ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

together with

INDEPENDENT AUDITOR'S REPORT

ARABIAN INTERNATIONAL HEALTHCARE
HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
31 December 2023

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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 Arabian International Healthcare Holding Company

Opinion

We have audited the consolidated financial statements of **Arabian International Healthcare Holding Company ("the Company") and its subsidiaries ("the Group")**, which comprise of the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other 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, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (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 that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's 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 of 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 Arabian International Healthcare Holding Company (continued)

Revenue recognition

Refer Note 3.1 (C) to the consolidated financial statements for the accounting policy relating to revenue recognition and Note 5 to the consolidated financial statements 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 806,923,784 (2022: SR 642,672,704). The Group's sales arrangements are at a point in time and overtime. Sales of medical equipment with and without installation including pharmacy is recognized once goods are delivered which the customer must accept, hence, performance obligation at a point in time. Revenue from the installation of goods is recognized overtime as the installation is performed using the input method. Sale of maintenance services, commission and warranty service is recognised overtime because control is transferred as the customer receives the benefit. Revenue from clinic is recognised when services are delivered to the patient at a point in time. We have identified revenue recognition as a key audit matter because revenue is one of the Group's performance indicators giving rise to inherent risk that revenue could be subject to overstatement to meet targets and expectations. Furthermore, revenue recognition requires the below considerations: -the analysis of whether the contracts comprise one or more performance obligations -determining whether the performance obligations are satisfied over time or at a point in time	Our audit procedures to assess revenue recognition included the following: -Assessing the design and implementation, and tested the operating effectiveness of the Group's key internal controls on a sample basis which govern the revenue recognition process; -Evaluating the Group's revenue recognition policies; -Evaluating key contractual agreements with customers; -Testing a sample of sales transactions closer to the year end to assess that revenue is recorded in the correct accounting period; -Performing cash to revenue reconciliation to assess the reasonableness of revenue recorded in line with cash received. -Testing a sample of credit notes for subsequent sales return; and -Considering the adequacy of the related disclosure in the Group's consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

Allowance for impairment on trade receivables

Refer Note 3.1 (O) to the consolidated financial statements for the accounting policy of financial instruments and Note 20 to the consolidated financial statements for the related disclosure.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the gross carrying value of trade receivable amounted to SR 780,998,053 (2022: SR 670,087,407) and the allowance for expected credit losses on such balance amounted to SR 36,994,715 (2022: SR 27,937,819). The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivable. The ECL model involves the use of various assumptions covering macro-economic factors and study of historical trends all of which involves a significant degree of judgement. We have identified allowance for impairment on trade receivables a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model for the calculation of the allowance for expected credit losses. This is inherently subjective and requires significant management judgement, which increases risk of error or potential bias.	Our procedures to assess the allowance for impairment on trade receivables included the following: - Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of credit losses; - Obtaining an understanding of the key practices and assumptions of the expected credit loss model adopted by management, including historical default rate and management's estimated loss rates; - Assessing the reasonableness of management's loss allowance estimate by examining the information used by management to form such judgements, including testing the accuracy of the historical default rate and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and - Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivable balance as at 31 December 2023 with bank statement and relevant remittance documents.

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

Recognition, valuation and impairment of goodwill

Refer Note 3.1 (K and L) to the consolidated financial statements for the accounting policy of Goodwill and impairment and Note 15 to the consolidated financial statements for the related disclosure.

The key audit matter	How the matter was addressed in our audit
On 31 August 2022, the Group obtained control over Innovative Care Trading Company ("Innovative") by acquiring 51% shares of the subsidiary on which goodwill amounting to SAR 127,672,108 *(Restated)* was recognised as part of a purchase price allocation exercise. Goodwill recognised by the Group is also subject to annual impairment testing. The management performed an impairment assessment by comparing the carrying value of Innovative as a cash generating unit (CGU) with their value in use based on discounted cash flow forecasts. The preparation of discounted cash flow forecast of the CGU involves estimating future cash flows, growth rates and discount rates which inherently involves uncertainty due to evolving economic conditions and trends. We have identified the recognition of goodwill and assessment of potential impairment of goodwill allocated to Innovative as a key audit matter because the year-end assessment performed by management contains certain judgemental assumptions which could be subject to management bias. Furthermore, the assessment involves an element of uncertainty.	Our procedures included the following: • Assessing the design and implementation of management's key internal controls which govern the process around assessing potential impairment of goodwill;; • Assessing management's identification of the CGU and the allocation of assets to the CGU for the purposes of the impairment assessment; • Engaging our own valuation specialists to assess the methodology adopted by management in its impairment assessment of goodwill allocated to the CGU with reference to the requirements of the prevailing accounting standards; • Evaluating the assumptions adopted in the preparation of the discounted cash flow forecast, including projected future growth rates for income and expenses and discount rate with reference to our understanding of the business, historical trends and available industry information and market data; and • Performing sensitivity analyses on the key assumptions, included projected profitability and the discount rate, adopted in the discounted cash flow forecast and assessing whether there were any indicators of management bias in the selection of these assumptions.; and • Assessing the adequacy of the relevant disclosures and presentation in the consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding 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.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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, Audit committee, Board of Directors, are 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.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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.

