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Dallah Health

DALLAH HEALTHCARE COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
together with the
INDEPENDENT AUDITOR'S REPORT

DALLAH HEALTHCARE COMPANY (A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Contents

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن ، 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 2023, 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 material 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 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 current period. 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.

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 2023, the Group recognized total revenue of SR 2,943 million (2022: SR 2,488 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.	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 assess 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 to assess that revenue is accurately recorded in the correct accounting period; • Assessed the reasonableness 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.

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 2023, the carrying value of trade receivable amounted to SR 721.4 million (2022: SR 677.1). The impairment loss allowance based on ECLs on these receivables amount to SR 100.9 million (2022: SR 71.6 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 Group; • Evaluated the competence of management expert and inspected the completeness, accuracy and relevance of data shared with management expert. • Involved KPMG's own specialist to review the working and evaluated and challenged the assumptions made by the management expert in the model and working used. • Tested the basis of specific provisions on a sampling basis based on historic data, ageing and collection trends; • Checked subsequent collection of receivable balances at year end on a sampling basis to assess recognition within correct periods; 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.

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. When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Accounting Standards 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 Dallah Healthcare Company ("the Company") and its subsidiaries ("the Group").

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 period 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

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Lic No. 46
C.R. 1010425494
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ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG
KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Riyadh on: 8 Ramadan 1445H
Corresponding to: 18 March 2024

DALLAH HEALTHCARE COMPANY (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	**As at 31 December 2023**	As at 31 December 2022
ASSETS			
Non-current assets			
Property and equipment	6	**3,039,608,204**	2,847,131,297
Right-of-use assets	7	**85,605,173**	49,381,970
Intangible assets and goodwill	8	**201,092,499**	203,506,316
Equity-accounted investees	9	**1,571,128,920**	209,503,500
Financial assets at fair value through other comprehensive income	10	**366,505**	306,771,366
Non-current assets		**4,897,801,301**	3,616,294,449
Current assets			
Inventories	11	**224,085,189**	255,235,067
Prepayments and other current assets	12	**138,288,009**	114,012,203
Due from related parties	13	**10,432,318**	7,029,208
Unbilled revenue		**15,497,596**	12,777,015
Trade receivables	14	**721,442,557**	677,075,769
Cash and cash equivalents	15	**235,307,725**	237,944,913
Current assets		**1,345,053,394**	1,304,074,175
TOTAL ASSETS		**6,242,854,695**	4,920,368,624
EQUITY AND LIABILITIES			
Equity			
Share capital	1 , 9	**976,811,660**	900,000,000
Share premium	9	**1,027,432,988**	61,142,305
Statutory reserve		**93,614,972**	93,614,972
Retained earnings		**1,107,957,999**	921,067,917
Fair value reserve		**(2,424,652)**	14,026,152
Equity attributable to owners of the Company		**3,203,392,967**	1,989,851,346
Non-controlling interests	16	**269,259,023**	242,234,269
Total equity		**3,472,651,990**	2,232,085,615
LIABILITIES			
Non-current liabilities			
Long-term murabaha financing	17	**1,287,782,783**	1,529,290,588
Long-term lease liabilities	18	**59,072,168**	26,485,416
Employee benefits	19	**257,821,652**	244,431,963
Long-term payables		**2,576,491**	3,307,284
Non-current liabilities		**1,607,253,094**	1,803,515,251
Current liabilities			
Current portion of long-term murabaha financing	17	**252,678,359**	226,482,816
Short-term murabaha financing	17	**354,221,749**	179,408,781
Short-term lease liabilities	18	**19,631,747**	15,826,936
Short-term retentions		**8,099,757**	7,082,991
Trade payables	20	**255,023,487**	248,205,952
Due to related parties	13	**1,802,843**	1,421,841
Accrued expenses and other current liabilities	21	**178,592,401**	155,238,754
Provision for zakat	23	**44,058,685**	43,344,687
Dividends payable	22	**48,840,583**	7,755,000
Current liabilities		**1,162,949,611**	884,767,758
Total liabilities		**2,770,202,705**	2,688,283,009
Total equity and liabilities		**6,242,854,695**	4,920,368,624

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
(All amounts in Saudi Riyals unless otherwise stated)

		For the year ended	
	Notes	**31 December 2023**	31 December 2022
Revenue	24	**2,942,897,701**	2,487,983,135
Cost of sales		**(1,864,224,063)**	(1,592,881,293)
Gross profit		**1,078,673,638**	895,101,842
Selling and marketing expenses	25	**(59,807,590)**	(45,049,031)
General and administrative expenses	26	**(517,072,412)**	(429,773,637)
Impairment loss on trade receivables and other current assets	12,14	**(30,189,587)**	(27,793,497)
Other income	27	**34,706,266**	29,955,859
Operating profit		**506,310,315**	422,441,536
Finance cost	17	**(104,139,564)**	(70,491,351)
Group share of results from equity accounted investees	9	**(1,855,428)**	(22,816,063)
Profit before zakat		**400,315,323**	329,134,122
Zakat	23	**(14,890,478)**	(33,691,278)
Profit for the year		**385,424,845**	295,442,844
Profit for the year attributable to:			
Owners of the Company		**360,122,537**	274,463,823
Non-controlling interests	16	**25,302,308**	20,979,021
		385,424,845	295,442,844
Earnings per share	28	**3.70**	3.05

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
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2023	31 December 2022
Profit for the year		**385,424,845**	295,442,844
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-evaluation of financial assets at fair value through other comprehensive income		**1,114,445**	14,363,121
Re-measurement of employees benefit liability	19	**6,652,827**	13,513,856
Group's share of other comprehensive income from equity accounted investees		**1,595,749**	444,977
Items that will be reclassified to profit or loss			
Group's share other comprehensive loss from equity accounted investees		**(1,961,502)**	--
Other comprehensive income for the year		**7,401,519**	28,321,954
Total comprehensive income for the year		**392,826,364**	323,764,798
Total comprehensive income attributable to:			
Owners of the Company		**365,801,610**	303,060,776
Non-controlling interests	16	**27,024,754**	20,704,022
		392,826,364	323,764,798

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

(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
For the year ended 31 December 2023								
As at 1 January 2023	**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**
Profit for the year	--	--	--	360,122,537	--	360,122,537	25,302,308	385,424,845
Other comprehensive income for the year	--	--	--	6,569,395	(890,322)	5,679,073	1,722,446	7,401,519
Total comprehensive income for the year	--	--	--	366,691,932	(890,322)	365,801,610	27,024,754	392,826,364
Transfer to statutory reserve	--	--	--	--	--	--	--	--
Transactions with owners of the Company:	--	--	--	--	--	--	--	--
Capital increase (notes 1 , 9)	76,811,660	--	--	--	--	76,811,660	--	76,811,660
Share premium increase (note 9)	--	966,290,683	--	--	--	966,290,683	--	966,290,683
Transfer from fair value reserve to retained earning	--	--	--	15,560,482	(15,560,482)	--	--	--
Dividends (note 22)	--	--	--	(195,362,332)	--	(195,362,332)	--	(195,362,332)
As at 31 December 2023	**976,811,660**	**1,027,432,988**	**93,614,972**	**1,107,957,999**	**(2,424,652)**	**3,203,392,967**	**269,259,023**	**3,472,651,990**
For the year ended 31 December 2022								
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

