control is transferred to the customer, resulting in revenue not being recognised in the correct accounting period; and - An overstatement of revenue through premature revenue recognition or recording fictitious revenues. The Group recognizes revenue upon satisfaction of performance obligations attached to medical and related services at the fair value of consideration received or receivable, net of variable consideration (discounts and expected rejection). Certain contracts with customers include variable considerations in the form of prompt payment discount or any expected discounts for some of the services provided. Significant accounting judgments, estimates and assumptions are made by the management to determine the variable consideration.	We performed the following procedures in relation to revenue recognition: • Obtained an understanding of the Group's processes, evaluated the design and implementation of controls over revenue and performed tests of operating effectiveness of controls including anti-fraud control in respect of the revenue process; • Evaluated the reliability of the data by testing the accuracy and completeness of data; • Performed substantive analytical procedures over revenue including trend and predictive analysis; • Performed test of details and inspected invoices and other supporting documents on a sample basis to ensure that they were accurately recorded in the correct period; • Performed substantive procedures by varying our sampling technique in order to incorporate an element of unpredictability; • Performed cut-off procedures on revenue recognition; • Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by the management to determine the variable consideration and rejection rates at each hospital; • Tested a sample of journal entries which included specific risks of material misstatements and inspected underlying supporting documents; and • Assessed the adequacy of relevant disclosures and presentation in the consolidated financial statements.

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Independent Auditor's Report

To the Shareholders of Dallah Healthcare Company (Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Valuation of receivables

Refer Note 4(f) and 3(b) for the accounting estimate and policy related to loss allowance based on expected credit losses (ECLs) and Note 14 for related disclosure.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2022, the carrying value of trade receivable amounted to SR 677.1 million (2021: SR 625.1). The impairment loss allowance based on ECLs on these receivables amount to SR 71.6 million (2021: SR 75.6 million). The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivables. The ECL model involves the use of various assumptions covering macro-economic factors and study of historical trends. We considered this a key audit matter due to the judgements and estimation involved in assessing the recoverability of outstanding trade receivable and determining the impairment thereon as per the requirement of IFRS 9 *Financial Instruments*.	We performed the following procedures: • Obtained an understanding of management's processes, systems and controls over trade receivables; • Evaluated the appropriateness of the accounting policies of the Company and evaluating these against the requirements of FRS 9 *Financial Instruments*; • Evaluated the reasonableness of management's key judgements and estimates made, including selection and application of methods, models, significant assumptions, data sources and selection of the point estimate and retrospective testing; • Identified and tested relevant controls over data used in impairment model of the Company; • Evaluated the competence of management expert and checked the completeness, accuracy and relevance of data shared with management expert. • Involved Internal specialist to review the working and evaluated the assumptions made by the management expert in the model and working used. • Tested the basis of specific provisions based on historic data, ageing and collection trends; • Checked subsequent collection of receivable balances at year end; and • Evaluated the completeness, accuracy and relevance of disclosures and presentation, including disclosures on assumptions about the future, and other major sources of estimation uncertainty in the consolidated financial statements.

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Independent Auditor's Report

To the Shareholders of Dallah Healthcare Company (Saudi Joint Stock Company) (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Dallah Healthcare Company (Saudi Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1.
KPMG Professional Services

Riyadh on: 29 Sha'ban 1444H
Corresponding to: 21 March 2023

DALLAH HEALTHCARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 December 2022**	31 December 2021
ASSETS			
Non-current assets			
Property and equipment	*6*	**2,847,131,297**	2,767,585,394
Right-of-use assets	*7*	**49,381,970**	29,999,757
Intangible assets and goodwill	*8*	**203,506,316**	195,217,282
Equity-accounted investees	*9*	**209,503,500**	185,909,586
Financial assets at fair value through other comprehensive income	*10*	**306,771,366**	292,125,416
Non-current assets		**3,616,294,449**	3,470,837,435
Current assets			
Inventories	*11*	**255,235,067**	219,200,468
Unbilled revenue		**12,777,015**	12,861,982
Due from related parties	*13*	**7,029,208**	3,397,201
Trade receivables	*14*	**677,075,769**	625,116,646
Prepayments and other current assets	*12*	**114,012,203**	105,616,685
Cash and cash equivalents	*15*	**237,944,913**	208,079,114
Current assets		**1,304,074,175**	1,174,272,096
TOTAL ASSETS		**4,920,368,624**	4,645,109,531
EQUITY AND LIABILITIES			
Equity			
Share capital	*1*	**900,000,000**	900,000,000
Share premium		**61,142,305**	61,142,305
Statutory reserve		**93,614,972**	66,168,590
Retained earnings		**921,067,917**	839,816,644
Fair value reserve		**14,026,152**	(336,969)
Equity attributable to owners of the Company		**1,989,851,346**	1,866,790,570
Non-controlling interests	*16*	**242,234,269**	229,285,247
Total equity		**2,232,085,615**	2,096,075,817
LIABILITIES			
Non-current liabilities			
Long-term murabaha financing	*17*	**1,529,290,588**	1,364,373,860
Long-term lease liabilities	*18*	**26,485,416**	10,742,375
Employee benefits	*19*	**244,431,963**	246,983,115
Long-term payables		**3,307,284**	3,504,423
Non-current liabilities		**1,803,515,251**	1,625,603,773
Current liabilities			
Current portion of long-term murabaha financing	*17*	**226,482,816**	282,989,323
Short-term murabaha financing	*17*	**179,408,781**	219,998,068
Short-term lease liabilities	*18*	**15,826,936**	11,178,732
Short-term retentions		**7,082,991**	15,481,313
Trade payables	*20*	**248,205,952**	222,270,206
Due to related parties	*13*	**1,421,841**	858,010
Accrued expenses and other current liabilities	*21*	**155,238,754**	146,819,426
Dividends payable		**7,755,000**	--
Provision for zakat	*23*	**43,344,687**	23,834,863
Current liabilities		**884,767,758**	923,429,941
Total liabilities		**2,688,283,009**	2,549,033,714
Total equity and liabilities		**4,920,368,624**	4,645,109,531

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 December 2022**	31 December 2021
Revenue	*24*	**2,487,983,135**	2,105,179,107
Cost of sales		**(1,592,881,293)**	(1,344,815,709)
Gross profit		**895,101,842**	760,363,398
Selling and marketing expenses	*25*	**(45,049,031)**	(40,610,042)
General and administrative expenses	*26*	**(429,773,637)**	(374,734,120)
Other income	*27*	**29,955,859**	36,833,815
Impairment loss on trade receivables and other current assets	*12,14*	**(27,793,497)**	(17,104,441)
Operating profit		**422,441,536**	364,748,610
Finance cost		**(70,491,351)**	(41,834,684)
Share of results from equity accounted investees	*9*	**(22,816,063)**	(31,076,117)
Profit before zakat		**329,134,122**	291,837,809
Zakat	*23*	**(33,691,278)**	(16,926,886)
Profit for the year		**295,442,844**	274,910,923
Profit attributable to:			
Owners of the Company		**274,463,823**	258,601,120
Non-controlling interests	*16*	**20,979,021**	16,309,803
		295,442,844	274,910,923
Earnings per share	*28*	**3.05**	2.87

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	31 December 2022	31 December 2021
Profit for the year	**295,442,844**	274,910,923
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Equity investment at fair value through other comprehensive income – net change in fair value	**14,363,121**	55,388
Re-measurement of employees benefit liability *(note 19)*	**13,513,856**	(29,869,589)
Change in actuarial valuation of the employee benefit obligation of equity accounted investment	**444,977**	488,178
Other comprehensive income/(loss) for the year	**28,321,954**	(29,326,023)
Total comprehensive income for the year	**323,764,798**	245,584,900
Total comprehensive income attributable to:		
Owners of the Company	**303,060,776**	229,715,066
Non-controlling interests *(note 16)*	**20,704,022**	15,869,834
	323,764,798	245,584,900

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Retained earnings	Fair value reserve	Total shareholders' equity	Non-controlling interests	Total equity
As at 1 January 2022	**900,000,000**	**61,142,305**	**66,168,590**	**839,816,644**	**(336,969)**	**1,866,790,570**	**229,285,247**	**2,096,075,817**
Profit for the year	--	--	--	**274,463,823**	--	**274,463,823**	**20,979,021**	**295,442,844**
Other comprehensive income for the year	--	--	--	**14,233,832**	**14,363,121**	**28,596,953**	**(274,999)**	**28,321,954**
Total comprehensive income for the year	--	--	--	**288,697,655**	**14,363,121**	**303,060,776**	**20,704,022**	**323,764,798**
Transfer to statutory reserve	--	--	**27,446,382**	**(27,446,382)**	--	--	--	--
Transactions with owners of the Company								
Dividends *(note 22)*	--	--	--	**(180,000,000)**	--	**(180,000,000)**	**(7,755,000)**	**(187,755,000)**
As at 31 December 2022	**900,000,000**	**61,142,305**	**93,614,972**	**921,067,917**	**14,026,152**	**1,989,851,346**	**242,234,269**	**2,232,085,615**
As at 1 January 2021	900,000,000	61,142,305	40,308,478	793,517,078	(392,357)	1,794,575,504	213,454,771	2,008,030,275
Profit for the year	--	--	--	258,601,120	--	258,601,120	16,309,803	274,910,923
Other comprehensive loss for the year	--	--	--	(28,941,442)	55,388	(28,886,054)	(439,969)	(29,326,023)
Total comprehensive income for the year	--	--	--	229,659,678	55,388	229,715,066	15,869,834	245,584,900
Transfer to statutory reserve	--	--	25,860,112	(25,860,112)	--	--	--	--
Transactions with owners of the Company								
Dividends *(note 22)*	--	--	--	(157,500,000)	--	(157,500,000)	--	(157,500,000)
Changes in ownership interests								
Movement in non-controlling interest *(note 16)*	--	--	--	--	--	--	(39,358)	(39,358)
As at 31 December 2021	900,000,000	61,142,305	66,168,590	839,816,644	(336,969)	1,866,790,570	229,285,247	2,096,075,817

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements.