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

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

- 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 of **Arabian International Healthcare Holding 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

كي بي إم جي للإستشارات المهنية
Lic No. 46
ترخيص رقم ٤٦
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س.ت ١٠١٠٤٢٥٤٩٤
R : 2
KPMG
KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Al Riyadh: 23 Ramadan 1445H
Corresponding to: 2 April 2024

ARABIAN INTERNATIONAL HEALTHCARE
HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	**31 December 2023 SR**	31 December 2022 SR *(Restated – refer note 15)*
ASSETS			
Non-current assets			
Goodwill	15.5	**110,472,108**	127,672,108
Property and equipment	14	**31,504,516**	29,847,117
Right-of-use assets	16	**37,791,906**	36,588,710
Intangible assets	17	**12,376,631**	15,726,745
Equity-accounted investees	18	**90,376,193**	54,270,267
Investment in finance lease	13.1	**3,596,609**	3,748,216
Advance towards investment	18b	**-**	19,307,262
Total non-current assets		**286,117,963**	287,160,425
Current assets			
Inventories	19	**233,057,767**	298,897,340
Trade receivables	20	**744,003,338**	642,149,588
Prepayments and other current assets	22	**41,488,446**	53,906,295
Cash and cash equivalents	23	**82,383,154**	83,585,439
Amounts due from related parties	24	**9,208,039**	8,702,181
Contract assets	21	**4,782,437**	34,261,964
Current portion of investment in finance lease	13.1	**385,894**	138,408
Total current assets		**1,115,309,075**	1,121,641,215
TOTAL ASSETS		**1,401,427,038**	1,408,801,640
EQUITY AND LIABILITIES			
Equity			
Share capital	25	**200,000,000**	200,000,000
Statutory reserve	26	**23,916,614**	20,107,846
Cashflow hedging reserve	27	**(2,593,075)**	-
Treasury shares reserve		**(8,069,083)**	(8,069,083)
Retained earnings		**93,337,283**	77,636,630
Equity attributable to shareholders of the company		**306,591,739**	289,675,393
Non-Controlling Interest	28	**52,856,685**	48,665,466
Total equity		**359,448,424**	338,340,859
Non-current liabilities			
Employee defined benefit liabilities	29	**24,097,566**	27,507,571
Non-current portion of contingent consideration	15.2	**24,123,095**	41,943,404
Loans and borrowings	31	**25,000,000**	50,000,000
Non-current portion of lease liabilities	16	**35,468,828**	33,429,586
Non-current portion of contract liabilities	30	**56,461,784**	32,224,253
Derivative liabilities	27	**2,593,075**	-
Total non-current liabilities		**167,744,348**	185,104,814

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	Notes	**31 December 2023 SR**	31 December 2022 SR *(Restated – refer note 15)*
Current liabilities			
Trade and notes payables	32	**230,760,753**	254,094,273
Provisions	34	**34,962,073**	30,947,660
Accrued expenses and other current liabilities	33	**100,622,707**	100,833,716
Amounts due to related parties	24	**14,909,324**	1,037,940
Current portion of contract liabilities	30	**31,657,450**	71,784,462
Current portion of contingent consideration	15.2	**-**	27,500,000
Current portion of lease liabilities	16	**3,248,043**	4,506,750
Current portion of loans and borrowings	31	**446,500,000**	382,500,006
Zakat payable	12	**11,573,916**	12,151,160
Total current liabilities		**874,234,266**	885,355,967
Total liabilities		**1,041,978,614**	1,070,460,781
TOTAL EQUITY AND LIABILITIES		**1,401,427,038**	1,408,801,640

These consolidated financial statements shown on pages 7 to 59 were approved by the Board of Directors on Thursday 18 Ramadan 1445H (corresponding to 28 March 2024) and signed on their behalf by:

Chairman	Chief Executive Officer	Chief Financial Officer
Ziad AlTunisi	**Alaa Ameen**	**Wael Aref**

ARABIAN INTERNATIONAL HEALTHCARE
HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**31 December 2023 SR**	31 December 2022 SR *(Restated – refer note 15)*
Revenue	5	**806,923,784**	642,672,704
Cost of revenue	6	**(616,886,243)**	(488,511,809)
Gross profit		**190,037,541**	154,160,895
Selling and marketing expenses	7	**(78,079,473)**	(70,742,876)
General and administrative expenses	8	**(58,708,110)**	(42,880,287)
Impairment of Goodwill	15.5	**(17,200,000)**	-
(Impairment) / reversal of provision on trade receivables and contract assets	20, 21	**(6,531,397)**	3,489,139
Share of (loss) / profit of equity-accounted investees	18	**(2,035,849)**	7,788,950
Other income	9	**17,152,503**	13,825,583
Other expenses	10	**(4,568,387)**	(5,078,009)
Operating profit		**40,066,828**	60,563,395
Finance charges	11	**(36,565,904)**	(18,565,008)
Finance income	13	**5,100,280**	715,057
Reversal and change in fair value change in contingent consideration	15.2	**45,320,309**	(6,121,151)
Profit before zakat		**53,921,513**	36,592,293
Zakat for the year	12	**(11,573,969)**	(10,886,197)
Profit for the year		**42,347,544**	25,706,096
Other comprehensive (loss)/income			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement gain on employee defined benefit liabilities	29	**688,670**	1,203,110
Share of other comprehensive income of equity-accounted investees	18	**453,874**	2,730,936
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges	27	**(2,593,075)**	-
Other comprehensive (loss) / income for the year		**(1,450,531)**	3,934,046
Total comprehensive income for the year		**40,897,013**	29,640,142
Profit attributable to:			
Owner of the company		**38,087,678**	20,474,264
Non-controlling interests	28	**4,259,866**	5,231,832
		42,347,544	25,706,096
Total comprehensive income attributable to:			
Owner of the company		**36,705,794**	24,354,227
Non-controlling interests	28	**4,191,219**	5,285,915
		40,897,013	29,640,142
Earnings per share			
Basic and diluted earnings per share	39	**1.92**	1.02

These consolidated financial statements shown on pages 7 to 59 were approved by the Board of Directors on Thursday 18 Ramadan 1445H (corresponding to 28 March 2024) and signed on their behalf by:

Ziad AlTunisi	**Alaa Ameen**	**Wael Aref**
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