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

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before zakat		**400,315,323**	329,134,122
Adjustments for :			
Depreciation on property and equipment	6	**100,665,205**	92,537,276
Depreciation on right-of-use assets	7	**20,383,271**	18,263,466
Amortization on intangible assets and goodwill	8	**4,566,665**	3,463,464
Employee benefits charge	19	**39,852,883**	34,319,490
Provision on obsolete and slow-moving inventory	11	**689,735**	2,660,260
Provision on prepayments and other current assets	12	**925,855**	21,745,829
Dividend income	10	**(11,875)**	(3,080,180)
Impairment loss on trade receivables	14	**29,263,732**	6,047,668
(Loss)/gain on sale of property and equipment	27	**101,868**	(1,069,374)
Share of results from equity accounted investees	9	**1,855,428**	22,816,063
Finance cost	17	**104,139,564**	70,491,351
Changes in operating assets and liabilities:			
Trade receivables		**(73,630,520)**	(58,006,791)
Unbilled revenue		**(2,720,581)**	84,967
Related parties, net		**(3,022,108)**	(3,068,176)
Prepayments and other current assets		**(25,201,661)**	(30,141,347)
Inventories		**30,460,143**	(38,694,859)
Trade payables		**6,817,535**	25,935,746
Accrued expenses and other current liabilities		**23,353,647**	(5,178,458)
Short term retentions		**966,583**	(8,398,322)
Cash generated from operations		**659,770,692**	479,862,195
Zakat paid	23	**(14,176,480)**	(14,181,454)
Employees' benefits paid	19	**(19,810,367)**	(23,549,404)
Net cash generated from operating activities		**625,783,845**	442,131,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6	**(294,505,022)**	(172,691,199)
Acquisition of intangible assets	8	**(2,152,848)**	(2,304,277)
proceeds from disposal of property and equipment		**1,261,042**	1,677,394
Acquisition of investment at fair value through other comprehensive income	10	**--**	(282,829)
Dividends received from equity-accounted investees	9	**1,700,000**	850,000
Paid for the acquisition of subsidiary - net		**--**	(9,448,221)
Dividend received from investments at fair value through other comprehensive income	10	**11,875**	3,080,180
Net cash used in investing activities		**(293,684,953)**	(179,118,952)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Murabaha financing	17	**233,372,558**	724,508,764
Repayment of Murabaha financing	17	**(273,871,852)**	(656,687,830)
Payment of lease liabilities	18	**(22,504,941)**	(19,077,378)
Dividend paid	22	**(154,276,749)**	(180,000,000)
Long-term payables		**(730,793)**	(197,139)
Finance cost paid		**(101,799,351)**	(54,878,003)
Acquisition related cost of equity-accounted investee	9	**(14,924,952)**	(46,815,000)
Net cash used in from financing activities		**(334,736,080)**	(233,146,586)
Net change in cash and cash equivalents		**(2,637,188)**	29,865,799
Cash and cash equivalents at beginning of the year		**237,944,913**	208,079,114
Cash and cash equivalents at end of the year	15	**235,307,725**	237,944,913
Non-cash transactions			
Addition to right of use assets	7	**60,530,780**	40,492,935
De-recognition and adjustments to right of use assets	7	**23,170,907**	18,803,046
Addition to lease liabilities	18	**56,556,293**	23,259,119
Increase in share capital due to acquisition of equity-accounted investees	1 , 9	**76,811,660**	--
Increase in share premium due to acquisition of equity-accounted investees	9	**966,290,683**	--
Transfer of financials assets at FVOCI to equity-accounted investees	9	**307,519,306**	--

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 as 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).

On 14 Jumada Al-Awwal 1429H (corresponding to 20 May 2008), the Company's Board of Directors converted Dallah Healthcare Company as a Saudi Closed Joint Stock Company. The Company became a listed Company in the Saudi Capital Market Authority on 04 Safar 1434H (corresponding to 17 December 2012). The name of the Company was changed 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 include operate, manage and maintain the healthcare entities, wholesale medicines and retail of medical and surgical equipment, prosthetics and devices for the disabled, hospitals equipment and manufacturing medicines, pharmaceuticals, herbals, health, cosmetics, detergents, disinfectants and packaging in the Kingdom of Saudi Arabia.

On 15 Jumada al-Thani 1445 H (corresponding to 28 December 2023), the Company's extraordinary general assembly meeting approved in amending the Company's By-laws to comply with the requirement of new companies' law.

The Company's registered office is located at King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

Share Capital

The authorized, issued and paid-up share capital of the Company is SR 976,811,660 (31 December 2022: SR 900,000,000) consisting of 97,681,166 shares (31 December 2022: 90,000,000 shares) of SR 10 each.

On 03 Jumada 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 97.7 million shares). On 23 Jumada II, 1444H (corresponding to 16 January 2023), the Company issued 7,681,166 new ordinary shares in favor of Kun Investment Holding Company in exchange of acquiring 14,232,690 ordinary shares owned by Kun Investment Holding Company in the International Medical Center Company as disclosed in detail in note 9. The Company's Articles of association and Commercial registration were amended accordingly.

Dallah Al Baraka Holding Company (the parent company), a closed Saudi joint stock company, owns 48.64% of the Company's share capital.

Treasury shares

On 15 Jumada al-Thani 1445 H (corresponding to 28 December 2023), the Company's extraordinary general assembly meeting approved the Company's shares buy-back up to 3,826,189 shares, equivalent to 3.917% of the Company's ordinary shares, and authorizing the Board of Directors to complete the process within 12 months of the extraordinary general assembly's approval date, and the company will keep the purchased shares for maximum period of (5) years from the date of approval of the extraordinary general assembly

The Group branches

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
Afia Al Nakheel Catering Services Company	1010833962	Riyadh

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.

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 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 consolidated 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, right of use assets and intangible assets	Note 4(b), (c) 7 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)(r) and 9
Leases	Note 4(v) 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 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 and government 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 customer.

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.

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.

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

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. MATERIAL ACCOUNTING POLICIES

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provides guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management had reviewed the accounting policies and made relevant updates to the information disclosed below in line with the amendments. The material accounting policies applied in the preparation of these consolidated financial statements are set out below. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

a) Basis of consolidation

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

Name of subsidiaries	Share in equity% 31 December 2023	Share in equity% 31 December 2022	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 LLC (Dallah Clinics)	**100%**	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)	**91.15%**	90.87%	Kingdom of Saudi Arabia, commercial registration No. 4031021286	Practicing the activity of public hospitals	**120,080,000**
Dallah Medical Care Company LLC **	**100%**	-	Kingdom of Saudi Arabia, commercial registration No. 1010962080	Sale of pharmaceutical and medical products, cosmetics and toiletries	**100,000**

* 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%

**This is a new established subsidiary during the year 2023 with no operations.

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.

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.

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.

Material accounting policies have been applied consistently throughout the Group.

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.

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.

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.

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.

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 property and equipment items are as follows:

	Number of years
Buildings	10-55
Leasehold improvements	5 or lease term
Machinery and equipment	3-10
Medical equipment	4-10
Furniture and fixtures	5-10
Vehicles	4 - 8

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.

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.

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.