DALLAH HEALTHCARE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		**329,134,122**	291,837,809
Adjustments for			
Depreciation on property and equipment	6	**92,537,276**	91,022,432
Depreciation on right-of-use assets	7	**18,263,466**	17,934,495
Amortization on intangible assets	8	**3,463,464**	6,157,280
Employee benefits charge	19	**34,319,490**	30,441,498
Provision/(reversal) on obsolete and slow-moving inventory	11	**2,660,260**	(1,297,620)
Provision on prepayments and other current assets	12	**21,745,829**	926,211
Dividend income	10	**(3,080,180)**	--
Impairment loss on trade receivables	14	**6,047,668**	17,104,441
Gain on sale of property and equipment	27	**(1,069,374)**	(189,923)
Share of results from equity accounted investees	9	**22,816,063**	31,076,117
Dividends from investments at fair value through profit or loss		**--**	(3,179,850)
Finance cost		**70,491,351**	41,834,684
Changes in operating assets and liabilities:			
Trade receivables		**(58,006,791)**	(62,152,525)
Unbilled revenue		**84,967**	(8,023,050)
Related parties, net		**(3,068,176)**	(9,881,606)
Prepayments and other current assets		**(30,141,347)**	(24,743,268)
Inventories		**(38,694,859)**	(52,210,005)
Trade payables		**25,935,746**	29,245,639
Accrued expenses and other current liabilities		**(5,178,458)**	12,974,799
Short term retentions		**(8,398,322)**	(13,639,163)
Cash generated from operations		**479,862,195**	395,238,395
Zakat paid	23	**(14,181,454)**	(11,144,614)
Employees' benefits paid	19	**(23,549,404)**	(22,544,769)
Net cash generated from operating activities		**442,131,337**	361,549,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	**(172,691,199)**	(115,619,774)
Acquisition of intangible assets	8	**(2,304,277)**	(70,000)
Disposal of property and equipment		**1,677,394**	335,474
Additional capital contribution in equity accounted investees	9	**(46,815,000)**	(21,846,512)
Acquisition of investment at fair value through other comprehensive income	10	**(282,829)**	(291,958,824)
Dividends received from an associate company	9	**850,000**	680,000
Paid for the acquisition of subsidiary - net	8	**(9,448,221)**	--
Dividend proceeds from Investment at fair value through profit or loss		**--**	3,179,850
Dividend received from investments at fair value through other comprehensive income	10	**3,080,180**	--
Net cash used in investing activities		**(225,933,952)**	(425,299,786)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Murabaha financing	17	**724,508,764**	730,728,867
Repayment of Murabaha financing	17	**(656,687,830)**	(378,161,882)
Payment of lease liabilities	18	**(19,077,378)**	(16,629,016)
Dividend paid	22	**(180,000,000)**	(162,500,000)
Long-term payables		**(197,139)**	3,504,423
Finance cost paid		**(54,878,003)**	(35,756,926)
Net cash (used in) / generated from financing activities		**(186,331,586)**	141,185,466
Net increase in cash and cash equivalents		**29,865,799**	77,434,692
Cash and cash equivalents at beginning of the year		**208,079,114**	130,644,422
Cash and cash equivalents at end of the year	15	**237,944,913**	208,079,114
Non-cash transactions			
Zakat charge		**33,691,278**	16,926,886
Addition to right of use assets		**40,492,935**	23,508,130
Addition to lease liabilities		**23,259,119**	21,469,950

The accompanying notes from 1 to 34 form an integral part of these consolidated financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

1. REPORTING ENTITY

Dallah Healthcare Company (the "Company") was a Limited Liability Company, registered in the Kingdom of Saudi Arabia under commercial registration number 1010128530 dated 13 Rabi Al-Akhar 1415H (corresponding to 18 September 1994).

The Company's Board of Directors converted Dallah Healthcare Company as a Saudi Closed Joint Stock Company on 14 Jumada Al-Awwal 1429H (corresponding to 20 May 2008). The Company became a listed Company in the Saudi Capital Market Authority on 04 Safar 1434H (corresponding to 17 December 2012). The Company changed its name from "Dallah Healthcare Holding Company" to "Dallah Healthcare Company" based on the approval of Extraordinary General Assembly held on 16 Safar 1438H (corresponding to 16 November 2016) after completion of all legal formalities.

The objectives of the Company includes to operate, manage and maintain the healthcare entities, wholesale medicines and retail of medical and surgical equipment, prosthetics and devices for the disabled, hospital equipment and manufacturing medicines, pharmaceuticals, herbals, health, cosmetics, detergents, disinfectants and packaging in the Kingdom of Saudi Arabia.

Share Capital
The authorized, issued and paid up share capital of the Company is SR 900 million (31 December 2021: SR 900 million) consisting of 90 million shares of SR 10 each.

The Group has following branches:

Description	Commercial Registration No.	City
Dallah Hospital Al-Nakheel	1010132622	Riyadh
Dallah Pharma Factory (Dallah Pharma Branch)	4030278471	Jeddah
Medicine Warehouse (Dallah Pharma Branch)	2050071905	Dammam
Medicine Warehouse (Dallah Pharma Branch)	1010128997	Riyadh
Medicine Warehouse (Dallah Pharma Branch)	4030140769	Jeddah
Medicine Warehouse (Dallah Pharma Branch)	4030265250	Jeddah

The Company's registered office is located at the following address:
King Fahad Road
Riyadh
Kingdom of Saudi Arabia

2. BASIS OF ACCOUNTING

a) Statement of compliance
These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group').

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) that are endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (herein and after referred to as IFRS as endorsed in KSA).

The preparation of these consolidated financial statements in conformity with the IFRS that are endorsed in KSA requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the consolidated financial statements, are disclosed in note 3 of the consolidated financial statements.

2. BASIS OF ACCOUNTING

b) Basis of preparation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for:

- the employees' end of service benefit obligations which are measured using the projected unit credit method;
- financial assets at fair value through profit of loss which are measured at fair value;
- financial assets at fair value through other comprehensive income which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is also the Group's functional currency.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparation of these consolidated financial statements, management has made judgments and estimates that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Judgements and estimation uncertainties

Information about judgements and estimates that have the most significant effect on the amounts recognised in the financial statement is included in the following notes:

- Revenue recognition	Note 4(n) and 24
- Measurement of Expected credit loss (ECL) allowance	Note 4(f) and 14
- Useful life of property and equipment and intangible assets	Note 4(b), (c) 6 and 8
- Measurement of employee benefits: key actuarial assumptions	Note 4(j) and 19
- Zakat	Note 4(m) and 23
- Goodwill on acquisition of subsidiary and impairment thereon	Note 4(a) and 8
- Equity accounted investees: whether group has significant influence over an investee	Note 4(a)(v) and 9
- Leases	Note 4(w) and 7
- Provisions	Note 4(k)

a) Revenue recognition

The application of IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligations

The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its agreements with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims rejection or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Transfer of control in contracts with customers

In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognized when services are provided or control over the assets that is subject of contract is transferred to the patients.

3. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

b) Measurement of Expected credit loss (ECL) allowance

For accounts receivables, the Group applies the simplified approach. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from published default rates and historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

c) Useful lives of property and equipment and intangible assets

Property and equipment

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

Intangible assets

Management reviews the amortization period and the amortization method for any intangible asset with a finite useful life at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the Group changes the amortization period accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the Group changes the amortization method to reflect the changed pattern.

d) Measurement of employee benefits: key actuarial assumptions

The cost of the employees' end-of-service benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate.

e) Zakat

The Group is subject to Zakat in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. Zakat computation involves relevant knowledge and judgement of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Group retains exposure to additional Zakat liability.

3. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

f) Goodwill on acquisition of subsidiary and impairment thereon

An impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Key assumptions used in value-in-use calculations:

The calculation of value-in-use are most sensitive to the following assumptions:

- Discount rate
- Terminal growth rate

Discount rate
Discount rate represents the current market assessment of the risks specific to each cash generating unit and calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and shareholders' equity. The cost of shareholders' equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings of the Group is obliged to service and segment-specific risk is incorporated.

Terminal value growth rate
The growth rate used does not exceed the long term average growth rates of the entity.

(All amounts in Saudi Riyals unless otherwise stated)

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied significant accounting policies to all the periods presented in these consolidated financial statements.

a) Basis of consolidation

The subsidiary companies (referred to as the "Subsidiaries") incorporated into these consolidated financial statements are as follows:

	Share in equity%				
Name of subsidiaries	**31 December 2022**	31 December 2021	**Country of operation and commercial register**	**Principal activity as per commercial registration**	**Capital (SR)**
Dallah Pharma Company LLC	**100%**	100%	Kingdom of Saudi Arabia, commercial registration No.1010410613	Pharmaceutical, herbal & cosmetic distribution & manufacturing.	**4,000,000**
Afyaa Al-Nakheel for Supporting Services Company LLC	**100%**	100%	Kingdom of Saudi Arabia, commercial registration No.1010404576	Provide manpower & Support services to hospitals and medical centres.	**50,000**
Dallah Namar Hospital Health Company LLC	**100%**	100%	Kingdom of Saudi Arabia, commercial registration No.1010495218	Operating, managing, equipping and developing hospitals and healthcare facilities, medical polyclinics.	**5,000,000**
Dallah Medical Care Company	**100%**	-	Kingdom of Saudi Arabia, Commercial Registration No. 1010189420	Providing of medical services – Medical Clinic	**100,000**
Care Shield Holding Company (Closed Joint Stock Company)**	**58.64%**	58.64%	Kingdom of Saudi Arabia, commercial registration No.1010379441	Managing private hospitals, medical and diagnostic centers, and an analytical laboratory, providing medical services, purchasing lands to build buildings on, and investing these buildings by sale or rent for the benefit of the Company.	**125,000,000**
Makkah Medical Center Company (Closed Joint Stock Company)	**90.87%**	89.36%	Kingdom of Saudi Arabia, commercial registration No. 4031021286	Practicing the activity of public hospitals	**120,080,000**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

** Care Shield Holding Company consolidated financial statements include the Company and the following subsidiaries:

	Subsidiaries	Care Shield Holding Company ownership %
1.	Medical Services Projects Company ("MSPC")	100%
2.	Consulting Clinics Center Company Limited ("CC")	100%
3.	Modern Clinics Pharmacy Company Limited ("MCP")	100%

i) Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is remeasured at fair value at each reporting date with the changes in fair value recognized in consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

ii) Subsidiaries

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 investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of consolidation (continued)

ii) Subsidiaries (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over the entity and ceases when the Group loses control of the entity. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the entity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Significant accounting policies have been applied consistently throughout the Group.

iii) Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses and cash flows relating to transactions arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is measured at its cost value. Cost includes expenditure that are directly attributable to the acquisition of the asset including the cost of purchase and any other costs directly attributable to bringing the assets to a working condition for their intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the assets is included in the profit or loss when the asset is derecognized.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Property and equipment (continued)

The cost of replacing part of an item of operating fixed assets is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of operating fixed assets are recognized as repair and maintenance in the profit or loss as incurred.