ARABIAN INTERNATIONAL HEALTHCARE
HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share Capital	Statutory reserve	Retained earnings	Treasury share reserves	Cashflow hedge reserves	Equity attributable to owner of the company	Non-controlling Interests	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR
As at 1 January 2022	200,000,000	18,060,420	115,329,829	-	-	333,390,249	-	333,390,249
Acquisition of subsidiary (Note 28)							43,379,551	43,379,551
Profit for the year – Restated	-	-	20,474,264	-	-	20,474,264	5,231,832	25,706,096
Other comprehensive income	-	-	3,879,963	-	-	3,879,963	54,083	3,934,046
Total comprehensive income for the year *(Restated)*	-	-	24,354,227	-	-	24,354,227	5,285,915	29,640,142
Transfer to statutory reserve	-	2,047,426	(2,047,426)	-	-	-	-	-
Treasury shares purchased during the year	-	-	-	(8,069,083)	-	(8,069,083)	-	(8,069,083)
Dividends (Note 40)	-	-	(60,000,000)	-	-	(60,000,000)	-	(60,000,000)
As at 31 December 2022 – Restated	200,000,000	20,107,846	77,636,630	(8,069,083)	-	289,675,393	48,665,466	338,340,859
As at 1 January 2023	**200,000,000**	**20,107,846**	**77,636,630**	**(8,069,083)**	**-**	**289,675,393**	**48,665,466**	**338,340,859**
Profit for the year	**-**	**-**	**38,087,678**	**-**	**-**	**38,087,678**	**4,259,866**	**42,347,544**
Other comprehensive income	**-**	**-**	**1,211,191**	**-**	**(2,593,075)**	**(1,381,884)**	**(68,647)**	**(1,450,531)**
Total comprehensive income for the year	**-**	**-**	**39,298,869**	**-**	**(2,593,075)**	**36,705,794**	**4,191,219**	**40,897,013**
Transfer to statutory reserve (Note 26)	**-**	**3,808,768**	**(3,808,768)**	**-**	**-**	**-**	**-**	**-**
Dividends - (Note 40)	**-**	**-**	**(19,789,448)**	**-**	**-**	**(19,789,448)**	**-**	**(19,789,448)**
As at 31 December 2023	**200,000,000**	**23,916,614**	**93,337,283**	**(8,069,083)**	**(2,593,075)**	**306,591,739**	**52,856,685**	**359,448,424**

These consolidated financial statements shown on pages 7 to 59 were approved by the Board of Directors on Thursday 18 Ramadan 1445H (corresponding to 28 March 2024) and signed on their behalf by:

Ziad AlTunisi	**Alaa Ameen**	**Wael Aref**
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 43 form an integral part of these consolidated financial statements.

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 SR (Restated - refer note 15)
OPERATING ACTIVITIES			
Profit before zakat		**53,921,513**	36,592,293
Adjustments for:			
Provision for employee defined benefit liabilities	29	**5,054,665**	4,989,055
Depreciation of property and equipment	14	**6,196,048**	3,342,982
Depreciation of right of use assets	16	**5,737,956**	4,913,922
Reversal of allowance for net realizable value of inventories	19	**(6,920,802)**	(2,841,046)
Accrued interest for leases	16	**2,161,388**	1,403,539
Amortization of intangible assets	17	**3,350,114**	1,746,678
Gain on disposal of property and equipment		**17,117**	(1,345)
Share of loss / (profit) of equity-accounted investees	18	**2,035,849**	(7,788,950)
Impairment / (reversal) of expected credit loss on trade receivables and contract assets	20, 21	**6,531,397**	(3,489,139)
Interest income on finance lease	13	**(2,162,530)**	(715,057)
Impairment of Goodwill	15.4	**17,200,000**	-
Reversal / change in fair value change of contingent consideration	15.2	**(45,320,309)**	6,121,151
		47,802,406	44,274,083
Changes in operating assets and liabilities:			
Inventories		**72,759,895**	(97,400,013)
Trade receivables		**(108,385,147)**	(7,882,736)
Contract assets		**29,479,527**	32,776,713
Prepayments and other current assets		**12,419,344**	(577,993)
Due from related parties		**(505,858)**	1,043,675
Due to related parties		**13,871,384**	(1,139,162)
Trade payable and notes payables		**(23,335,015)**	95,520,181
Accrued expenses and other current liabilities		**3,803,404**	(8,027,423)
Contract liabilities		**(15,889,482)**	16,482,258
Cash generated from operations		**32,020,458**	75,069,583
Employee defined benefit liabilities paid	29	**(7,776,000)**	(3,466,822)
Zakat paid	12	**(12,151,213)**	(11,420,296)
Net cash generated from operating activities		**12,093,245**	60,182,465
INVESTING ACTIVITIES			
Additions to property and equipment	14	**(7,887,944)**	(2,693,850)
Proceeds from disposal of property and equipment		**-**	40,831
Purchase of intangible assets	17	**-**	(3,718,441)
Dividend received from equity-accounted investee (Philips Healthcare Saudi Arabia)	18a	**7,312,099**	6,586,925
Investment in finance lease	13	**-**	(3,500,000)
Principal repayments against finance lease	13	**2,084,506**	328,337
Acquisition of a subsidiary, net of cash		**-**	(48,732,114)
Equity-accounted investee (Genalive Medical Company)	18b	**(25,692,738)**	(456,000)
Advance towards investment		**-**	(19,307,262)
Treasury share reserves		**-**	(8,069,083)
Net cash used in investing activities		**(24,184,077)**	(79,520,657)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2023

	Notes	**31 December 2023 SR**	31 December 2022 SR (Restated – refer note 15)
FINANCING ACTIVITIES			
(Repayment) of / proceeds from short-term loans from Ultimate Parent Company	24	**(70,000,000)**	52,500,000
Repayment of long-term loans from Parent Company	24	**(25,000,000)**	(25,000,000)
Proceeds from short-term loans from financing institutions	31	**299,000,000**	130,000,000
Repayment of short-term loans to financing institutions	31	**(165,000,000)**	-
Down payment for acquisition of right-of-use-asset		**(324,733)**	(687,088)
Payment of lease liabilities	16	**(7,997,272)**	(4,917,530)
Dividends paid		**(19,789,448)**	(60,000,000)
Net cash generated from financing activities		**10,888,547**	91,895,382
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(1,202,285)**	**72,557,190**
Cash and cash equivalents at beginning of the year	23	**83,585,439**	**11,028,249**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**82,383,154**	**83,585,439**
NON-CASH TRANSACTIONS:			
Remeasurement gain on employee defined benefit liabilities	29	**688,670**	1,203,110
Cashflow hedger reserves	27	**(2,593,075)**	-
Addition in right of use asset	16	**17,349,839**	12,012,511
Share of other comprehensive income of joint venture	18	**453,874**	2,730,936