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 financials 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.

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.

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.

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.

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)*.

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)*.

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.

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

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.

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 2023.

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.

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.

Value added tax

The Group 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.

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 variable consideration (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 volume discounts granted to certain insurance companies on attainment of certain levels of business and constitute variable consideration. These are recognized over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue to reflect actual volumes.

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) Finance income and finance costs

The Group’s finance income and finance costs include:

- interest income;
- interest expense;

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.

r) 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.

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.

s) 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.

t) 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.

u) Statutory reserves

In accordance with the prior Company's By-law, 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.

According to the Company's By-law, which were approved by the Ccompany's Extraordinary General Assembly on 28 December 2023, which is compiled with the new Saudi Companies Law, it becomes no longer required to transfer a specific percentage of the year's profit as a statutory reserve except by a decision form the Company's General Assembly.

v) 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
- 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.

(All amounts in Saudi Riyals unless otherwise stated)

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.

5. NEW STANDARDS OR AMENDMENTS FOR 2023 AND FORTHCOMING REQUIREMENTS

Following are the new standards, amendments and forthcoming requirements to standards which are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

Effective date	New standards or amendments
01 January 2023	IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS practice statement 2
	Definition of Accounting Estimates – Amendments to IAS 8
	Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12
23 May 2023	International Tax Reform – Pillar Two Model rules – Amendments to IAS 12
01 January 2024	Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current liabilities with covenants (Amendments to IAS 1)
	Lease liability in a Sale and Leaseback (Amendments to IFRS 16)
	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
01 January 2025	Lack of Exchangeability – Amendments to IAS 21
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

(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 2022	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)
Transfers	--	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**
Additions	**--**	**12,808,970**	**2,251,645**	**17,830,899**	**73,472,051**	**6,202,496**	**2,776,225**	**179,162,736**	**294,505,022**
Disposals	**--**	**--**	**--**	**--**	**(10,477,363)**	**(92,116)**	**(5,000)**		**(10,574,479)**
Transfer	**--**	**4,070,066**	**2,885,845**	**--**	**79,574**	**(79,574)**	**--**	**(6,955,911)**	**--**
As at 31 December 2023	**833,502,199**	**1,742,954,501**	**93,847,906**	**209,019,351**	**751,903,550**	**58,246,175**	**14,981,710**	**381,625,619**	**4,086,081,011**
Accumulated epreciation:									
As at 1 January 2022	--	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**
Charge for the year	**--**	**29,501,447**	**2,084,810**	**15,958,039**	**48,696,745**	**3,471,067**	**953,097**	**--**	**100,665,205**
Disposals		**--**	**--**	**--**	**(9,191,544)**	**(15,025)**	**(5,000)**	**--**	**(9,211,569)**
As at 31 December 2023	**--**	**359,704,897**	**75,336,873**	**114,463,346**	**455,031,502**	**31,930,466**	**10,005,723**	**--**	**1,046,472,807**
Net book value:									
As at 31 December 2023	**833,502,199**	**1,383,249,604**	**18,511,033**	**94,556,005**	**296,872,048**	**26,315,709**	**4,975,987**	**381,625,619**	**3,039,608,204**
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

(All amounts are presented in Saudi riyals unless otherwise indicated)

The allocation of depreciation expense is as follows:

	2023	2022
Cost of sales	**94,832,716**	88,346,474
General and administrative expenses	**5,832,489**	4,190,802
	100,665,205	92,537,276

Construction work in progress

During the year ended on 31 December 2023, the Group announced a new project for a hospital on a land owned by the Group with an area of 45,000 square meters located in Al-Arid district in Riyadh. The hospital capacity of 250 beds and has the possibility of expansion in the future. In addition, the Group is working on the expansions of Dallah Hospital Al-Nakheel, Dallah Namar Hospital Health Company and Care-shield Holding Company. Total balance of those projects under constructions amounting to SR 382 million as at 31 December 2023 (2022: SR 209 million).

The capitalized financing costs on projects under constructions amounted to SR 16 million for the year ended 31 December 2023 (31 December 2022: SR nil). The capitalization rates for the year ended 31 December 2023 is in the range of 4% - 7%.

7. RIGHT-OF-USE ASSETS

	31 December 2023	31 December 2022
Cost*:*		
Balance at the beginning of the year	**85,672,739**	63,982,850
Additions	**60,530,780**	40,492,935
De-recognition and adjustments	**(23,170,907)**	(18,803,046)
Balance at end of the year	**123,032,612**	85,672,739
Accumulated Depreciation:		
Balance at beginning of the year	**36,290,769**	33,983,093
Depreciation charge for the year	**20,383,271**	18,263,466
De-recognition and adjustments	**(19,246,601)**	(15,955,790)
Balance at end of the year	**37,427,439**	36,290,769
Net book value at end of the year	**85,605,173**	49,381,970

Right-of-use assets include rentals for buildings for workers' accommodation. The rentals run for an average lease term of up to 3-5 years and lease payments are fixed.

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

	2023	2022
Cost of sales	**15,839,741**	17,350,293
General and administrative expenses	**4,543,530**	913,173
	20,383,271	18,263,466

(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	(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**
Additions	**--**	**--**	**--**	**--**	**--**	**2,152,848**	**2,152,848**
As at 31 December 2023	**114,272,835**	**10,648,000**	**11,505,000**	**30,900,000**	**49,100,000**	**4,859,575**	**221,285,410**
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	(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**
Charge for the year	**--**	**254,932**	**283,500**	**1,029,996**	**1,734,209**	**1,264,028**	**4,566,665**
As at 31 December 2023	**--**	**5,039,464**	**5,268,000**	**3,192,075**	**5,256,769**	**1,436,603**	**20,192,911**
Net book value:							
As at 31 December 2023	**114,272,835**	**5,608,536**	**6,237,000**	**27,707,925**	**43,843,231**	**3,422,972**	**201,092,499**
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

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

All amounts are presented in Saudi riyals unless otherwise indicated

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 9.45 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	(2,551,779)
Goodwill initially recognized	9,448,221

Identifiable assets acquired and liabilities assumed for 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)
Identifiable net assets acquired at acquisition date before identifiable intangibles	2,551,779
Dallah Healthcare Company Share (100%)	2,551,779

Impairment test for goodwill

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 2023 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 18% 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.

All amounts are presented in Saudi riyals unless otherwise indicated

9. EQUITY ACCOUNTED INVESTEES

Equity accounted investees are as follows:

	Classification	Ownership interest in equity as at 31 December 2023	Ownership interest in equity as at 31 December 2022	Country of operation and principal place of business	31 December 2023	31 December 2022
Dr. Mohammed Rashid Al-Faqih Company	**Associate**	**31.21%**	31.21%	Kingdom of Saudi Arabia	**83,865,856**	106,694,806
Meras Arabia Medical Holding Company*	**Associate**	**17%**	17%	Kingdom of Saudi Arabia	**46,221,629**	42,967,100
MEFIC Private Equity Opportunities Fund 3	**Associate**	**41.6%**	41.6%	Kingdom of Saudi Arabia	**70,097,184**	59,841,594
International Medical Centre Company	**Associate**	**27.18%**	8.20%	Kingdom of Saudi Arabia	**1,370,944,251**	--
					1,571,128,920	209,503,500

*The total holding percentage direct and indirect ownership in Meras Arabia Medical Holding Company is 35% as the Group indirectly own 18% shareholding through MEFIC Private Equity Opportunities Fund 3. The investment is equity accounted as the Group has significant influence due to common directorship.