Asset under construction is carried at cost less impairment losses, if any.

Depreciation
Depreciation is calculated to write off the cost of property and equipment and is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Depreciation of an asset begins when it is available for use.

The estimated useful lives of different item of property and equipment for current and comparative period are as follows:

	Number of years
Buildings	10-55
Leasehold improvements	Shorter of estimated useful life (5) or lease term
Machinery and equipment	3-10
Medical equipment	4-10
Furniture and fixtures	5-10
Vehicles	4

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

c) Intangible assets and goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets include licenses held for use in the normal course of the business. Intangible assets except goodwill are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the software and licenses. The useful life of an intangible asset with a definite life is reviewed regularly to determine whether there is any indication that its current life assessment continues to be supportable. If not, the change in the useful life assessment is made on a prospective basis.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value at the acquisition date.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the consolidated statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with definite useful lives
The period and method of amortization of intangible assets with finite lives are reviewed at the end of each financial period. Changes in the expected useful life or expected manner of amortization of the future economic benefits inherent in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Intangible assets and goodwill (continued)

Intangible assets with definite useful lives (continued)
Amortization is calculated to write off the cost of intangible assets less their residual values using the straight line method over their estimated useful lives and is generally recognised in profit or loss.

Amortization expense for intangible assets with finite lives is recognized in profit or loss and is included in the expense category that is consistent with the intangible asset's function.

The estimated useful life of intangible assets for current and comparative period are as follows:

	Number of years
Licenses and brand	30
Programs	5

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are not amortized but are tested to ensure that there is no impairment in value annually, either individually or at the level of the cash-generating unit. The indefinite age assessment is reviewed annually to determine whether indefinite ages are still possible. If not, the useful life is changed from indefinite to specific on a future basis.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value comprises estimated selling price in the ordinary course of business, less further appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective inventories.

e) Unbilled revenue and contract liabilities

Contract asset represents the gross unbilled amount expected to be collected from customers for the services performed to date. Unbilled revenue is presented separately in the consolidated statement of financial position for all services but not billed at the reporting date. The unbilled revenue are transferred to receivables when the rights to bill the invoice to customers become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities relate to advance consideration received from customers for performance obligation to be satisfied.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments

Financial instruments comprise of financial assets and financial liabilities. A financial asset is any contract that gives rise to a financial asset of an entity and financial liability or an equity instrument of another entity.

i) Recognition and initial measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not on Fair Value through Profit or Loss ("FVTPL"), transaction cost that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group measures its financial liabilities at amortized cost.

ii) Classification and subsequent measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

ii) Classification and subsequent measurement of financial assets and financial liabilities

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level a because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss. The Group has no such assets.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss. The Group has designated financial assets under this category.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement profit or loss. The Group has no such investments.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Group has designated financial assets under this category. (Refer note 10)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in the statement profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement profit or loss. Any gain or loss on derecognition is also recognised in the consolidated statement profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

iii) Derecogition

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfer assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when it terms are modified
and cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement profit or loss.

Interest rate benchmark reform
When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

iv) Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Impairment
The Group recognises loss allowance for ECL's on financial assets measured at amortised cost and unbilled revenue. The Group measure loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, and are accordingly measured as 12-month ECLs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when:
- The customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 2 years past due.

Measurement of ECLs
ECLs are the probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets *(refer note 14.1)*.

Write-off
The gross carrying amount of financial asset is written off when the Group has no reasonable expectation of recovering of financial asset in its entirety or portion thereof. For individual customers, the Group individually make an assessment with respect to timing and amount of write-off based on whether there is a reasonable expectation of recovery *(refer note 14.1)*.

g) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment as required by IAS 36, Impairment of Assets. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its Cash-Generating Unit exceeds its recoverable amount.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the Cash-Generating Unit to which the asset belongs. Impairment losses are recognised in the profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment of non-financial assets (continued)

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three month or less, which are available to the Group without any restrictions.

i) Borrowing costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to the profit or loss.

j) Provision for employees' end of service benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as per the Group's grading system policy. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. *Defined benefits plan*

The Group operates an unfunded gratuity scheme for all of its employees in accordance with the requirements of Saudi Labor Law. The Group's net obligation in respect of defined benefits plan is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. Re-measurements of the net defined benefit liability, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to the consolidated statement of profit or loss in subsequent periods.

The Group recognises the following changes in the defined benefits obligation under 'cost of revenue' and 'general and administrative expenses' in the profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method. The most recent actuarial valuation has been carried on 31 December 2022.

iii. Other long term employee benefits

The Group obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Remeasurements are recognised in the consolidated statement of profit or loss in the period in which they arise.

k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in the profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Fair value measurement

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 to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

If an asset or liability measured at fair value has a bid price and ask price, then the group measures assets and long positions at bid price and liabilities and short position at an ask price.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

At each reporting date, management of the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

m) Zakat and value added tax (VAT)

The Company and its subsidiaries are subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax And Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia which is subject to interpretations. Zakat is recognized in the consolidated statement of profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

The Group's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulation is subject to interpretation.

<u>Value added tax</u>

The Company is subject to a VAT on a monthly basis. It is paid and settled through the monthly statements submitted by the Company to the ZATCA.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Revenue from contract with customers

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15- Revenue from Contracts with Customers.

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised at point in time when services are rendered to its customers from the provision of outpatient medical services. For the provision of inpatient medical services, revenue is recognised over time. For sale of pharmaceutical products, Revenue is recognised at point in time when goods are delivered and have been accepted by the customers at their premises.

The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset or receive services and the entity satisfies the performance obligations. The Group considers the below mentioned indicators to assess the transfer of control of the promised service:

- the Group has a present right to payment for the asset or service.
- the customer has legal title to the asset or has consumed the service.
- the Group has transferred physical possession of the asset.
- the customer has the significant risks and rewards of ownership of the asset.
- the customer has accepted the asset or service.

Operating revenue
Revenues are measured at the transaction price which is the amount of consideration that the Group expects to be entitled to in exchange for the services provided. Revenue primarily comprises fees charged for inpatient and outpatient hospital services. For operating revenues, the revenue is recognized when the treatment is provided, and the invoice is generated (i.e. after satisfaction of performance obligation). Net patient services revenue is recognised at the estimated net realisable amounts from the third-party payers (insurance companies) and others for the services rendered, net of estimated retroactive revenue adjustments (rejection of claims) when the related services are rendered.

Some contracts include variable considerations such as claims disallowed (rejection of claims) which is not paid by third-party payer, volume discount and prompt payment discount. Discounts comprise retrospective volume discounts granted to certain insurance companies on attainment of certain levels of business and constitute variable consideration. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue at the end of the arrangement to reflect actual volumes. The normal business process associated with transactions with insurers includes amount of claims disallowed (disallowance provision) which is not paid by the insurer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Revenue from contract with customers (continued)

Operating revenue (continued)

These disallowed claims could be for various technical or medical reasons. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. These disallowances constitute a variable consideration and are assessed based on all information (historical, current and forecast) that is reasonably available to the Group and identify a reasonable number of possible consideration amounts.

Sale of goods

Sales of goods represents the invoiced value of medicines and drugs supplied by the Group. The Group's contracts with customers for the sale of medicines and drugs generally include one performance obligation. Revenue from sale of medicines and drugs is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery/dispensing of the medicines and drugs.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend

Dividend income from investments is recognized when the shareholders right to receive payment has been established.

o) Cost of sales and general and administrative expenses

Cost of sales includes those expenses that are directly or indirectly attributable to the sale of goods or patient related services. All expenses, excluding cost of sales and financial cost are classified as general and administrative expenses. Allocations of common expenses between costs of sales and general and administrative expenses, when required, are made on a consistent basis. .

p) Selling and marketing expenses

Represent expenses resulting from the Group's management efforts with regard to the marketing function or the selling and distribution function. Selling and marketing expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between selling and marketing expenses, general and marketing expenses and costs of sales, when required, are made on a consistent basis.

q) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income and expense. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Non monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as a financial liability;

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

s) Equity accounted investees

Equity accounted investee only includes an associates over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established

The consolidated statement of profit or loss reflects the Group's share in results of the associate. Any change in consolidated statement of comprehensive income of those investees is presented as part of the Group's consolidated statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in shareholders' equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share in results of associate is shown separately on the face of the consolidated statement of profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Equity accounted investees (continued)

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss as part of 'Share in results of associate in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Chief Operating Decision Maker "CODM" to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

v) Statutory reserves

In accordance with Company's Articles of Association, the Company has established a statutory reserve by the appropriation of 10% of profit for the year until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

w) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Leases (continued)

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Right-of-use assets
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Group has presented separately the right-of-use assets and the lease liabilities in the consolidated statement of financial position.