These consolidated financial statements shown on pages 7 to 59 were approved by the Board of Directors on Thursday 18 Ramadan 1445H (corresponding to 28 March 2024) and signed on their behalf by:

Ziad AlTunisi	**Alaa Ameen**	**Wael Aref**
Chairman	Chief Executive Officer	Chief Financial Officer

1. ACTIVITIES

Arabian International Healthcare Holding Company (the "Company") (trading as Tibbiyah) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010380429 dated 10 Sha'aban 1434H (corresponding to 19 June 2013). The Company and its subsidiaries together are referred to as ("the Group").

The registered office of the Company is located at the following address:
Qurtubah District
Business Gate, Building No. 9
P.O. Box 62961
Riyadh 11595
Kingdom of Saudi Arabia

The subsidiaries included in these consolidated financial statements are as follows:

Subsidiary	Country of incorporation	Effective shareholding %
Al Faisaliah Medical Systems Company	Kingdom of Saudi Arabia	100
International Medical Supplies Company	Kingdom of Saudi Arabia	100
International Healthcare Optimization Company	Kingdom of Saudi Arabia	100
Health Care Technologies Company	Kingdom of Saudi Arabia	100
Innovative Healthcare Company Holdings Limited	United Arab Emirates	51

The Group has following branches and the assets, liabilities and results of operations of the branches are included in these consolidated financial statements.

Branch location	**C.R Number**	**Date**
Jeddah	4030280314	13 Rabi Thani 1436H (corresponding to 2 February 2015)
Khobar	2051062515	17 Sha'aban 1437H (corresponding to 24 May 2016)
Jeddah	4030280313	13 Rabi Thani 1436H (corresponding to 2 February 2015)
Khobar	2051060081	22 Rabi Thani 1436H (corresponding to 11 February 2015)
Jeddah	4030280345	15 Rabi Thani 1436H (corresponding to 4 February 2015)
Khobar	2051060082	22 Rabi Thani 1436H (corresponding to 11 February 2015)
Jeddah	4030280342	15 Rabi Thani 1436H (corresponding to 4 February 2015)
Khobar	2051062516	17 Sha'aban 1437H (corresponding to 24 May 2016)

The Company is owned 75% by Advanced Drugs Company for Pharmaceuticals. The Ultimate Parent Company is Al Faisaliah Group Holding Company.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Annual General Assembly meeting for their ratification.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS endorsed in KSA").

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Employees' defined benefit liabilities, which has been actuarially valued as explained in the accounting policies below.
- Derivative financial instruments which is measured at fair value (Refer note 27)
- Contingent consideration measured at fair value (Refer note 15)
- Tangible and intangible assets measured at fair value in business combination (Refer note 15)

The financial statements are presented in Saudi Riyals ("SR"), which is the functional currency for the Company and its subsidiaries.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (as listed in note 1 above) (wherever, "the Group") as at 31 December 2023.

Control is achieved when the Group is exposed, 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. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.
The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

2. BASIS OF PREPARATION (CONTINUED)

2.2 Basis of consolidation (continued)

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Consolidated statement of income and each component of other comprehensive income are attributed to the shareholders of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. MATERIAL ACCOUNTING POLICIES

The Group 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 provide 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 financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material Accounting Policies Note (2022: Significant accounting policies) in certain instances in line with the amendments.

3.1 Summary of material accounting policies

The following are the material accounting policies applied by the Group in preparing its consolidated financial statements. These are consistent with the prior periods.

A Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

A Current versus non-current classification (continued)

A liability is classified as current when:

- It is held primarily for the purpose of trading;
- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

B 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 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 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the level 2 of the fair value hierarchy in which is the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

C Revenue Recognition

The Group recognizes revenue from the sale of goods, both with and without installation, construction of civil works, the sale of warranties, sale of maintenance contracts and sale of clinical services. Revenue is measured based on the consideration specified in a contract with a customer net of returns and allowances, trade discounts and volume rebates and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The specific recognition criteria described below must also be met before revenue is recognized.

(i) Sales of goods

Revenue from the sale of goods is recognized at a point in time when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery) and duly received and accepted by the customer. Revenue from the installation of goods is recognized overtime as the installation is performed using the input method. A receivable is recognized by the Group when the performance obligation is satisfied in full and the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group also considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

C Revenue Recognition (continued)

(ii) Revenue on civil works
The Group performs civil works under long-term contracts with customers. Such contracts are entered into before construction of the civil work begins. Revenue from civil works is recognized over time on a percentage of completion method i.e. based on the proportion of work completed to the estimated total cost of the contract. The Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

(iii) Sale of warranty
Sales-related warranties, associated with goods which cannot be purchased separately, serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Revenue is recognized overtime over the period in which the service-type warranty is provided based on the time elapsed. The management consider that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

(iv) Revenue from maintenance contracts
Maintenance contracts with customers require that the Group maintains a specified piece of equipment at specific time intervals. Revenue is recognized overtime when such time period elapses, and the service is rendered to the customer. The Group considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

(v) Revenue from clinical services
Revenue is recognized at point in time when services are rendered to its customers. The Group recognizes revenue at the point in time at which the customer obtains control of asset or service and the entity satisfies the performance obligations. Revenues are measured at transaction price which is the amount of consideration the Group expects to be entitled to in exchange of services provided.

D Trade receivables

Trade receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.1(O) for further details.

E Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group allocates a portion of the consideration received to warranty revenue. This allocation is based on the relative stand-alone selling prices. The amount allocated to warranty revenue is deferred, and is

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

E Contract assets and contract liabilities (continued)

recognised as revenue over the period of warranty. The deferred warranty revenue is included in contract liabilities.

F Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (L) Impairment of tangible and intangible assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

F Leases (continued)

Group as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Other income".

G Employee benefits

Employee defined benefit liabilities
The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

G Employee benefits (continued)

Short-term employee benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and air tickets that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

H Zakat

Zakat is computed on the higher of the zakat base or adjusted net income. Zakat is calculated using rates that have been substantively enacted at the reporting date in the consolidated statement of profit or loss and other comprehensive income. Any difference in the estimate is recorded when the final assessment is approved, at which time the amount provided for is cleared.

I Value Added Tax

The Company is subject to a VAT filing on a monthly basis. It is paid and settled through the monthly statements submitted by the Group to the Zakat, Tax and Customs Authority “ZATCA”.

J Property and equipment

Property and equipment, except land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment in value, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

Following are the useful life used to calculate depreciation for all periods presented in these consolidated financial statements:

Leasehold improvements	7 years or the lease term whichever is shorter
Machinery and tools	3 to 10 years
Furniture and fixtures	5 years
Office equipment	6 to 7 years
Computer hardware	3 years
Motor vehicles	4 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

K Goodwill and Intangible assets

Intangible assets, other than goodwill, with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the effective date of the business combination. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group applies an annual rate of amortization ranging from 14.3% to 20% to its software and applies an annual rate of amortization ranging from 14.3% to 20% to its brands and trade name. Distributor license fees and favorable lease agreement are amortized over the period of the underlying legal agreement.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

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 recognised 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 recognised in consolidated statement of income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

L Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

L Impairment of tangible and intangible assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

M Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on the weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

N Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Group unless otherwise stated and have original maturities of three months or less, and are subject to insignificant risk of changes in values.

O Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value net of directly attributable transaction costs.

The Group’s financial assets at amortised cost includes trade receivables, contract assets and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

O Financial Instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

O Financial Instruments - initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

The Group's financial liabilities include trade and other payables, short-term loans from Ultimate Parent Company, contract liabilities and amounts due to related parties which are subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, all financial liabilities, including the short-term loans from Ultimate Parent Company are measured at amortised cost. In case of long-term interest-bearing loans, EIR method will be applied.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

P Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

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

Q Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the by-laws of the Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

R Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

R Provisions (continued)

surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

S Equity-accounted investees

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of equity-accounted investees are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture.

When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired. The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

S Equity-accounted investees (continued)

equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognized in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group incurs costs on behalf of investees. All such cost which are directly attributable to the investment and for which the Group believes that it is probable that costs will be contributed to the investment are recorded as advance towards investment.

T Trade payables and other liabilities

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. No interest charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

U Expenses

Selling and marketing expenses are those arising from the Group's efforts underlying the marketing and selling functions. All other expenses, excluding cost of sales and finance cost, are classified as general and administrative expenses. Allocations of common expenses between cost of sales, selling and marketing, and general and administrative expenses, when required, are made on a consistent basis.

V Operating segment

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of whose operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

V Operating segment (continued)

The Group's operating business are organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different products to its respective market.

For management purpose, the Group is organised into three segments, as described below:

- Project and medical equipment-based business
- Consumable business
- Clinical and pharmaceutical business

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group only operates in KSA and accordingly has no geographical segments.

W Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of the ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible debt instruments and share options granted to employees, if any.

X Business combinations

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. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Y Contingent consideration

Any contingent consideration is measured at fair value at the date of acquisition. Subsequent changes in fair value of contingent consideration are recorded in profit or loss. The Group has the policy to calculate contingent consideration using the present value of the expected future payments discounted using risk adjusted discount rate.

Z Treasury Shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

AA Finance income and finance cost

The Group's finance income and finance costs include:
– interest income;
– interest expense.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

AA Finance income and finance cost (continued)

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.

3.2 Changes in accounting policies and disclosures

Currently effective standards

Following are the new currently effective requirements which are effective for annual periods beginning after 1 January 2023. These requirements does not have any material impact in 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

IFRS issued but not yet effective and amendments to standards

Following are the forthcoming requirements to standards which are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

Effective date	New standards or amendments
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)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Changes in accounting policies and disclosures (continued)

IFRS issued but not yet effective and amendments to standards (continued)

Effective date	**New standards or amendments**
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)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment Goodwill
An estimate for the impairment of goodwill and intangible assets is calculated in accordance with the accounting policy detailed in note 3.1(L) to the consolidated financial statements.

The impairment assessment involves key assumptions underlying recoverable amounts. The detailed disclosure for key assumption involved and sensitivity is provided in note 15.5 to the consolidated financial statements.

Impairment of trade receivables and contract assets
An estimate of the provision for ECL is calculated in accordance with the accounting policy detailed in note 3.1(O) to the consolidated financial statements.

At the reporting date, gross trade receivables were SR 780.9. million (2022: SR 670.1 million) with SR 36.9 million (2022: SR 27.9 million) being allowance for ECL. Moreover, contract assets at the reporting date were SR 4.9 million (2022: SR 36.9 million) with SR 0.07 million (2022: SR 2.6 million) being provided for ECL. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of trade receivables and contract assets (continued)
For ECL on trade receivables and contract assets, the Group has divided its trade receivable and contract assets in two broad categories, private customers and government/government controlled entities ("Government customers").

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable/contract asset progressing through successive stages of delinquency to write-off.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

For trade receivable and contract assets from Government customers, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions.

Useful lives and residual values of property and equipment and intangible assets
An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Employee defined benefit liabilities
Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs. These estimates have been disclosed in note 29 to the consolidated financial statements.

Impairment of inventories
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were SR 243.3 million (2022: SR 317.5 million) with allowance for net realizable value amounting to SR 10.2 million (2022: SR 18.6 million) being held against them. Any difference between the amounts actually realized in future periods and the amounts expected to be realized will be recognized in the consolidated statement of comprehensive income.