9-1 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. Mohammed Al-Faqih Hospital.

On 13 Muharram 1442H (corresponding to 1 September 2020), the operation of the first phase of the hospital began. The hospital has a capacity of 350 beds.

The movement in the investment is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**106,694,806**	95,403,018
Group's share of loss	**(23,005,301)**	(35,681,464)
Additional capital contribution	**--**	46,815,000
Group's share of other comprehensive income	**176,351**	158,252
Balance at the end of the year	**83,865,856**	106,694,806

The financial information of the associate is summarized as follows:

	31 December 2023	31 December 2022
Current assets	**166,833,960**	202,371,960
Non-current assets	**736,527,610**	758,635,294
Current liabilities	**107,046,327**	99,180,402
Non-current liabilities	**571,977,159**	564,342,501
Loss for the year	**(73,711,313)**	(114,323,659)
Equity	**224,338,084**	297,484,351

All amounts are presented in Saudi riyals unless otherwise indicated

	31 December 2023	31 December 2022
Net assets	**224,338,084**	297,484,351
Percentage ownership	**31.21%**	31.21%
Ownership interest	**70,015,916**	92,844,866
Goodwill	**13,849,940**	13,849,940
Carrying amount of the investment	**83,865,856**	106,694,806

9-2 Meras Arabia Medical Holding Company

The principal activity of Meras Arabia Medical Holding Company is providing medical services in the field of cosmetology. The Group holds 17% in Meras Arabia Medical Holding Company and has significant influence because of the meaningful presentation on the board of the investee.

The movement in the investment is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**42,967,100**	39,903,721
Group's share of profit	**4,793,453**	3,626,654
Group share of result from comprehensive income	**161,076**	286,725
Dividends received	**(1,700,000)**	(850,000)
Balance at the end of the year	**46,221,629**	42,967,100

The financial information of the associate is summarized as follows:

	31 December 2023	31 December 2022
Current assets	**53,261,913**	45,473,534
Non-current assets	**152,551,216**	128,510,994
Current liabilities	**57,099,252**	45,877,694
Non-current liabilities	**48,680,230**	46,407,674
Profit for the year	**28,196,780**	20,300,375
Equity	**100,033,374**	80,889,090

	31 December 2023	31 December 2022
Net assets	**100,033,374**	80,889,090
Percentage ownership	**17%**	17%
Ownership interest	**17,005,674**	13,751,145
Goodwill	**29,215,955**	29,215,955
Carrying amount of the investment	**46,221,629**	42,967,100

9-3 MEFIC Private Equity Opportunities Fund 3

The movement in the investment is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**59,841,594**	50,602,847
Group's share of profit	**10,255,590**	9,238,747
Balance at the end of the year	**70,097,184**	59,841,594

9-4 International Medical Centre Company (IMC)

On 21 Dhul Qa'dah 1443H (corresponding to 20 June 2022), a share swap agreement was signed between Dallah Healthcare Company and Kun Investment Holding Company (KIHC) related to the process of exchanging shares owned by KIHC in the International Medical Center (IMC) for shares swap of 7,681,166 shares of Dallah Healthcare Company against 14,232,690 shares in IMC.

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On 3 Jumada II 1444H (corresponding to 16 January 2023) being acquisition date, the shares agreed between the parties were transferred. As a result, Dallah Healthcare Company obtained significant influence. Accordingly, the previous holding of 8.2% (revised shareholding being 27.18%) shareholding which was classified as financial asset at fair value through other comprehensive income has been classified as equity accounted investee.

The transaction result can be summarized in the following:

a) Share capital

	31 December 2023
Number of shares owned by KIHC in IMC	**14,232,690**
Exchange ratio as agreed under share swap agreement	**0.539**
Number of shares issued by the Company	**7,681,166**
Par value of shares issued by the Company – SR 10 per share	**76,811,660**
Add: the Company's' shares capital prior to acquisition	**900,000,000**
The Company's share capital post acquisition	**976,811,660**

b) Share premium

	31 December 2023
Number of shares issued by the Company	**7,681,166**
The Company's share price as at 16 January 2023 (date of acquisition)	**135.8**
Total consideration	**1,043,102,343**
Less: par value of share issued by the Company – 10 Riyals per share	**(76,811,660)**
Share premium of the Group	**966,290,683**
Add : the share premium prior to acquisition	**61,142,305**
Share premium post acquisition	**1,027,432,988**

c) Goodwill

Acquisition accounting of IMC is finalized during the measurement period which resulted in goodwill amounting to SR 1,037 million recognized in the investment balance. The Group conducted a detailed assessment of the fair values of the acquired assets and liabilities at the acquisition date.

	As on 16 January 2023
Fair value of investment in financial assets – previously classified as FVOCI	**307,519,306**
Consideration to acquire additional interest	**1,058,027,295**
Consideration paid at the time of acquisition	**1,365,546,601**
Less : net assets acquired at acquisition date (refer to below table**)**	**(328,761,989)**
Goodwill	**1,036,784,612**

All amounts are presented in Saudi riyals unless otherwise indicated

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	16 January 2023
Property and equipment include right of use assets	**1,074,761,636**
Intangibles	**296,006,650**
Other non-current assets	**27,724,542**
Inventories	**107,996,307**
Trade receivables	**210,993,634**
Cash and cash equivalents	**263,568,699**
Other current assets	**63,996,031**
Loans	**(250,000,000)**
Employees benefits	**(164,653,145)**
Lease liabilities	**(128,256,488)**
Trade payables	**(138,691,531)**
Accrued expenses and other liabilities	**(127,601,849)**
Other liabilities	**(26,271,310)**
Net identifiable net assets acquired at acquisition date	**1,209,573,176**
Dallah Healthcare Company Share (27.18%)	**328,761,989**

d) Movement in the investment and financial information:

The movement in the investment is as follows:

	31 December 2023
Balance at the beginning of the year	**--**
Fair value of financials assets – classified before as FVOCI	**307,519,306**
Acquisition through increase in share capital *(refer note "a" above)*	**76,811,660**
Acquisition through Share premium *(refer note "b" above)*	**966,290,683**
Acquisition related cost	**14,924,952**
Group's share of profit post acquisition	**6,100,830**
Group's share of other comprehensive loss post acquisition	**(703,180)**
Balance at the end of the year	**1,370,944,251**

The financial information of the associate is summarized as follows:

	31 December 2023
Current assets	**606,647,000**
Non-current assets	**1,514,410,077**
Current liabilities	**306,239,000**
Non-current liabilities	**585,386,000**
Profit for the year	**23,408,000**
Equity	**1,229,432,077**

	31 December 2023
Net assets	**1,229,432,077**
Percentage ownership	**27.18%**
Ownership interest	**334,159,639**
Goodwill	**1,036,784,612**
Carrying amount of the investment	**1,370,944,251**

All amounts are presented in Saudi riyals unless otherwise indicated

10. FINANCIAL INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Country	Ownership percentage	Cost as at 31 December 2023	Fair Value as at 31 December 2023
Quoted:				
Jordanian Pharmaceutical Manufacturing Company	Jordan	**0.4%**	**503,561**	**70,722**
Al Nahdi Medical Company	Kingdom of Saudi Arabia	**0.002%**	**282,829**	**295,783**
			786,390	**366,505**

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

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 2023 amounting to SR 0.01 million (31 December 2022: SR 3 million).