(All amounts in Saudi Riyals unless otherwise stated)

5. NEW STANDARDS OR AMENDMENTS FOR 2022 AND FORTHCOMING REQUIREMENTS

There are recent changes to Accounting Standards that Group applied for annual period beginning on 01 January 2022 that are available for early adoption in annual periods beginning on 01 January 2022. However, these does not have a significant impact on Group as are listed below:

Effective date	**New standards or amendments**
1 January 2022	*Onerous contracts – Cost of fulfilling a Contract – Amendments to IAS 37* - *Annual Improvements to IFRS standards 2018-2020* - *Property, plant and equipment: Proceeds before intended use – Amendments to IAS 16* - *Reference to the Conceptual Framework (Amendments to IFRS 3)*

The following standards and amendments issued but effective for the periods beginning after 1 January 2023 are listed below. The Company has not early adopted these standards and amendments. These are not expected to have a significant impact on the Group's consolidated financial statements:

Effective date	**Title**
1 January 2023	*Classification of Liabilities as Current or Non-current Amendments to IAS 1*
	IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
	Definition of Accounting Estimate – Amendments to IAS 8
	Deferred Tax related to Assets and Liabilities arising from a single Transaction – Amendments to IAS 12
1 January 2024	*Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*

(All amounts in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold Improvements	Machinery and Equipment	Medical Equipment	Furniture and Fixtures	Vehicles	Construction Work in Progress	Total
Cost:									
As at 1 January 2021	833,502,199	1,710,847,472	79,269,378	176,927,311	600,288,848	42,832,357	10,003,557	94,630,890	3,548,302,012
Additions	--	11,150,583	6,045,880	5,679,989	64,827,897	4,157,171	1,337,033	22,421,221	115,619,774
Disposals	--	--	--	(1,917,462)	(19,154,413)	(185,017)	--	–	(21,256,892)
As at 31 December 2021	**833,502,199**	**1,721,998,055**	**85,315,258**	**180,689,838**	**645,962,332**	**46,804,511**	**11,340,590**	**117,052,111**	**3,642,664,894**
Additions	–	**726,465**	**3,523,374**	**10,645,885**	**54,406,387**	**5,680,008**	**956,173**	**96,752,907**	**172,691,199**
Disposals	–	**(1,035,279)**	**(128,216)**	**(147,271)**	**(11,539,431)**	**(269,150)**	**(86,278)**	-	**(13,205,625)**
Transfer	--	**4,386,224**	--	--	--	--	--	**(4,386,224)**	–
As at 31 December 2022	**833,502,199**	**1,726,075,465**	**88,710,416**	**191,188,452**	**688,829,288**	**52,215,369**	**12,210,485**	**209,418,794**	**3,802,150,468**
Accumulated Depreciation:									
As at 1 January 2021	--	269,354,332	69,360,135	77,187,218	360,108,570	20,828,350	8,329,804	–	805,168,409
Charge for the year	--	30,175,659	2,183,754	11,736,765	42,600,176	3,892,880	433,198	–	91,022,432
Disposals	--	--	--	(1,917,462)	(19,013,169)	(180,710)	--	--	(21,111,341)
As at 31 December 2021	--	**299,529,991**	**71,543,889**	**87,006,521**	**383,695,577**	**24,540,520**	**8,763,002**	--	**875,079,500**
Charge for the year	--	**31,515,361**	**1,708,174**	**11,645,178**	**43,162,497**	**3,997,228**	**508,838**	--	**92,537,276**
Disposals	--	**(841,902)**	--	**(146,392)**	**(11,331,773)**	**(63,324)**	**(214,214)**	--	**(12,597,605)**
As at 31 December 2022	--	**330,203,450**	**73,252,063**	**98,505,307**	**415,526,301**	**28,474,424**	**9,057,626**	--	**955,019,171**
Net book value:									
As at 31 December 2022	**833,502,199**	**1,395,872,015**	**15,458,353**	**92,683,145**	**273,302,987**	**23,740,945**	**3,152,859**	**209,418,794**	**2,847,131,297**
As at 31 December 2021	833,502,199	1,422,468,064	13,771,369	93,683,317	262,266,755	22,263,991	2,577,588	117,052,111	2,767,585,394

All amounts are presented in Saudi riyals unless otherwise indicated

6. PROPERTY AND EQUIPMENT (CONTINUED)

6.1 The allocation of depreciation expense is as follows:

	2022	2021
Cost of sales	**88,346,474**	86,471,310
General and administrative expenses	**4,190,802**	4,551,122
	92,537,276	91,022,432

6.2 Asset under construction

As at 31 December 2022, Capital work in process includes construction related to the expansion of Dallah Hospital Al-Nakheel amounting to SR 58.3 million, Dallah Namar Hospital Health Company amounting to SR 3.6 million and SR 28 million related to Care-shield Holding Company (31 December 2021: SR 117 million).

7. RIGHT-OF-USE ASSETS

	31 December 2022	31 December 2021
Cost:		
Balance at the beginning of the year	**63,982,850**	51,243,157
Additions to right of use assets	**40,492,935**	21,469,950
Adjustment	**--**	2,038,180
De-recognition of right of use assets	**(18,803,046)**	(10,768,437)
Balance at end of the year	**85,672,739**	63,982,850
Accumulated Depreciation:		
Balance at beginning of the year	**33,983,093**	26,587,101
Depreciation charge for the year	**18,263,466**	17,934,495
De-recognition of right of use assets	**(15,955,790)**	(10,538,503)
Balance at end of the year	**36,290,769**	33,983,093
Net book value:		
As at 31 December 2022	**49,381,970**	29,999,757

Right-of-use assets include rentals for buildings for workers' accommodation. The rentals run for an average lease term of up to 3-4 years and lease payments are fixed.

7.1 The allocation of right of use depreciation expense is as follows:

	2022	2021
Cost of sales	**17,350,293**	17,037,770
General and administrative expenses	**913,173**	896,725
	18,263,466	17,934,495

All amounts are presented in Saudi riyals unless otherwise indicated

8. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Manufacturing licenses	Product licenses	Brand	License	Programs	Total
Cost:							
At 1 January 2022	109,915,614	10,648,000	11,505,000	30,900,000	49,100,000	402,450	212,471,064
Additions	--	--	--	--	--	2,304,277	2,304,277
Acquisition of Business (note 8.1)	9,448,221	--	--	--	--	--	9,448,221
Write off during the year	(5,091,000)						(5,091,000)
As at 31 December 2022	**114,272,835**	**10,648,000**	**11,505,000**	**30,900,000**	**49,100,000**	**2,706,727**	**219,132,562**
Amortization and Impairment:							
At 1 January 2022	5,091,000	4,529,600	4,701,000	1,132,083	1,739,583	60,516	17,253,782
Charge for the year	--	**254,932**	**283,500**	**1,029,996**	**1,782,977**	**112,059**	**3,463,464**
Write off during the year	**(5,091,000)**	--	--	--	--	--	**(5,091,000)**
As at 31 December 2022	--	**4,784,532**	**4,984,500**	**2,162,079**	**3,522,560**	**172,575**	**15,626,246**
Net book value:							
As at 31 December 2022	**114,272,835**	**5,863,468**	**6,520,500**	**28,737,921**	**45,577,440**	**2,534,152**	**203,506,316**

	Goodwill	Manufacturing licenses	Product licenses	Brands	License	Programs	Total
Cost:							
At 1 January 2021	109,915,614	10,648,000	11,505,000	30,900,000	49,100,000	332,450	212,401,064
Additions	--	--	--	--	--	70,000	70,000
As at 31 December 2021	109,915,614	10,648,000	11,505,000	30,900,000	49,100,000	402,450	212,471,064
Amortization and Impairment:							
At 1 January 2021	5,091,000	3,000,000	3,000,000	--	--	5,502	11,096,502
Charge for the year	--	1,529,600	1,701,000	1,132,083	1,739,583	55,014	6,157,280
As at 31 December 2021	**5,091,000**	**4,529,600**	**4,701,000**	**1,132,083**	**1,739,583**	**60,516**	**17,253,782**
Net book value:							
As at 31 December 2021	104,824,614	6,118,400	6,804,000	29,767,917	47,360,417	341,934	195,217,282

Amortization of intangible assets is allocated to general and administrative expenses.

All amounts are presented in Saudi riyals unless otherwise indicated

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

8.1 Goodwill on acquisition of Dallah Medical Care Company ("DMCC")

On 12 Ramadan 1443H (corresponding to 13 April 2022), the Company signed a final agreement to acquire the business of Dallah Medical Care Company for SR 12 million, representing 100% of its shares. Acquisition accounting of DMCC is finalized during the measurement period which resulted in goodwill amounting to SR 9.44 million recognized in these consolidated financial statements. At reporting date, The Group conducted a detailed assessment of the fair values of the assets, liabilities and customer listing acquired. Clinic is now operating under the brand name of Dallah Healthcare.

	31 December 2022
Consideration paid at the time of acquisition	12,000,000
Net assets acquired at acquisition date *(refer "a" below)*	(2,551,779)
Goodwill initially recognized	9,448,221

a) Identifiable assets acquired and liabilities assumed: Dallah Medical Care Company
The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	13 April 2022
Property and equipment	3,838,302
Right of use assets	13,181,918
Intangibles	4,006,130
Inventories	158,167
Trade receivables and unbilled revenue	352,921
Cash and cash equivalents	39,987
Due to related parties	(2,943,658)
Trade payables	(2,050,499)
Employee benefits	(231,068)
Lease liabilities	(13,181,918)
Accrued expenses	(618,503)
Total identifiable net assets acquired at acquisition date	2,551,779
Dallah Healthcare Company Share (100%)	2,551,779

All amounts are presented in Saudi riyals unless otherwise indicated

8. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

8.2 The Group separately tests goodwill for impairment. The recoverable amount has been determined based on value-in-use, using discounted cash flows. The cash flow projections are based on approved budget.

The recoverable amount of the Cash Generating Unit ("CGU") as at 31 December 2022 has been determined based on a value-in-use calculation using cash flow projections from financial budgets covering a five years period, using a discount rate of 7.9% and a terminal value growth rate of 2%. The recoverable amount was estimated to be higher than its carrying amount therefore, no impairment loss was recognized.

9. EQUITY ACCOUNTED INVESTEES

Equity accounted investee comprises as follows:

	Classification	**Ownership interest in equity as at 31 December 2022**	**Ownership interest in equity as at 31 December 2021**	**Country of operation and principle place of business**	**31 December 2022**	31 December 2021
Dr. Mohammed Rashid Al-Faqih Company	**Associate**	**31.21%**	31.21%	Kingdom of Saudi Arabia	**106,694,806**	95,403,018
Meraas Arabia Medical Holding Company**	**Associate**	**17%**	17%	Kingdom of Saudi Arabia	**42,967,100**	39,903,721
MEFIC Private Equity Opportunities Fund 3	**Associate**	**41.6%**	41.6%	Kingdom of Saudi Arabia	**59,841,594**	50,602,847
					209,503,500	185,909,586

** The total holding percentage direct and indirect ownership of Dallah Healthcare Company in Meras Arabia Medical Holding Company is 35%. The investment is equity accounted as the Group has significant influence due to common directorship.

All amounts are presented in Saudi riyals unless otherwise indicated

9. EQUITY ACCOUNTED INVESTEES (CONTINUED)

i) Dr. Mohammed Rashid Al-Faqih Company

The principal activity of Dr. Mohammed Rashid Al-Faqih Company is to own, operate and maintain the hospitals and health centres. Dr. Mohammed Rashid Al-Faqih Company owns a hospital in eastern Riyadh City under the name of Dr. Muhammad Al-Faqih Hospital. The hospital has a capacity of 308 beds. Management expects losses during the first two years as a result of the start-up costs.