5 REVENUE

	31 December 2023 SR	31 December 2022 SR
Timing of revenue recognition		
At a point in time		
Revenue from delivery of goods	**650,051,850**	518,986,705
Revenue from clinical services and pharmaceutical	**96,749,810**	37,877,201
Over time		
Revenue from rendering of services and civil works	**49,424,704**	78,492,093
Revenue from warranties	**10,697,420**	7,316,705
	806,923,784	642,672,704

Seasonal nature of operations

Due to the seasonal nature of the operations of the medical devices segment, higher revenues and operating profits are usually expected in the last quarter of the year in comparison to the first nine months. In the financial year ended 31 December 2023, 60% (2022: 54%) of revenues accumulated in the first nine months of the year, with 40% (2022: 46%) accumulating in the last three months.

6 COST OF REVENUE

	2023 SR	2022 SR
Material cost	**562,540,071**	458,388,378
Doctor's Commission	**28,488,599**	8,830,322
Salaries and other employee related costs	**23,429,296**	18,051,992
Reversal for net realizable value of inventory (Note 19)	**(6,920,802)**	(2,841,046)
Rent for surgery room	**4,582,213**	2,211,139
Depreciation (Notes 14 & 16) (*Restated)*	**2,070,601**	1,204,457
Travel expense	**1,744,218**	1,852,790
Amortization (Note 17) *(Restated)*	**19,016**	272,855
Others	**933,031**	540,922
	616,886,243	488,511,809

SR 553.85 million (2022: SR 447.82 million) within the cost of sales is attributable to inventory.

7 SELLING AND MARKETING EXPENSES

	2023 SR	2022 SR
Salaries and other employee related costs	**49,230,743**	48,702,624
Distribution Cost	**5,315,166**	2,960,966
Marketing, advertising and promotion	**5,128,745**	1,799,900
Travel	**4,242,645**	5,599,016
Depreciation (Notes 14 & 16) (*Restated)*	**3,708,084**	2,518,771
Communication and information technology	**3,595,103**	3,402,760
Amortization (Note 17) (*Restated)*	**1,628,832**	891,162
Utilities and rent expenses	**366,780**	405,592
Professional Charges	**307,201**	177,950
Others	**4,556,174**	4,284,135
	78,079,473	70,742,876

8 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
	SR	SR
Salaries and other employee related costs	**35,370,590**	28,189,385
Legal and professional charges	**6,541,887**	5,817,901
Depreciation (Notes 14 & 16) (*Restated)*	**6,155,319**	4,533,677
Communication and information technology	**2,966,158**	1,780,804
Utilities and rent expense	**1,231,514**	488,540
Travelling and transportation expense	**370,185**	182,859
Amortization (Note 17) (*Restated)*	**1,702,266**	582,661
Others	**4,370,191**	1,304,460
	58,708,110	42,880,287

During the year, the audit fees for the Group amounted to SAR 1.1 million which includes Arabian International Healthcare Holding Company , Al Faisaliah Medical Systems Company Limited, International Medical Systems Company Limited, International Healthcare Optimization Company, Health Care Technologies Company and Innovative Healthcare Company Holdings Limited.

9 OTHER INCOME

	2023	2022
	SR	SR
Royalty income from joint venture (Note 24)	**11,424,725**	10,127,394
Income from customer contracts transferred to new distributor*	**3,500,000**	-
Other income	**2,227,778**	3,698,189
	17,152,503	13,825,583

* During the year the Group has transferred certain contracts pertaining to Oncology to a company following the transfer of distribution-ship of oncology supplier from the group to that company in exchange for a consideration of SR 3.5 million.

10 OTHER EXPENSES

	2023	2022
	SR	SR
Bank charges	**3,298,902**	3,395,782
Other expenses	**748,883**	871,829
Foreign exchange losses	**520,602**	810,398
	4,568,387	5,078,009

11. FINANCE CHARGES

	2023	2022
	SR	SR
		(Restated)
Interest on loans	**34,002,979**	17,111,367
Interest on lease (Note 16)	**2,161,388**	1,403,539
Other charges*	**401,537**	50,102
	36,565,904	18,565,008

*Unwinding of discount of contingent consideration for the year 2022 has been reclassed from finance charges to Fair value change of contingent consideration

12. ZAKAT

The Group files Zakat return separately from the Ultimate Parent Company from 2021 onwards and files separately for wholly owned entities and partially owned entities.

The Ultimate Parent Company accounted for and settled the zakat liability on the basis of its consolidated financial statements up to the year 2020.

Final zakat assessments have been agreed with the ZATCA for all years up to 2016.

Movement of provision for zakat

	2023	2022
	SR	SR
At the beginning of the year	**12,151,160**	11,424,287
Acquisition of subsidiary during the year	**-**	1,260,972
Charge for the year	**11,573,969**	10,886,197
Extinguished via payment to ZATCA	**(12,151,213)**	(11,420,296)
At end of the year	**11,573,916**	12,151,160

13. FINANCE INCOME

	2023	2022
	SR	SR
Interest income from short term deposit	**2,937,750**	-
Interest income from leased assets – refer 13.1	**2,162,530**	715,057
	5,100,280	715,057

13.1 Investment in finance lease

The Group signed a MOU in 2022 with a company for novation of its contract with customers in the Dialysis business, to the Group. The transfer amount contained SR 3,500,000 consideration for the assets already transferred to the respective customers that company.

The contracts contains a finance lease arrangement for the assets transferred to the customers, against which the Group shall receive payments over the term of each respective contract.

During the year company earned interest income on investment in finance lease amounting to SR 2,162,530 (2022: SR 715,057) and charged rentals against the investment amounting to SR 2,084,506 (2022: SR 328,337)

The following table sets out a maturity analysis of investment in finance lease, showing the undiscounted lease payments to be received after the reporting date.