During the year 2023, the Company acquired an additional 18.98% in the International Medical Center Company, thus the investment transferred from fair value through other comprehensive income to equity accounted investee. *Refer to note (9-4).*

11. INVENTORIES

	31 December 2023	31 December 2022
Medical supplies and pharmaceutical items	**226,247,100**	258,831,412
Provision for obsolete and slow-moving inventory - expired	**(2,161,911)**	(3,596,345)
	224,085,189	255,235,067

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

	2023	2022
Balance at beginning of the year	**3,596,345**	936,085
Charge for the year	**689,735**	2,660,260
Written-off	**(2,124,169)**	--
Balance at the end of the year	**2,161,911**	3,596,345

All amounts are presented in Saudi riyals unless otherwise indicated

12. PREPAYMENT AND OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Advances to suppliers	**87,691,396**	66,949,480
Prepayments	**58,289,650**	45,818,578
Employees' related loans	**11,034,492**	9,457,835
VAT receivable	**3,117,259**	--
Letter of guarantee margin	**978,221**	2,487,875
Others	**11,001,655**	22,817,035
	172,112,673	147,530,803
Less: Provision for prepayments and other current assets	**(33,824,664)**	(33,518,600)
	138,288,009	114,012,203

The summary for the movement of provision:

	2023	2022
Balance at beginning of the year	**33,518,600**	16,595,624
Charge for the year	**925,855**	21,745,829
Written off	**(619,791)**	(4,822,853)
Balance at the end of the year	**33,824,664**	33,518,600

All amounts are presented in Saudi riyals unless otherwise indicated

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.

Name of related parties	**Relationship**	**Nature of transactions**	**Transaction during the year ended**	
			31 December 2023	31 December 2022
Kun Investment Holding Company	Owned by close family member to shareholder	Acquisition of IMC *(Refer to note 9)*	**1,043,102,343**	--
International Medical Centre Company	Associate	Technical Support and medicines sales	**3,185,272**	--
Al-Jazira Capital	Common Directorship	Consultation	**11,683,720**	200,000
Dr Mohammed Rashid Al-Faqih Company	Associate	Technical Support and Medicines sales	**3,873,301**	2,998,605
Eng. Khalid Al-Faqih	Close family member to shareholder	Engineering consulting	**2,681,781**	3,495,343
Meraas Arabia Medical Holding Company	Associate	Medical services	**2,322,646**	1,870,936
		Dividend received	**1,700,000**	850,000
Adaptive TechSoft	Common shareholder	Technical Support	**7,441,322**	3,557,577
Eng. Tarek Alkasabi	Chairman of Board	Management consulting	**1,319,736**	1,147,596
Iqraa Media	Other / common Directorship	Media and advertising services	**652,266**	182,812
Dareen Travel Agency	Owned partially by shareholder	Travel tickets	**7,268,995**	7,555,041
Jarir Marketing Company	Common directorship	Office supplies and stationary	**636,324**	7,220
Dallah Al-Barakah Holding	Ultimate Parent Company	Medical services	**12,145**	352,593
Growth Path Investment Company (Mahara)	Shareholder in a subsidiary	Recruitment services	**8,109,743**	6,042,019
Joud Al Hala	Common directorship	Rent	**440,680**	378,494
*Al-Mashfa Medical	Close family member to board member	Medical services	**--**	1,811,720
Dallah Trading Company	Common shareholder	Air conditioning and spare parts	**--**	25,163

* Al-Mashfa Company is become no related party in 2023.

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

	For the year ended 31 December	
	2023	2022
Salaries and bonuses for Group's Executive Directors	**11,982,680**	11,111,053
Long term benefits	**6,736,046**	5,325,841
Board of Directors' and related committee remuneration	**3,654,646**	3,369,000

All amounts are presented in Saudi riyals unless otherwise indicated

Due from related parties

	31 December 2023	31 December 2022
Dr Mohammed Rashid Al-Faqih Company	**9,801,462**	5,750,770
Dallah Al-Barakah Holding	**310,332**	299,221
Meraas Arabia Medical Holding Company	**157,381**	186,867
Joud Al Hala	**162,109**	84,895
Al-Mashfa Medical	**--**	707,455
Others	**1,034**	--
	10,432,318	7,029,208

Due to related parties

	31 December 2023	31 December 2022
Growth Path Investment Company - Mahara	**943,939**	988,053
Dareen Travel Agency	**580,412**	220,279
Jarir Marketing Company	**215,995**	--
Adaptive TechSoft	**62,497**	209,094
Others	**--**	4,415
	1,802,843	1,421,841

14. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables	**952,691,247**	846,792,527
Commercial discount	**(130,362,764)**	(98,094,564)
Net trade receivables	**822,328,483**	748,697,963
Impairment loss allowance	**(100,885,926)**	(71,622,194)
	721,442,557	677,075,769

Movement in the allowance for impairment during the year is as follows.

	31 December 2023	31 December 2022
Balance at the beginning of the year	**71,622,194**	75,623,078
Charge for the year	**29,263,732**	6,047,668
Written-off	**--**	(10,048,552)
Balance at the end of the year	**100,885,926**	71,622,194

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

15. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash at banks *	**215,537,202**	236,453,723
Short-term deposits**	**18,000,000**	--
Cash in hand	**1,770,523**	1,491,190
	235,307,725	237,944,913

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

** Short-term deposits pertains to fixed deposit placed with local banks at a rate of 5.2% having maturity of three month or less.

All amounts are presented in Saudi riyals unless otherwise indicated

16. NON-CONTROLLING INTERESTS

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

Year 2023	**Care Shield Holding Company**	**Makkah Medical Centre Company**	**Total**
Balance at beginning of the year	**216,377,964**	**25,856,305**	**242,234,269**
Dividend related to non-controlling interest	**--**	**--**	**--**
Share of net profit for the year	**24,511,891**	**790,417**	**25,302,308**
Share of other comprehensive income	**1,646,999**	**75,447**	**1,722,446**
Balance at end of the year	**242,536,854**	**26,722,169**	**269,259,023**

Year 2022	Care Shield Holding Company	Makkah Medical Centre Company	Total
Balance at beginning of the year	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 end of the year	216,377,964	25,856,305	242,234,269

Care Shield Holding Company

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:

	2023	**2022**
Non-current assets	**296,037,027**	259,261,719
Current assets	**296,552,471**	261,382,755
Non-current liabilities	**110,753,597**	123,329,661
Current liabilities	**144,755,993**	126,285,943

Summarized statements of profit or loss and statement of comprehensive income:

	2023	2022
Revenue	**431,896,155**	370,270,155
Net profit for the year	**59,264,727**	51,108,310
Other comprehensive income (loss) for the year	**3,982,106**	(1,040,716)
Total comprehensive income for the year	**63,246,833**	50,067,594
Attributable to:		
Profit attributable to non-controlling interest	**24,511,891**	21,138,397
Other comprehensive income (loss) attributable to non- controlling interests	**1,646,999**	(430,440)