The movement in equity-accounted investment is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**95,403,018**	119,447,616
Group's share of loss	**(35,681,464)**	(45,985,053)
Additional capital contribution	**46,815,000**	21,846,512
Group's share of other comprehensive income	**158,252**	93,943
Balance at the end of the year	**106,694,806**	95,403,018

The financial information of the associate is summarized as follows:

	31 December 2022	31 December 2021
Current assets	**202,371,960**	94,214,812
Non-current assets	**758,635,294**	779,944,533
Current liabilities	**99,180,402**	107,580,993
Non-current liabilities	**564,342,501**	505,274,034
Loss for the year	**(114,323,659)**	(147,340,767)
Other comprehensive income	**507,055**	301,002
Equity	**297,484,351**	261,304,318

	31 December 2022	31 December 2021
Net assets	**297,484,351**	261,304,318
Percentage ownership with the group	**31.21%**	31.21%
Ownership of net assets with the group	**92,844,866**	81,553,078
Goodwill	**13,849,940**	13,849,940
Carrying amount of interest in associate	**106,694,806**	95,403,018

ii) Meraas Arabia Medical Holding Company

The Company holds 17% in Meraas Arabia Medical Holding Company (Meraas) and has significant influence because of the meaningful presentation on the board of the investee.

The movement in equity-accounted investment is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**39,903,721**	37,564,043
Group's share of profit	**3,626,654**	2,625,443
Group share of result from comprehensive income	**286,725**	394,235
Dividends received	**(850,000)**	(680,000)
Balance at the end of the year	**42,967,100**	39,903,721

All amounts are presented in Saudi riyals unless otherwise indicated

9. EQUITY ACCOUNTED INVESTEES (CONTINUED)

ii) Meraas Arabia Medical Holding Company (continued)

The financial information of the associate is summarized as follows:

	31 December 2022	31 December 2021
Current assets	**45,473,534**	30,022,621
Non-current assets	**128,510,994**	127,488,408
Current liabilities	**45,877,694**	65,053,687
Non-current liabilities	**46,407,674**	29,588,128
Profit for the year	**20,300,375**	15,443,784
Other comprehensive income	**2,132,231**	20,081,848
Equity	**80,889,090**	62,869,214

	31 December 2022	31 December 2021
Net assets	**80,889,090**	62,869,214
Percentage ownership with the group	**17%**	17%
Ownership of net assets with the group	**13,751,145**	10,687,766
Goodwill	**29,215,955**	29,215,955
Carrying amount of interest in associate	**42,967,100**	39,903,721

iii) MEFIC Private Equity Opportunities Fund 3

As of 07 Jamada Al Akhirah 1444H (corresponding to 31 December 2022) the Group owns 41.6% (31 December 2021: 41.6%) of the units of the MEFIC Private Equity Opportunities Fund 3, the objective of the fund is to achieve a high return on capital in the long term and to invest in the health sector.

The movement in equity-accounted investment is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**50,602,847**	38,319,354
Group's share of profit	**9,238,747**	12,283,493
Balance at the end of the year	**59,841,594**	50,602,847

As at reporting date, the fair value of per unit of MEFIC Private Equity Opportunities Fund 3 is SR 2,564.24 and Company has invested 23,337 Units which represents 41.6% residual interest in the fund.

The financial information of the associate is summarized as follows:

	31 December 2022	31 December 2021
Total assets	**149,491,881**	124,466,183
Total liabilities	**5,474,077**	4,180,400
Net Assets Value	**144,017,804**	120,285,783
Profit for the year	**22,208,531**	29,527,627

All amounts are presented in Saudi riyals unless otherwise indicated

10. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Country	% of Total Investment (Fair Value)	Cost as at 31 December 2022	Fair Value as at 31 December 2022
Unquoted:				
Jordanian Pharmaceutical Manufacturing Company	Jordan	**0.4%**	**503,561**	**121,158**
International Medical Centre Company	Kingdom of Saudi Arabia	**8.2%**	**291,958,824**	**306,289,223**
Quoted:				
Al Nahdi Medical Company	Kingdom of Saudi Arabia	**0.002%**	**282,829**	**360,985**
			292,745,214	**306,771,366**

	Country	% of Total Investment (Fair Value)	Cost as at 31 December 2021	Fair Value as at 31 December 2021
Unquoted:				
Jordanian Pharmaceutical Manufacturing Company	Jordan	0.4%	503,561	166,592
International Medical Centre Company	Kingdom of Saudi Arabia	8.2%	291,958,824	291,958,824
			292,462,385	292,125,416

The investment has been recorded at Fair Value through Other Comprehensive Income as the Group intends to hold for long term for strategic purpose.

Dividend recognized during the year 2022 amounting to SR 3.08 million (31 December 2021: SR 3.18 million)

11. INVENTORIES

	31 December 2022	31 December 2021
Medical supplies and pharmaceutical items	**258,831,412**	220,136,553
Provision for obsolete and slow-moving inventory	**(3,596,345)**	(936,085)
	255,235,067	219,200,468

11.1 Movement in the provision of obsolete and slow-moving inventory during the year is as follows:

	31 December 2022	31 December 2021
Balance at beginning of the year	**936,085**	2,769,613
Charge for the year	**2,660,260**	--
Reversal made during the year	--	(1,297,620)
Written-off during the year	--	(535,908)
Balance at the end of the year	**3,596,345**	936,085

All amounts are presented in Saudi riyals unless otherwise indicated

12. PREPAYMENT AND OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
Advances to suppliers	**66,949,480**	64,452,633
Prepayments	**45,818,578**	23,472,018
Employees' related loans	**9,457,835**	9,205,584
Letter of guarantee margin	**2,487,875**	2,487,874
Human resources development fund	**1,511,373**	1,119,802
Rental receivable	**2,587,758**	1,438,866
Others	**18,717,904**	20,035,532
	147,530,803	122,212,309
Less: Provision	**(33,518,600)**	(16,595,624)
	114,012,203	105,616,685

The summary for the movement of provision:

	For the year ended 31 December 2022	2021
Balance at beginning of the year	**16,595,624**	16,264,000
Charge for the year	**21,745,829**	926,211
Written off during the year	**(4,822,853)**	(594,587)
Balance at the end of the year	**33,518,600**	16,595,624

13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the Group comprise of key management personnel and associates where shareholders or the Group have control or significant influence. The Group and its related parties transact with each other as per mutually agreed terms. The related party transactions which are not disclosed in below note are disclosed elsewhere in these consolidated financial statements.

Name of related parties:	**Relationship:**
Dallah Al-Barakah Holding	Ultimate Parent Company
Dr Mohammed Rashid Al-Faqih Company	Associate
Meraas Arabia Medical Holding Company	Associate
Al-Mashfa Medical	Close family member
Adaptive TechSoft	Owned partially by shareholder
Jazira Capital	Other / common Directorship
Growth Path Investment Company - Mahara	Owned by a Shareholder of one subsidiary
Joud Al Hala	Other / common Directorship
MEFIC Private Equity Opportunities Fund 3	Associate
Jarir Marketing Company	Other / common Directorship
Iqraa Media	Other / common Directorship
Dallah Trading Company	Other / common Directorship
Dareen Travel Agency	Owned partially by shareholder
Eng. Tarek Alkasabi	Chairman of Board
Eng. Khalid Al-Faqih	Close family member
Others	Others

All amounts are presented in Saudi riyals unless otherwise indicated

13. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

a) Other related party transactions:

The significant transactions with related party is as follow:

Related parties	**Nature of transactions**	**Amounts of transactions**	
		2022	2021
Key management employees	Salaries and bonuses for Groups executive directors	**11,111,053**	9,802,374
Dareen Travel Agency	Travel tickets	**7,555,041**	5,175,664
Growth Path Investment Company - (Maharah)	Recruitment services	**6,042,019**	--
Adaptive TechSoft	Technical Support	**3,557,577**	948,131
Engineer Khalid Al-Faqih	Engineering consulting	**3,495,343**	2,184,289
Dr. Mohammed Rashid Al-Faqih Company	Technical Support and Medicines sales	**2,998,605**	1,508,622
Meraas Arabia Medical	Medical Services	**1,870,935**	--
Holding Company	Dividend received	**850,000**	680,000
AL Mashfa Medical	Medical services	**1,811,720**	465,473
Joud AL Hala	Rent payments	**378,494**	--
Eng. Tarek Alkasabi	Management consulting	**1,147,596**	1,600,259
Dallah Al-Barakah Holding	Medical services	**352,593**	959,033
Jazira Capital	Consultation	**200,000**	--
Iqraa Media	Media and advertising services	**182,812**	--
Dallah Trading Co.	Air conditioning and spare parts	**25,163**	--
Jarir Marketing Co.	Office supplies and stationary	**7,220**	465,473

i) Remuneration of the key management personnel and Board of Directors' remuneration and allowance:

	For the year ended 31 December	
	2022	2021
Salaries and bonuses for Group's Executive Directors	**11,111,053**	9,802,374
Long term benefits	**5,325,841**	4,941,013
Board of Directors' and related committee remuneration	**3,369,000**	3,402,408

***ii)* Due from related parties**

	31 December 2022	31 December 2021
Dr Mohammed Rashid Al-Faqih Company	**5,750,770**	2,766,839
Al-Mashfa Medical	**707,455**	328,014
Meraas Arabia Medical Holding Company	**186,867**	--
Dallah Al-Barakah Holding	**299,221**	302,348
Joud Al Hala	**84,895**	—
	7,029,208	3,397,201

***iii)* Due to related parties**

	31 December 2022	31 December 2021
Adaptive TechSoft	**209,094**	20,700
Dareen Travel Agency	**220,279**	814,020
Growth Path Investment Company - Mahara	**988,053**	--
Others	**4,415**	23,290
	1,421,841	858,010

All amounts are presented in Saudi riyals unless otherwise indicated

14. TRADE RECEIVABLES

	31 December 2022	31 December 2021
Trade receivables	**846,792,527**	756,682,043
Refund liability	**(98,094,564)**	(55,942,319)
Net trade receivables	**748,697,963**	700,739,724
Impairment loss allowance *(note 14.1)*	**(71,622,194)**	(75,623,078)
	677,075,769	625,116,646

14.1 Movement in the allowance for impairment in respect of trade receivables during the year is as follows.

	31 December 2022	31 December 2021
Balance at the beginning of the year	**75,623,078**	62,233,775
Charge for the year	**6,047,668**	17,104,441
Written-off during the year	**(10,048,552)**	(3,715,138)
Balance at the end of the year	**71,622,194**	75,623,078

All of the above Group's trade receivables have been reviewed for indicators of impairment.

15. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash at banks – current accounts *(note 15.1)*	**236,453,723**	206,571,961
Cash in hand	**1,491,190**	1,507,153
	237,944,913	208,079,114

15.1 This represents cash held in current accounts with banks operating in the Kingdom of Saudi Arabia.

16. NON-CONTROLLING INTERESTS

The following is a statement of the movement in the non-controlling interests of the subsidiaries:

	Care Shield Holding Company	**Makkah Medical Centre Company**	**31 December 2022**
Balance at 01 January 2022	**203,425,007**	**25,860,240**	**229,285,247**
Dividend related to non-controlling interest	**(7,755,000)**	**--**	**(7,755,000)**
Share of net profit for the year	**21,138,397**	**(159,376)**	**20,979,021**
Share of other comprehensive loss/profit	**(430,440)**	**155,441**	**(274,999)**
Balance at 31 December 2022	**216,377,964**	**25,856,305**	**242,234,269**

	Care Shield Holding Company	Makkah Medical Center Company	31 December 2021
Balance at 01 January 2021	187,472,295	25,982,476	213,454,771
Movement in non-controlling interest	(39,358)	--	(39,358)
Share of net profit for the year	16,248,745	61,058	16,309,803
Share of other comprehensive loss	(256,675)	(183,294)	(439,969)
Balance at 31 December 2021	203,425,007	25,860,240	229,285,247

All amounts are presented in Saudi riyals unless otherwise indicated

16. NON-CONTROLLING INTERESTS (CONTINUED)

a) The following table summarises the information relating to the Group's subsidiary (Care Shield Holding Company) that has material non-controlling interests (NCI), before any intra group eliminations. Summarized statements of financial position of Care Shield Holding Company:

	2022	2021
Non-current assets	**259,261,719**	225,919,813
Current assets	**261,382,755**	211,851,804
Non-current liabilities	**(123,329,661)**	(128,070,678)
Current liabilities	**(126,285,943)**	(71,030,379)
Net assets	**271,028,870**	238,670,560

Summarized statements of profit or loss and statement of comprehensive income for the year ended 31 December 2022:

	2022	2021
Revenue	**370,270,155**	**327,620,598**
Net profit for the year	**51,108,310**	**39,286,133**
Other comprehensive loss for the year	**(1,040,716)**	**(620,587)**
Total comprehensive income for the year	**50,067,594**	**38,665,546**
Attributable to:		
Profit attributable to non-controlling interest	**21,138,397**	**16,248,745**
Total comprehensive loss attributable to non- controlling interests	**(430,440)**	**(256,675)**

Summarised cash flow information for year ended 31 December:

	2022	2021
Net cash generated from operating activities	**38,420,912**	24,348,384
Net cash used in investing activities	**(42,650,490)**	(23,727,259)
Net cash used in financing activities	**(4,112,117)**	(8,992,573)
Net change in cash and cash equivalents	**(8,341,695)**	(8,371,448)

b) The following table summarises the information relating to the Group's subsidiary (Makkah Medical Centre) that has material non-controlling interests (NCI), before any intra group eliminations.

Summarized statements of financial position of Makkah Medical Centre:

	2022	2021
Non-current assets	**52,395,357**	54,091,809
Current assets	**56,427,903**	60,201,024
Non-current liabilities	**(11,379,104)**	(14,218,715)
Current liabilities	**(29,471,204)**	(32,907,958)
Net assets	**67,972,952**	67,166,160

16. NON-CONTROLLING INTERESTS (CONTINUED)

Summarized statements of profit or loss and comprehensive income for the year ended 31 December 2022:

	2022	2021
Revenue	**114,974,063**	106,221,889
Net (loss)/profit for the year	**(1,474,523)**	573,853
Other comprehensive income / (loss) for the year	**1,703,117**	(1,722,688)
Total comprehensive income / (loss) for the year	**228,594**	(1,148,835)
Attributable to:		
(Loss) / profit attributable to non-controlling interest	**(159,376)**	61,058
Total comprehensive income/(loss) attributable to Non- controlling	**155,441**	(183,294)

Summarised cash flow information for year ended 31 December:

	2022	2021
Net cash (used in)/ generated from operating activities	**(1,207,158)**	2,398,127
Net cash used in investing activities	**(1,156,076)**	(1,372,991)
Net cash used in financing activities	**(9,242,520)**	(2,229,183)
Net change in cash and cash equivalents	**(11,605,754)**	(1,204,047)

17. MURABAHA FINANCING

	31 December 2022	31 December 2021
Non-current:		
Long -term murabaha finance and loans	**1,529,290,588**	1,364,373,860
Current:		
Short-term murabaha finance	**179,408,781**	219,998,068
Current portion of long-term murabaha finance and loan	**226,482,816**	282,989,323
Total current murabaha finance	**405,891,597**	502,987,391
Total murabaha financing and loans	**1,935,182,185**	1,867,361,251

i) The Group has Murabaha finance contracts with local banks at a markup rate of SAIBOR + agreed margin on facilities obtained. Murabaha contracts are denominated in Saudi Riyals and bear financial cost based on prevailing market price. Murabaha contracts are obtained to finance the construction of new medical facilities and hospitals under construction. Murabaha contracts are secured by promissory bonds.

Dallah Healthcare Company and its 100% owned subsidiaries as at 31 December 2022, have Murabaha facility of SR 2,795 million (31 December 2021: SR 2,386 million), out of which an amount of SR 1,612 million was utilized as at 31 December 2022 (31 December 2021: SR 1,784 million), and secured by promissory notes as at 31 December 2022, with a total of SR 2,854 million (31 December 2021: SR 3,833 million).

On 25 Muharram 1443H (corresponding to 02 September 2021), the Group signed an agreement with Ministry of Finance to obtain long term loan amounting to SR 357 million for the period of 10 years (16 semi-annual installments) to support the Group's strategy in completing the construction of Dallah Namar Hospital. The long-term loan has been secured by two promissory notes and mortgage deed of land for Dallah Namar Hospital. Out of these loans, SR 223 million has been received till 31 December 2022.

All amounts are presented in Saudi riyals unless otherwise indicated

17. MURABAHA FINANCING (CONTINUED)

ii) The Murabaha financing balance as at 31 December 2022, includes a loan pertaining to Care Shield Holding Company, a "subsidiary company", amounting to SR 97.8 million, (31 December 2021: SR 79.5 million).

The balance of the loans as of 31 December 2022 includes a loan in the books of Makkah Medical Centre Company, a "subsidiary company", amounting to SR 1.95 million, which the company obtained from the Ministry of Finance (31 December 2021: SR 3.9 million), the loan is secured by a mortgage over the hospital's land, buildings on which it is built, medical and non-medical equipment and furniture and furnishings.

The financing costs recognized which relates to the murabaha in the consolidated statement of profit or loss during the year ended 31 December 2022 amounted to SR 68.5 million (31 December 2021: SR 35.7 million).

Reconciliation of movements of liabilities to cash flows arising from financing activities are not presented separately since these movements are included in the respective notes to the consolidated financial statements

Movement summary of loans and borrowings is as follows:

	31 December 2022	31 December 2021
Balance at beginning of the year	**1,867,361,251**	1,514,794,266
Proceeds during the year	**724,508,764**	730,728,867
Payments made during the year	**(656,687,830)**	(378,161,882)
Balance at end of the year	**1,935,182,185**	1,867,361,251

18. LEASES AS LESSEE

Lease Liability	**31 December 2022**	31 December 2021
Balance at beginning of the year	**21,921,107**	14,838,942
Acquisition of a subsidiary company	**13,692,661**	--
Additions to right-of-use assets during the year	**23,259,119**	21,469,950
Interest on lease liability	**2,015,564**	802,169
Lease modification	**501,279**	1,439,062
Lease payments made during the year	**(19,077,378)**	(16,629,016)
Balance at end of the year	**42,312,352**	21,921,107
Divided into		
Long-term lease liability	**26,485,416**	10,742,375
Short-term lease liability	**15,826,936**	11,178,732
	42,312,352	21,921,107

Amounts recognized in the consolidated statement of cash flows	**31 December 2022**	31 December 2021
Total cash outflow for leases	**(19,077,378)**	(16,629,016)

The Group has recognized lease liability and interest expense using an incremental borrowing rate, which is the rate of return it expects to use in order to borrow the necessary financing for a similar term of the leases, with the same collateral. Leases do not contain any covenants, but the leased assets may not be used as security for borrowing purposes.

All amounts are presented in Saudi riyals unless otherwise indicated

19. EMPLOYEE BENEFITS

The following table shows movement on the liability of employees benefits.