Makkah Medical Centre

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:

	2023	2022
Non-current assets	**56,836,053**	52,395,357
Current assets	**90,623,337**	56,427,903
Non-current liabilities	**11,716,575**	11,379,104
Current liabilities	**54,786,892**	29,471,204

Summarized statements of profit or loss and comprehensive income:

	2023	2022
Revenue	**158,329,061**	114,974,063
Net profit (losses) for the year	**8,928,967**	(1,474,523)
Other comprehensive income for the year	**852,293**	1,703,117
Total comprehensive income for the year	**9,781,260**	228,594
Attributable to:		
profit /(Loss) attributable to non-controlling interest	**790,417**	(159,376)
Other comprehensive income attributable to Non- controlling interests	**75,447**	155,441

17. MURABAHA FINANCING

	31 December 2023	31 December 2022
Non-current:		
Long -term Murabaha finance and loans	**1,287,782,783**	1,529,290,588
Current:		
Short-term Murabaha finance	**354,221,749**	179,408,781
Current portion of long-term Murabaha finance and loan	**252,678,359**	226,482,816
Total current Murabaha finance	**606,900,108**	405,891,597
Total Murabaha financing and loans	**1,894,682,891**	1,935,182,185

1. The Group has Murabaha finance contracts with local banks at a mark-up rate of SAIBOR plus 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 notes.

   As at 31 December 2023, Dallah Healthcare Company and its 100% owned subsidiaries, have bank Murabaha facilities of SR 2,665 million (31 December 2022: SR 2,795 million), out of which an amount of SR 1,545 million was utilized as at 31 December 2023 (31 December 2022: SR 1,612 million), and secured by promissory notes as at 31 December 2023, with a total of SR 2,665 million (31 December 2022: SR 2,854 million).

   And the Company on 25 Muharram 1443H (corresponding to 02 September 2021), has 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 2023 (31 December 2022: SR 223 **million**).

2. The Murabaha financing balance as at 31 December 2023, includes a loan pertaining to Care Shield Holding Company, a "subsidiary company", amounting to SR 127 million (31 December 2022: SR 98 million).

3. Makkah Medical Centre Company, a "subsidiary company" had a loan from the Ministry of Finance amounted to SR 2 million as at 31 December 2022 **which is paid in 2023. The loan is secured by a mortgage deed over the** hospital's land, buildings on which it is built, medical and non-medical equipment and furniture and furnishings, the process in underway to cancel the mortgages.

The Group is subject to certain bank covenants which are fully compliant at reporting date.

Movement summary of loans and borrowings during the year is as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	**1,935,182,185**	1,867,361,251
Proceeds	**233,372,558**	724,508,764
Payments	**(273,871,852)**	(656,687,830)
Balance at end of the year	**1,894,682,891**	1,935,182,185

All amounts are presented in Saudi riyals unless otherwise indicated

The financing costs recognized represents in following:

	31 December 2023	31 December 2022
Murabaha interest	**101,799,353**	68,475,787
Lease interest (note 18)	**2,340,211**	2,015,564
Balance at end of the year	**104,139,564**	70,491,351

18. LEASES AS LESSEE

Lease Liability	**31 December 2023**	31 December 2022
Balance at beginning of the year	**42,312,352**	21,921,107
Acquisition of a subsidiary company	**--**	13,692,661
Additions	**56,556,293**	23,259,119
Lease interest	**2,340,211**	2,015,564
Modifications	**--**	501,279
Lease payments	**(22,504,941)**	(19,077,378)
Balance at end of the year	**78,703,915**	42,312,352
Divided into:		
Long-term lease liability	**59,072,168**	26,485,416
Short-term lease liability	**19,631,747**	15,826,936
	78,703,915	42,312,352

Amounts recognized in the consolidated statement of cash flows	**31 December 2023**	31 December 2022
Total cash outflow for leases	**(22,504,941)**	(19,077,378)

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.

19. EMPLOYEE BENEFITS

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

	31 December 2023	31 December 2022
Balance at the beginning of the year	**244,431,963**	246,983,115
Resulting from the acquisition of a subsidiary	**--**	191,710
Current service cost	**38,625,264**	32,178,570
Finance cost	**1,227,619**	2,140,920
Total amounts recognised in profit or loss	**39,852,883**	
Actuarial gain recognized in other comprehensive income	**(6,652,827)**	(13,513,856)
Transfers	**--**	908
Benefits paid during the year	**(19,810,367)**	(23,549,404)
Balance at the end of the year	**257,821,652**	244,431,963

The following were the principal actuarial assumptions:

Key actuarial assumptions	**31 December 2023**	31 December 2022
Discount rate used	**5.06%**	4.35%
Future growth in salary	**1.76%**	1.76%
Demographic assumptions		
Retirement Age	**60 years**	60 years

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All amounts are presented in Saudi riyals unless otherwise indicated

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 2023		31 December 2022	
	Increase - +1%	**Decrease -1%**	Increase +1%	Decrease -1%
Discount rate	**237,106,658**	**278,025,521**	216,750,420	248,060,848
Future salary growth	**278,019,376**	**237,103,746**	248,065,268	216,684,210

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.

As at 31 December 2023, the weighted average duration of the defined benefits obligation was 8 years (2022: 8 years). The Group expects to pay SR 24,333,545 in contributions to its defined benefits plan in 2024.

20. TRADE PAYABLES

	31 December 2023	31 December 2022
Medicine related suppliers	**142,132,104**	149,760,920
Medical equipment related suppliers	**68,977,664**	41,920,859
General suppliers	**26,872,924**	34,644,804
Catering suppliers	**9,201,698**	13,782,171
Spare parts suppliers	**7,839,097**	4,638,734
Others	**--**	3,458,464
	255,023,487	248,205,952

21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2023	31 December 2022
Vacations and accrued tickets	**50,461,110**	35,244,170
Accrued maintenance services and other	**31,094,095**	23,859,775
Employees related accruals	**23,778,669**	30,662,414
Accrued finance cost	**18,708,911**	16,641,022
Employees' incentives	**18,110,343**	12,008,766
Accrued portal charges	**8,767,075**	7,938,876
Social insurance accruals	**6,586,498**	1,825,646
Deferred income	**4,094,985**	2,408,891
Value added tax	**--**	10,438,138
Customs accrual	**--**	1,857,413
Others	**16,990,715**	12,353,643
	178,592,401	155,238,754

All amounts are presented in Saudi riyals unless otherwise indicated

22. DIVIDENDS

On 01 Dhu al-Hijjah 1444 H (corresponding to 19 June 2023), the Company's Board of Directors decided to distribute interim dividends to shareholders of SR 0.5 per share, amounting to SR 48,840,583 which is paid during 2023.

On 20 Muharram1445 H (corresponding to 07 August 2023), the Company's Board of Directors decided to distribute interim dividends to shareholders of SR 0.5 per share, amounting to SR 48,840,583 which is paid during 2023.

On 21 Rabīʿ al-Thānī 1445 H (corresponding to 05 November 2023), the Company's Board of Directors decided to distribute interim dividends to shareholders of SR 0.5 per share, amounting to SR 48,840,583 which is paid during 2023.

On 12 Jumada Al Akhirah 1445 H (corresponding to 26 December 2023), the Company's Board of Directors decided to distribute interim dividends to shareholders of SR 0.5 per share, amounting to SR 48,840,583 which is paid during 2024.

On 25 Safar 1444 H (corresponding to 21 September 2022), the Company's Board of Directors decided to distribute interim dividends to shareholders of SR 1 per share, amounting to SR 90,000,000 which is paid during 2022.

On 25 Jamada Alawwal 1444 H (corresponding to 19 December 2022), the Company's Board of Directors decided to distribute interim dividends to shareholders of SR 1 per share, amounting to SR 90,000,000 which is paid during 2022.

All of the above board decisions were in accordance with the mandate of the Ordinary General Assembly of the Company

On 5 Jumada AlAkhirah 1444 H (29 December 2022) the shareholders of Care Shield Holding Company (a subsidiary) approved dividends of Saudi Riyals 18.8 million which is paid in 2023. The non-controlling interest portion regarding these dividends amounting to SR 7,755,000

23. ZAKAT

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

	31 December 2023	31 December 2022
Dallah Healthcare Company and its 100% owned subsidiaries	**35,970,218**	36,853,772
Subsidiaries owned less than 100%	**8,088,467**	6,490,915
	44,058,685	43,344,687

Dallah Healthcare Company	**31 December 2023**	31 December 2022
Zakat base		
Shareholders' equity	**2,823,145,320**	1,701,153,691
Provisions	**264,414,909**	220,370,718
Loans, accrued dividends and other liabilities	**1,710,945,569**	1,430,026,809
Adjusted net income	**404,610,760**	354,750,112
	5,203,116,558	3,706,301,330
Less: Property and equipment, net	**(2,351,888,249)**	(2,245,209,205)
Investments	**(2,340,962,307)**	(1,154,313,504)
Intangible assets	**(11,902,836)**	(21,832,190)
Zakat base	**498,363,166**	284,946,431
Zakat	**12,686,165**	8,868,753

Adjusted net income	**31 December 2023**	31 December 2022
Net profit before zakat	**360,122,537**	301,773,840
Adjustments	**44,488,223**	52,976,272
Adjusted net income	**404,610,760**	354,750,112

All amounts are presented in Saudi riyals unless otherwise indicated

Movement summary of provision for zakat is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	**43,344,687**	23,834,863
Charge for the year	**19,390,478**	15,149,367
Provision prior years assessments	**(4,500,000)**	18,541,911
Payments made during the year	**(14,176,480)**	(14,181,454)
Balance at the end of the year	**44,058,685**	43,344,687

The Company and its fully owned subsidiaries

The Company has obtained zakat certificates from Zakat, Tax and Customs Authority "ZATCA" for the years till **2022**.

The Group has obtained a Zakat assessment for the years 2014 to 2018, in which ZATCA is demanding additional zakat amounting to SR 12.7 million. The Group submitted a petition during the regulatory period and still awaiting for the result. ZATCA has raised additional inquiries regarding the years 2019 and 2020, and issued an initial assessment of SR 12.5 million. The assessment was objected by the Company for which the Company is still awaiting the final authority's response. The management, in consultation with its Zakat consultant has recognized a provision of SR 23.1 million in respect of these assessments, and believe that the provision recorded is sufficient to meet any additional Zakat liability.

Makkah Medical Centre Company

The Company has obtained zakat certificates from ZATCA for the years till 2022 and received Zakat assessment for year 2020 in which ZATCA is demanding additional zakat liability amounting to SR 0.7 million, which is fully provided.

Care Shield Holding Company

The Company has obtained zakat certificates from ZATCA for the years till 2022.

24. REVENUE

	31 December 2023	31 December 2022
Revenue from contracts with customers		
Revenue from services	**2,159,272,736**	1,931,785,546
Revenue from sale of medicines	**783,624,965**	556,197,589
	2,942,897,701	2,487,983,135
Timing of revenue recognition		
Services transferred over time	**1,044,913,540**	870,723,105
Products and services transferred at a point in time	**1,897,984,161**	1,617,260,030
	2,942,897,701	2,487,983,135

Contract Balances	**2023**	2022
Trade receivables (note 14)	**721,442,557**	677,075,769
Unbilled revenue	**15,497,596**	12,777,015

Unbilled revenue

The balance of this account varies and depends on the number of continuous services not billed at the end of the year. All of the above unbilled revenue has been reviewed for indicators of impairment.

All amounts are presented in Saudi riyals unless otherwise indicated

25. SELLING AND MARKETING EXPENSES

	31 December 2023	31 December 2022
Advertising and promotions	**39,816,015**	25,915,728
Salaries and wages	**15,316,040**	13,300,619
Marketing incentives	**1,495,956**	1,930,670
Others	**3,179,579**	3,902,014
	59,807,590	45,049,031

26. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023	31 December 2022
Salaries, wages and benefits	**321,869,279**	278,419,177
Maintenance and material	**57,202,049**	37,764,443
Professional fees	**39,113,735**	26,482,835
Utilities	**14,478,874**	14,085,703
Depreciation (notes 6 & 7)	**10,376,019**	5,103,975
Stationery	**8,632,926**	6,601,625
Insurance portal fees	**5,368,867**	6,940,812
Training and development	**5,227,884**	2,563,820
Permissions and licenses	**4,690,111**	6,565,735
Amortization (note 8)	**4,566,665**	3,463,464
Insurance	**4,046,084**	2,756,369
Board of Directors and related committees’ remunerations (note 13)	**3,654,646**	3,369,000
Provision for obsolete and slow-moving inventory (note 11)	**689,735**	2,660,260
Rentals	**375,883**	1,255,508
Others	**36,779,655**	31,740,911
	517,072,412	429,773,637

27. OTHER INCOME

	31 December 2023	31 December 2022
Subsidize income	**14,762,876**	9,563,738
Rental income	**6,185,913**	4,724,377
Catering income	**4,594,784**	4,713,864
Income from written-off customers	**3,015,115**	2,340,034
Dividends received	**11,875**	3,080,180
(Loss)/gain on sale of property and equipment	**(101,868)**	1,069,374
Others	**6,237,571**	4,464,292
	34,706,266	29,955,859

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing the profit for the year 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 2023 and 31 December 2022.

	31 December 2023	31 December 2022
Profit for the year, attributable to the shareholders	**360,122,537**	274,463,823
Weighted average number of ordinary shares	**97,344,457**	90,000,000
Basic and diluted earnings per share	**3.70**	3.05

All amounts are presented in Saudi riyals unless otherwise indicated

29. CONTINGENCIES AND COMMITMENTS

Capital commitments

As at 31 December 2023, the Group had capital commitments relate construction contracts and expansion of healthcare facilities amounting to SR 106 million (31 December 2021: SR 85 million).

Contingent liabilities

i) As at 31 December 2023, the Group has potential liabilities in the form of bank guarantees amounting to SR 75 million issued on behalf of the Group in the ordinary course of business (31 December 2022: SR 40 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 2024.

ii) There are Letter of credits issued by the Group amounting to SR 32 million as on 31 December 2023 (31 December 2022: SR 40 million).