	31 December 2022	31 December 2021
Balance at the beginning of the year	**246,983,115**	203,532,666
Resulting from the acquisition of a subsidiary	**191,710**	--
Current service cost	**32,178,570**	30,441,498
Finance cost	**2,140,920**	5,780,757
Amount recognised in profit or loss	**34,319,490**	36,222,255
Actuarial (loss) / gain recognized in other comprehensive income	**(13,513,856)**	29,869,589
Liability transferred in/(out)	**908**	(96,626)
Benefits paid during the year	**(23,549,404)**	(22,544,769)
Balance at the end of the year	**244,431,963**	246,983,115

The following were the principal actuarial assumptions:

Key actuarial assumptions	**31 December 2022**	31 December 2021
Discount rate used	**4.35%**	2.45%
Future growth in salary	**1.76%**	1.00% to 1.76%
Demographic assumptions		
Retirement Age	**60 years**	60 years

Sensitivity analysis
Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below:

	31 December 2022		31 December 2021	
	Increase +1%	**Decrease -1%**	Increase +0.5%	Decrease -0.5%
Discount rate	**216,750,420**	**248,060,848**	238,507,565	255,756,701
Future salary growth	**248,065,268**	**216,684,210**	255,759,850	238,509,031

Risks associated with defined benefit plans

Longevity risks:
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

All amounts are presented in Saudi riyals unless otherwise indicated

20. TRADE PAYABLES

	31 December 2022	31 December 2021
Medicine related suppliers	**149,760,920**	131,459,272
Medical equipment related suppliers	**41,920,859**	35,862,999
Catering suppliers	**13,782,171**	5,768,767
General suppliers	**34,644,804**	35,035,341
Spare parts suppliers	**4,638,734**	3,416,766
Others	**3,458,464**	10,727,061
	248,205,952	222,270,206

21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
Vacations and accrued tickets	**35,244,170**	46,413,101
Employees related accruals	**30,662,414**	28,808,065
Accrued maintenance services	**23,859,775**	4,041,554
Accrued finance cost	**16,641,022**	3,043,236
Employees' incentives	**12,008,766**	8,614,781
Value added tax	**10,438,138**	29,639,575
Deferred income	**2,408,891**	2,055,168
Customs accrual	**1,857,413**	--
Social insurance accruals	**1,825,646**	8,128,205
Accrued portal charges	**7,938,876**	--
Others	**12,353,643**	16,075,741
	155,238,754	146,819,426

22. DIVIDENDS PAYABLE

On 25 Safar 1444H, (corresponding to 21 September 2022), and in accordance with the mandate of the Ordinary General Assembly of the Board of Directors to distribute interim dividends, the Board of Directors of the Company decided to distribute interim cash dividends to shareholders for the first half of the fiscal year 2022, in the amount of SR 90,000,000 at SAR 1 per share. The dividends have been paid on 9 October 2022.

On 25 Jamada I 1444H (corresponding to 19 December 2022) and in accordance with the mandate of the Ordinary General Assembly of the Board of Directors to distribute interim cash dividends for second half of the year 2022, in the amount of SR 90,000,000 at SAR 1 per share. The dividends have been paid on 29 December 2022.

All amounts are presented in Saudi riyals unless otherwise indicated

23. ZAKAT

The following table shows the details of zakat provision as at the reporting date

	31 December 2022	31 December 2021
Dallah Healthcare Company and its 100% owned subsidiaries	**36,853,772**	18,511,624
Subsidiaries owned less than 100%	**6,490,915**	5,323,239
	43,344,687	23,834,863

Dallah Healthcare Company

	31 December 2022	31 December 2021
Zakat base		
Shareholders' equity	**1,701,153,691**	1,602,263,390
Provisions	**220,370,718**	177,251,410
Loans used in financing non-current assets	**1,430,026,809**	1,589,390,442
Adjusted net income	**354,750,112**	350,432,007
	3,706,301,330	3,719,337,249
Less: Property and equipment, net	**(2,245,209,205)**	(2,199,024,712)
Investments	**(1,154,313,504)**	(1,054,109,030)
Intangible assets	**(21,832,190)**	(12,922,400)
Zakat base	**284,946,431**	453,281,107
Zakat	**8,868,753**	11,411,925

Adjusted net income	**31 December 2022**	31 December 2021
Net profit before zakat	**301,773,840**	289,039,463
Adjustments	**52,976,272**	61,392,544
Adjusted net income	**354,750,112**	350,432,007

Movement summary of provision for zakat is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**23,834,863**	18,052,591
Provision for prior year open items	**18,541,911**	5,159,660
Charge for the year	**15,149,367**	11,767,226
Payments made during the year	**(14,181,454)**	(11,144,614)
Balance at the end of the year	**43,344,687**	23,834,863

The Group received zakat assessments for the years from 2014 until 2018, whereby additional demand of SR 19.7 million was made. The Group filed an appeal within the due date. ZATCA has raised certain additional queries for the years 2019 to 2020 in respect of additional zakat exposure of SR 26.6 million. These have been responded by the Group and ZATCA's review is awaited. Management, in consultation with Zakat advisor has recognized a provision of SR 27.8 million in respect of open items.

Makkah Medical Centre Company

The financial statements and the zakat declaration for the year ended 31 December 2021 were submitted to the Zakat, Tax, and Customs Authority ("ZATCA"). The Company did not receive zakat assessments.

Care Shield Holding Company

The Company submitted its zakat declaration for the years from 2013 until 2021, and the company has not received the final assessments for these years yet. Zakat assessments for the subsidiaries have been agreed and finalized with the Zakat, Tax, and Customs Authority ("ZATCA") up to the year ended 31 December 2016 for Medical Services Projects Company ("MSPC") and in 2019 ZATCA raised additional demand of MSPC for the years from 2010 to 2016 amounting to SR 0.42 million. Management in consultation with the advisor believes that the out come will be in the favour of the Company therefore, no provision is recognized in these consolidated financial statement.

All amounts are presented in Saudi riyals unless otherwise indicated

24. REVENUE

	31 December 2022	31 December 2021
Revenue from contracts with customers		
Revenue from services	**1,931,785,546**	1,637,705,450
Revenue from sale of medicines	**556,197,589**	467,473,657
	2,487,983,135	2,105,179,107

Timing of revenue recognition		
Services transferred over time	**870,723,105**	712,587,767
Products and services transferred at a point in time	**1,617,260,030**	1,392,591,340
	2,487,983,135	2,105,179,107

Contract Balances

The following table provides information about receivables and unbilled revenue from contracts with customers.

	2022	2021
Trade receivables *(note 14)*	**677,075,769**	625,116,646
Unbilled revenue	**12,777,015**	12,861,982

Unbilled revenue

The balance of this account varies and depends on the number of continuous services not billed at the end of the year. There is no provision for expected credit losses on unbilled revenue due to near maturity dates.

25. SELLING AND MARKETING EXPENSES

	31 December 2022	31 December 2021
Advertising and promotions	**25,915,728**	25,837,073
Salaries, wages and other benefits	**13,300,619**	9,561,299
Marketing related incentives	**1,930,670**	2,422,604
Others	**3,902,014**	2,789,066
	45,049,031	40,610,042

26. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Salaries, wages and benefits	**278,419,177**	228,460,829
Maintenance and services	**16,611,489**	16,167,875
Professional fees	**26,482,835**	20,246,844
Utilities	**14,085,703**	15,612,685
Stationery	**6,601,625**	2,697,165
Insurance portal fees	**6,940,812**	--
Material consumed for admin department	**21,152,954**	26,921,825
Depreciation *(note 6 & 7)*	**5,103,975**	5,447,847
Permissions and licenses	**6,565,735**	4,507,518
Amortization (note 8)	**3,463,464**	6,157,280
Board of Directors and related committees' remunerations	**3,369,000**	3,402,408
Insurance	**2,756,369**	4,836,204
Training and development	**2,563,820**	356,322
Rentals	**1,255,508**	--
Provision for obsolete and slow-moving inventory	**432,780**	400,056
Others	**33,968,391**	39,519,262
	429,773,637	374,734,120

All amounts are presented in Saudi riyals unless otherwise indicated

27. OTHER INCOME

	31 December 2022	31 December 2021
Income related to subsidized items	**9,382,141**	5,122,079
Rental income	**4,724,377**	3,443,583
Catering income	**4,713,864**	4,874,306
Dividend received	**3,080,180**	3,179,850
Amount received from old customers	**2,340,034**	10,346,068
Gain on sale of property and equipment	**1,069,374**	189,923
Scientific support	**181,597**	3,278,744
Others	**4,464,292**	6,399,262
	29,955,859	36,833,815

28. BASIC AND DILUTED EARNINGS PER SHARE

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

The diluted earnings per share is same as the basic earnings per share as the Group does not have any dilutive equity instruments and as a result diluted EPS is equal to the basic EPS for year ended 31 December 2022 and 31 December 2021.

	31 December 2022	31 December 2021
Profit for the year, attributable to the ordinary shareholder	**274,463,823**	258,601,120
Weighted average number of ordinary shares	**90,000,000**	90,000,000
Basic and diluted earnings per share	**3.05**	2.87

29. CONTINGENCIES AND COMMITMENTS

Capital commitments

As at 31 December 2022, the Group had capital commitments that mainly relate to the construction contracts of the expansion of Dallah Hospital Al-Nakheel and the construction of Dallah Namar Hospital amounting to SR 85.12 million (31 December 2021: SR 157.7 million).

Contingent liabilities

i) As at 31 December 2022, the Group has potential liabilities in the form of bank guarantees amounting to SR 40 million issued on behalf of the Group in the ordinary course of business (31 December 2021: SR 44.4 million). The bank guarantees include a bank guarantee issued during the year 2018 to a third party on behalf of Dr. Mohammad Al-Faqih Company "an associate company" amounting to SR 17.5 million expiring on 29 October 2023.

ii) There are Letter of credits issued by the Group amounting to SR 40 million as on 31 December 2022 (31 December 2021: SR 55.8 million).

All amounts are presented in Saudi riyals unless otherwise indicated

30. CLASSIFICATION OF FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT, AND RISK MANAGEMENT

Classification of financial assets and liabilities

	31 December 2022	
	Carrying amount	Fair Value
Assets		
Trade receivables	677,075,769	677,075,769
Unbilled revenue	12,777,015	12,777,015
Due from related parties	7,029,208	7,029,208
Cash and cash equivalents	237,944,913	237,944,913
Financial assets at fair value through other comprehensive income	306,771,366	306,771,366
	1,241,598,271	1,241,598,271
Liabilities		
Long Term Murabaha Financing	1,529,290,588	1,529,290,588
Long term lease liability	26,485,416	26,485,416
Long-term payable	3,307,284	3,307,284
Trade payables	248,205,952	248,205,952
Short Term Murabaha Financing	179,408,781	179,408,781
Current portion of long term Murabaha financing	226,482,816	226,482,816
Short term lease liability	15,826,936	15,826,936
Short term Retentions	7,082,991	7,082,991
Due to Related Parties –current portion	1,421,841	1,421,841
Accrued expenses and other current liabilities	155,238,754	155,238,754
	2,392,751,359	2,392,751,359

	31 December 2021	
	Carrying amount	Fair Value
Assets		
Trade receivables	625,116,646	625,116,646
Unbilled revenue	12,861,982	12,861,982
Due from related parties	3,397,201	3,397,201
Cash and cash equivalents	208,079,114	208,079,114
Financial assets at fair value through other comprehensive income	292,125,416	292,125,416
	1,141,580,359	1,141,580,359
Liabilities		
Long Term Murabaha Financing	1,364,373,860	1,364,373,860
Long term lease liability	10,742,375	10,742,375
Trade payables	3,504,423	3,504,423
Short Term Murabaha Financing	222,270,206	222,270,206
Current portion of long term Murabaha financing	219,998,068	219,998,068
Short term lease liability	282,989,323	282,989,323
Short term Retentions	11,178,732	11,178,732
Due to related parties - non-current	15,481,313	15,481,313
Due to Related Parties –current portion	858,010	858,010
Accrued expenses and other current liabilities	141,721,022	141,721,022
	2,273,117,332	2,273,117,332

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the assets or transfer the liability at the measurement date under current market conditions. The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair value.