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

Classification of financial assets and liabilities

	31 December 2023	
	Carrying Value	Fair Value
Assets		
Trade receivables	**721,442,557**	**721,442,557**
Unbilled revenue	**15,497,596**	**15,497,596**
Due from related parties	**10,432,318**	**10,432,318**
Cash and cash equivalents	**235,307,725**	**235,307,725**
Financial assets at fair value through other comprehensive income	**366,505**	**366,505**
	983,046,701	**983,046,701**
Liabilities		
Long Term Murabaha Financing	**1,287,782,783**	**1,287,782,783**
Long term lease liability	**59,072,168**	**59,072,168**
Long-term payable	**2,576,491**	**2,576,491**
Trade payables	**255,023,487**	**255,023,487**
Short Term Murabaha Financing	**354,221,749**	**354,221,749**
Current portion of long term Murabaha financing	**252,678,359**	**252,678,359**
Short term lease liability	**19,631,747**	**19,631,747**
Short term Retentions	**8,099,757**	**8,099,757**
Due to Related Parties	**1,802,843**	**1,802,843**
Accrued expenses and other current liabilities	**178,592,401**	**178,592,401**
Dividends payable	**48,840,583**	**48,840,583**
	2,468,322,368	**2,468,322,368**

All amounts are presented in Saudi riyals unless otherwise indicated

	31 December 2022	
	Carrying Value	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	1,421,841	1,421,841
Accrued expenses and other current liabilities	155,238,754	155,238,754
Dividends payable	7,755,000	7,755,000
	2,400,506,359	2,400,506,359

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.

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 2023		
	Level 1	**Level 2**	**Level 3**
Financial assets at fair value through other comprehensive income	**366,505**	**--**	**--**

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

As above investments are quoted and measured at level 1 therefore, no valuation techniques with significant unobservable inputs have been used to measure the financial assets at fair value through other comprehensive income.

30.2 Risk Management Framework

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:

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.

All amounts are presented in Saudi riyals unless otherwise indicated

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 2023	31 December 2022
Trade receivables (note 14)	**721,442,557**	677,075,769
Unbilled revenue	**15,497,596**	12,777,015
Employees' related loans (note 12)	**11,034,492**	9,457,835
Due from related parties (note 13)	**10,432,318**	7,029,208
Cash and cash equivalent (note 15)	**235,307,725**	236,453,723
	993,714,688	942,793,550

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.

	Loss rate	**31 December 2023**	Loss rate	31 December 2022
Trade receivables aging				
Less than six months	**8%**	**545,925,527**	6%	490,362,386
Over six months but less than one year	**5%**	**122,482,934**	7%	168,371,645
More than one year	**33%**	**153,920,022**	34%	89,693,932
		822,328,483		748,427,963
Unbilled revenue				
Less than three months		**15,497,596**		12,777,015

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 as the group collects rent on a regular basis, and employees' loans are usually less than their dues.

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.

All amounts are presented in Saudi riyals unless otherwise indicated

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

As at 31 December 2023	**Caring value**	**Less than one year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Murabaha financing	**1,894,682,891**	**693,746,668**	**955,427,108**	**560,022,423**	**2,209,196,199**
Lease liability	**78,703,915**	**19,631,747**	**59,072,168**	**--**	**78,703,915**
Long term payables	**2,576,491**	**--**	**2,576,490**	**--**	**2,576,491**
Short term retentions	**8,099,757**	**8,099,757**	**--**	**--**	**8,099,757**
Trade payables	**255,023,487**	**255,023,487**	**--**	**--**	**255,023,487**
Accrued expenses and other current liabilities	**178,592,401**	**178,592,401**	**--**	**--**	**178,592,401**
Dividend payable	**48,840,583**	**48,840,583**	**--**	**--**	**48,840,583**
Due to related parties	**1,802,843**	**1,802,843**	**--**	**--**	**1,802,843**
	2,468,322,368	**1,205,737,486**	**1,017,075,766**	**560,022,423**	**2,782,835,676**

As at 31 December 2022	Caring value	Less than one year	From 1 to 5 years	More than 5 years	Total
Murabaha financing	1,935,182,185	489,969,959	1,084,146,095	559,044,273	2,133,160,327
Lease liability	42,312,352	15,826,936	26,485,416	--	42,312,352
Long term payables	3,307,284		3,307,284	--	3,307,284
Short term retentions	7,082,991	7,082,991	--	--	7,082,991
Trade payables	248,205,952	248,205,952	--	--	248,205,952
Accrued expenses and other current liabilities	147,481,648	147,481,648	--	--	147,481,648
Dividend payable	7,755,000	7,755,000	--	--	7,755,000
Due to related parties	1,421,841	1,421,841	--	--	1,421,841
	2,392,749,253	917,744,327	1,113,938,795	559,044,273	2,590,727,395

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.

All amounts are presented in Saudi riyals unless otherwise indicated

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 2023	**± 1%**	**1,894,682,891**	**±18,946,829**
As at 31 December 2022	± 1%	1,935,182,185	±19,351,822

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 2023	Medical Services	Medicine and Pharmaceutical Products	Total
Revenue	**2,809,495,048**	**133,402,653**	**2,942,897,701**
Cost of revenue	**(1,775,398,327)**	**(88,825,736)**	**(1,864,224,063)**
Gross profit	**1,034,096,721**	**44,576,917**	**1,078,673,638**
Operating expenses	**(562,667,176)**	**(44,402,413)**	**(607,069,589)**
Other income, net	**33,074,641**	**1,631,625**	**34,706,266**
Operating profit	**504,504,186**	**1,806,129**	**506,310,315**
Finance cost	**(100,982,040)**	**(3,157,524)**	**(104,139,564)**
Share of results from equity accounted investees	**(1,855,428)**	**--**	**(1,855,428)**
Zakat	**(14,890,478)**	**--**	**(14,890,478)**
Net Profit	**386,776,240**	**(1,351,395)**	**385,424,845**
As at 31 December 2023			
Total assets	**6,066,346,058**	**176,508,637**	**6,242,854,695**
Total liabilities	**2,738,451,553**	**31,751,152**	**2,770,202,705**

All amounts are presented in Saudi riyals unless otherwise indicated

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

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

On15 Shaban 1445H (corresponding to 25 February 2024), the Company signed a non-binding memorandum of understanding with Ayyan Investment Company in connection with the purchase of its shares in AlAhsa Medical Services Company (97.4%) of the Company capital (the owner of Al Ahsa hospital in AlAhsa) and the purchase of Ayyan Investment Company shares in Al Salam Medical Services Company (100%) of the Company capital (the owner of Al Salam hospital in Al Khober) by way of share swap or in a manner to be agreed by the parties.

On 11 Shaban 1445H (corresponding to 21 February 2024), the associate company (International Medical Center Company) has signed, design and project management agreements with specialized consulting companies for a new project for the IMC, which will be built on a land owned by the International Medical Center Company in North Obhur in Jeddah on an area of (20,800 sqm.) for the purpose of establishing a new integrated hospital (various specialities).

Other than those disclosed above or elsewhere in these consolidated financial statements, there have been no other significant events subsequent to 31 December 2023 up to the date of the authorization of the consolidated financial statements, which would result in material adjustment or disclosure in these consolidated financial statements.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Group's Board of Directors on 03 Ramadan 1445H (Corresponding to 13 March 2024).