All amounts are presented in Saudi riyals unless otherwise indicated

30. CLASSIFICATION OF FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT, AND RISK MANAGEMENT (CONTINUED)

30.1 Fair value measurement

The Group measures financial instruments, such as Equity instruments at fair value through other comprehensive income at fair value at each consolidated statement of financial position date.

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 to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or disclosed in the financial statements are classified in the hierarchy of fair value levels. The following is an explanation:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable

The following table shows the analysis of items carried at fair value according to the level of the fair value hierarchy:

	31 December 2022		
	Level 1	**Level 2**	**Level 3**
Financial assets at fair value through Other comprehensive income	**482,143**	**306,289,223**	**--**

	31 December 2021		
	Level 1	Level 2	Level 3
Financial assets at fair value through Other comprehensive income	166,592	291,958,824	--

30.2 Risk Management Framework

The Group is exposed to the following risks as a result of its use of financial instruments:
- Credit risk
- Liquidity risk
- Interest risk
- Market risk

30. CLASSIFICATION OF FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT, AND RISK MANAGEMENT (CONTINUED)

30.2 Risk Management Framework (continued)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management framework
The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure
A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors
The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Audit Committee
The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee will be assisted in its oversight role by Internal Audit. Internal Audit will undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which will be reported to the Audit Committee.

Senior management
Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

The risks faced by the Group and the way these risks are mitigated by management are summarised below:

All amounts are presented in Saudi riyals unless otherwise indicated

30. CLASSIFICATION OF FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT, AND RISK MANAGEMENT (CONTINUED)

30.2 Risk Management Framework (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet it contractual obligations, and arises principally from the Group's receivables, Unbilled revenue, due from related parties, employee advances, rent receivable and balances with banks.

Further the Group continues to closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case.

The Group has specifically evaluated the potential impact with respect to third party insurance customers, the government and direct customers.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December 2022	31 December 2021
Trade receivables *(note 14)*	**677,075,769**	625,116,646
Unbilled revenue	**12,777,015**	12,861,982
Rent receivable	**2,587,758**	1,438,866
Employees' related loans	**9,457,835**	9,205,584
Due from related parties *(note 13)*	**7,029,208**	3,397,201
Cash at banks *(note 15)*	**236,453,723**	206,571,961
	945,381,308	858,592,240

Trade receivables and Unbilled revenue:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associate with the industry.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

	31 December 2022	31 December 2021
Trade receivables		
Not more than six months	**458,534,940**	404,037,213
Over six months but less than one year	**153,065,132**	148,026,665
More than one year	**65,475,697**	73,052,768
	677,075,769	625,116,646
Unbilled revenue		
Not more than six months	**12,777,015**	12,861,982

All amounts are presented in Saudi riyals unless otherwise indicated

30. CLASSIFICATION OF FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT, AND RISK MANAGEMENT (CONTINUED)

30.2 Risk Management Framework (continued)

Due from related parties:
The Group is not significantly exposed to any credit risk on its receivables balance which are due from its related parties as all the balances are originated and settled between the Group companies on regular basis.

Rental Receivable and employee receivable:
The Group is not significantly exposed to any credit risk on these receivables balances are originated and settled between the Group companies on regular basis.

Cash at banks:
The Group's bank balances are placed with reputable local banks having sound credit ratings. The Group assess bank balances for impairment using the 12-month approach and believe that it would be able to realise its balances from these banks without any loss to the Group.

Geographical concentration of risks of financial assets with credit risk exposure:
The Group's operations are principally in the Kingdom of Saudi Arabia and hence significant exposures are within the Kingdom of Saudi Arabia.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associate with financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board of Directors ensures that the Group has sufficient funds to meet the Group's external liabilities as they fall due.

Exposure to liquidity risk
The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual cash flows. The contractual maturities of liabilities have been determined based on the remaining period at the statement of consolidated financial position date to the contractual maturity date.

Maturity Table for financial liabilities

31 December 2022	Less than one year	From 1 to 5 years	More than 5 years	Total
Murabaha financing	405,891,597	1,529,290,588	--	1,935,182,185
Lease liability	15,826,936	26,485,416	--	42,312,352
Long term payables	--	3,307,284	--	3,307,284
Short term retentions	7,082,991	--	--	7,082,991
Trade payables	248,205,952	--	--	248,205,952
Accrued expenses and other current liabilities	147,481,648	--	--	147,481,648
Dividend payable	7,755,000	--	--	7,755,000
Due to related parties	1,421,841	--	--	1,421,841
	833,665,965	1,559,083,288	--	2,392,749,253

All amounts are presented in Saudi riyals unless otherwise indicated

30. CLASSIFICATION OF FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT, AND RISK MANAGEMENT (CONTINUED)

30.2 Risk Management Framework (continued)

Maturity Table for financial liabilities (continued)

As at 31 December 2021	Less than one year	From 1 to 5 years	More than 5 years	Total
Murabaha financing	502,987,391	1,062,717,484	301,656,376	1,867,361,251
Lease liability	11,178,732	10,742,375	--	21,921,107
Long term payable	--	4,129,615	--	4,129,615
Short term retentions	15,481,313	--	--	15,481,313
Trade payables	222,270,206	--	--	222,270,206
Accrued expenses and other current liabilities	141,721,022	--	--	141,721,022
Due to related parties	858,010	--	--	858,010
	894,496,674	1,077,589,474	301,656,376	2,273,742,524

Interest risk

Financial instruments are exposed to the risks of changes in value as a result of changes in interest rate rates of their assets and liabilities with variable interest, the actual interest rates and the periods which the financial assets and liabilities are reprised or matured are indicated in the related notes.

Market risk

Market risk is the changes in market prices, such as foreign exchange rates and interest rates which will affects the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk

Foreign currency risk arises from changes and fluctuations in the value of financial instruments as a result of changes in foreign exchange rates, The Group did not perform any transactions of relative importance in currencies other than the Saudi Arabian Riyal, the US Dollar, Since the Saudi riyal is pegged against the US dollar, it does not represent significant currency risk, The Group 's management monitors currency exchange rates and believes that currency risk is immaterial.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing liability mainly from loans and borrowings which are at floating rate. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit through the impact on floating rate borrowings, no effects on comprehensive income:

	Increase (decrease) in Interest rate	Total Murabaha liability	Expected impact on comprehensive income
As at 31 December 2022	± 1%	**1,935,182,185**	**+19,351,822**
As at 31 December 2021	± 1%	1,867,361,251	+18,673,613

All amounts are presented in Saudi riyals unless otherwise indicated

31. OPERATING 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 two 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 Chief Executive Officer 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/ Medicine and Pharmaceutical Products. Information regarding the Group's reportable segments is presented below:

Based on nature of services:

31 December 2022	**Medical Services**	**Medicine and Pharmaceutical Products**	**Total**
Revenue	2,367,904,306	120,078,829	2,487,983,135
Cost of revenue	(1,519,064,507)	(73,816,786)	(1,592,881,293)
Gross profit	848,839,799	46,262,043	895,101,842
Operating expenses	(456,090,958)	(46,525,207)	(502,616,165)
Other income, net	28,991,799	964,060	29,955,859
Operating profit	421,740,640	700,896	422,441,536
Finance cost	(69,560,232)	(931,119)	(70,491,351)
Share of results from equity accounted investees	(22,816,063)	--	(22,816,063)
Zakat	(33,531,742)	(159,536)	(33,691,278)
Net Profit	295,832,603	(389,759)	295,442,844
As at 31 December 2022			
Total assets	4,738,161,150	182,207,474	4,920,368,624
Total liabilities	2,399,074,289	289,208,720	2,688,283,009

All amounts are presented in Saudi riyals unless otherwise indicated

31. OPERATING SEGMENTS (CONTINUED)

31 December 2021	Medical Services	Medicine and Pharmaceutical Products	Total
Revenue	1,966,887,936	138,291,171	2,105,179,107
Cost of revenue	(1,254,869,680)	(89,946,029)	(1,344,815,709)
Gross profit	712,018,256	48,345,142	760,363,398
Operating expenses	(387,253,543)	(45,195,060)	(432,448,603)
Other income, net	35,513,205	1,320,610	36,833,815
Operating profit	360,277,918	4,470,692	364,748,610
Finance cost	(41,190,179)	(644,505)	(41,834,684)
Share of results from equity accounted investees	(31,076,117)	--	(31,076,117)
Zakat	(16,693,307)	(233,579)	(16,926,886)
Net Profit	271,318,315	3,592,608	274,910,923
As at 31 December 2021			
Total assets	4,449,428,593	195,680,938	4,645,109,531
Total liabilities	2,245,560,117	303,473,597	2,549,033,714

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

32. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain creditor and market confidence and to sustain future development of the business. Management periodically monitors the growth of business, asset quality risks and profit margin. Further, the Board of Directors also ensures that the Group has sufficient capital to meet the Group's external liabilities.

33. SUBSEQUENT EVENTS

i) The new Companies Law issued through Royal Decree M/132 on 1 Dhul Hijjah 1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26 Jamada AlAkhirah 1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26 Jamada Alakhirah 1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholder in their Annual General Assembly meeting for their ratification.

ii) On 03 Jamada II, 1444H corresponding to 27 December 2022, the Extraordinary General Assembly meeting approved to increase the Company's capital from SR 900 million to SR 976.81 million (90 million shares to 97.6 million shares). Subsequent to year ended 31 December 2022, the share capital of the Company is increased by issuing its own shares in favour of Kun Investment Holding Company and in exchange acquiring additional 14.23 million shares of International Medical Centre Company. The Company is currently in the process of amending its article of association and commercial registration accordingly.

Other than those mentioned above, no material events occurred subsequent to the reporting date, which could materially affect the consolidated financial statements, and the related disclosures for the year ended 31 December 2022.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Group's Board of Directors on 27 Sha'ban 1444H (Corresponding to 19 March 2023).