	2023	2022
	SR	SR
Less than one year	**2,443,764**	2,343,398
One to two year	**2,402,334**	2,402,334
Two to three years	**2,456,952**	2,402,334
Three to four years	**873,780**	2,294,449
Four to five years	**873,780**	873,780
More than five years	**1,092,225**	1,893,190
Total undiscounted lease receivable	**10,142,835**	12,209,485

13. FINANCE INCOME (CONTINUED)

13.1 Investment in finance lease (continued)

	2023 SR	2022 SR
Unearned finance income	**6,160,332**	8,322,861
Net investment in the Lease	**3,982,503**	3,886,624
Non-current portion	**3,596,609**	3,748,216
Current portion	**385,894**	138,408

14 PROPERTY AND EQUIPMENT (Restated refer note 15.1)

	Leasehold improvements SR	Machinery, tools and equipment SR	Furniture and fixtures SR	Office equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
Cost:							
As at 1 January 2023	**21,428,708**	**45,718,526**	**4,760,768**	**1,386,239**	**4,705,288**	**4,040,035**	**82,039,564**
Additions	**902,712**	**6,396,423**	**243,931**	**-**	**344,878**	**-**	**7,887,944**
Disposals	**-**	**(366,855)**	**-**	**-**	**(2,363,277)**	**(73,750)**	**(2,803,882)**
As at 31 December 2023	**22,331,420**	**51,748,094**	**5,004,699**	**1,386,239**	**2,686,889**	**3,966,285**	**87,123,626**
Accumulated Depreciation:							
As at 1 January 2023	**9,858,634**	**28,952,993**	**4,294,035**	**954,789**	**4,318,130**	**3,813,866**	**52,192,447**
Charge for the year	**1,215,165**	**4,352,235**	**198,264**	**104,199**	**237,696**	**88,489**	**6,196,048**
Disposals	**-**	**(351,487)**	**-**	**-**	**(2,344,297)**	**(73,601)**	**(2,769,385)**
As at 31 December 2023	**11,073,799**	**32,953,741**	**4,492,299**	**1,058,988**	**2,211,529**	**3,828,754**	**55,619,110**
Net book value:							
As at 31 December 2023	**11,257,621**	**18,794,353**	**512,400**	**327,251**	**475,360**	**137,531**	**31,504,516**

14 PROPERTY AND EQUIPMENT (CONTINUED) (Restated refer note 15.1)

	Leasehold improvements SR (Restated)	Machinery, tools and equipment SR (Restated)	Furniture and fixtures SR	Office equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
Cost:							
As at 1 January 2022	6,254,198	17,607,277	3,808,938	1,259,195	2,958,825	3,479,593	35,368,026
Acquisition of subsidiary refer note# 15.1	14,831,216	26,442,764	858,194	32,690	1,510,820	560,442	44,236,126
Additions	343,294	1,926,923	93,636	94,354	235,643	-	2,693,850
Disposals	-	(258,438)	-	-	-		(258,438)
As at 31 December 2022	21,428,708	45,718,526	4,760,768	1,386,239	4,705,288	4,040,035	82,039,564
Accumulated Depreciation:							
As at 1 January 2022	5,059,590	16,685,207	3,329,020	820,358	2,701,306	2,795,202	31,390,683
Acquisition of subsidiary	3,831,215	11,038,763	798,219	32,691	1,416,409	560,436	17,677,733
Charge for the year	967,829	1,447,975	166,796	101,740	200,415	458,228	3,342,983
Disposals		(218,952)					(218,952)
As at 31 December 2022	9,858,634	28,952,993	4,294,035	954,789	4,318,130	3,813,866	52,192,447
Net book value:							
As at 31 December 2022	11,570,074	16,765,533	466,733	431,450	387,158	226,169	29,847,117

14.1 Depreciation expense is allocated as follows:

Allocation of depreciation expense	**31 December 2023**	31 December 2022 Restated
Cost of sales	**2,070,601**	70,825
Selling and marketing expenses	**1,706,993**	1,208,938
General and administrative expenses*	**2,418,454**	2,063,220
	6,196,048	3,342,983

*Incremental depreciation due to Purchase price allocation (“PPA”) exercise in FY 2022 amounts to SR 378,032

15. ACQUISITION OF INNOVATIVE HEALTHCARE HOLDINGS LTD

The Group acquired 51 shares (51% shareholding) from Le Monde Holding Ltd. on 31 August 2022. As at 31 December 2023, the share capital of Innovative Healthcare Holding Ltd. amounting to USD 100 is divided into 100 shares of USD 1 each and is owned by following shareholders

Shareholders	**Number of Shares**	**Face Value of shares in SR**	**% of shareholding**
Arabian International Healthcare Holding Company	51	3.75	51
Le Monde Holding Ltd.	49	3.75	49
	100		**100**

15.1 Measurement period adjustment on acquisition of Innovative Healthcare Holding Ltd

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	**Valuation technique**
Property and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

Acquisition accounting of Innovative healthcare holding Ltd was finalized during the measurement period which resulted in the adjustments to provisional amounts recorded as at 31 December 2022. These adjustments are recognized retrospectively, and comparative information is revised which is in line with requirements of IFRS 3 ‘Business Combinations’. These adjustments include adjustments to the assets acquired, liabilities assumed and goodwill

	Amount previously reported	**Measurement period adjustment**	**Restated**
Leasehold improvements	13,267,882	1,563,334	14,831,216
Machinery and equipment	21,959,063	4,483,701	26,442,764
Favorable lease agreement	-	3,090,000	3,090,000
Trade name	-	8,133,000	8,133,000

As a result of above adjustments to provisional amounts, the revised goodwill recognized on Innovative Healthcare Holdings Limited including non-controlling interest at date of acquisition is as follows:

15. ACQUISITION OF INNOVATIVE HEALTHCARE HOLDINGS LTD (CONTINUED)

15.1 Measurement period adjustment on acquisition of Innovative Healthcare Holding Ltd (continued)

The following table summarizes the revised goodwill and non-controlling interests at acquisition date:

	Amount previously reported	Measurement period adjustment	Restated
Goodwill	166,273,820	38,601,712	127,672,108
Non-controlling Interest	34,917,234	8,462,317	43,379,551

	Amount previously reported	Restated
Cash paid	109,500,000	109,500,000
Proportionate share of non-controlling interest acquired*	34,917,234	43,379,551
Contingent consideration payable	93,116,247	63,322,253
Net assets acquired	(71,259,661)	(88,529,696)
Goodwill	**166,273,820**	**127,672,108**

* The management has the policy of valuing non-controlling interest at proportionate share of net assets

15.2 Contingent consideration at acquisition date

The Group acquired 51% shareholding in Innovative Healthcare Holding against cash paid and contingent consideration. The Group has agreed to pay SR 104 million to former majority shareholder and current minority shareholder in the years 2022, 2023 and 2024 if the following thresholds of target net income are met:

Year	Target Income SR
2022	50,000,000
2023	55,000,000
2024	60,000,000

The present value at the date of acquisition amounted to SR 63.3 million previously reported SR 93.1 million.

Following is the analysis of consideration expected to be paid at acquisition:

	Amount previously reported	Restated
Contingent consideration for the year 2022	**27,500,000**	**27,500,000**
Contingent consideration for the year 2023	**27,500,000**	**27,500,000**
Contingent consideration for the year 2024	**49,000,000**	**49,000,000**
	104,000,000	**104,000,000**
Financing component	**(9,571,428)**	**(40,677,747)**
	94,428,572	**63,322,253**

15. ACQUISITION OF INNOVATIVE HEALTHCARE HOLDINGS LTD (CONTINUED)

15.2 Contingent consideration at acquisition date (continued)

Below is the movement of contingent consideration during the year 2023 and 2022.

	2023	2022
Opening	**69,443,404**	-
Acquired during the year	**-**	93,116,247
Change due to Purchase price allocation	**-**	(29,793,994)
Reversal and change in fair value of contingent consideration*	**(45,320,309)**	6,121,151
Closing	**24,123,095**	69,443,404
Non-current portion	**24,123,095**	41,943,404
Current portion	**-**	27,500,000

* This comprises of a reversal of SR 53.07 million contingent consideration and a charge due to change in fair value of contingent consideration of SR 7.75 million. The reversal of the contingent consideration pertains to earn out targets defined as net income (profit after zakat, tax and all other adjustments) of the consolidated financial statements of Innovative Healthcare Holding Limited not being met. The reversal was recognised in the second half of the year once the constructive and contractual obligations were extinguished.

15.3 Net assets acquired at the date of acquisition

The following table summarizes the recognized amounts of assets and liabilities acquired:

	31 August 2022 SR
Property and Equipment	**26,558,393**
Right-of-use assets	**18,615,900**
Intangible Assets	**11,344,118**
Inventories	**6,715,856**
Trade receivables	**1,172,502**
Prepayment and other current assets	**953,209**
Due from a related party	**2,211,886**
Cash and cash equivalents	**60,767,886**
Employee defined benefits liabilities	**(1,862,344)**
Lease liabilities	**(19,262,805)**
Trade payables	**(7,615,219)**
Accrued expenses and other current liabilities	**(9,737,267)**
Amount due to a related party	**(71,447)**
Zakat payable	**(1,260,972)**
Value of net assets transferred	**88,529,696**

15.4 Non-Controlling Interests at acquisition date

Below is the breakup of revised non-controlling interest acquired:

	Net assets SR (Restated)	Percentage attributable to NCI	31 August 2022
NCI in Innovative Healthcare Holding Ltd	**88,529,696**	**49%**	**43,379,551**

15. ACQUISITION OF INNOVATIVE HEALTHCARE HOLDINGS LTD (CONTINUED)

15.5 Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's acquired subsidiary Innovative Healthcare Holding Ltd which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 38. During the year impairment loss was recognised in relation to goodwill acquired on Innovative Healthcare Holding Ltd as follows:

	2023	*(Restated)* 2022
	SR	SR
Goodwill as at 1 January	**127,672,108**	-
Acquired at acquisition – note 15.1 (Restated)	**-**	127,672,108
Impairment loss during the year	**(17,200,000)**	-
Goodwill as at 31 December	**110,472,108**	127,672,108

The recoverable amount of this CGU was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of SR 165.5 million and an impairment loss of SR 17.2 million was recognised. The impairment loss was allocated fully to goodwill.

The budgeted EBITDA growth rate is expected to increase by 15 percent on average in the next five years due to hiring of new doctors and marketing campaigns.

The key assumptions used in the estimation of value in use are discount rates, terminal value growth rates and EBITDA growth rate. These assumptions are as follows:

	Discount rate	**Terminal value growth rate**	**Budgeted EBITDA growth (average of next five years)**
	2023	**2023**	**2023**
Innovative Healthcare Holding Ltd	14.74%	2%	15.23%

a) Discount rate
A post-tax discount rate of 14.74% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on past experience, and industry average weighted-average cost of capital.

b) Terminal value growth rate
Cash flows were projected based on past experience, actual operating results and the five-year business plan in 2023. Cash flows for a further 5-year period were extrapolated using a constant growth rate of 2% which does not exceed the long-term average growth rate for the industry.

c) Budgeted EBITDA growth
Budgeted EBITDA is expressed as the compound annual growth rates in the initial five years of the plans used for impairment testing and has been based on past experience adjusted for the following:

- In the first year of the business plan sales volume was projected using the same rate of growth experienced in 2023. The anticipated annual sales volume growth included in the cash flow

15. ACQUISITION OF INNOVATIVE HEALTHCARE HOLDINGS LTD (CONTINUED)

15.5 Impairment of goodwill (continued)

c) Budgeted EBITDA growth (continued)

projections for the years 2024 to 2028 has been based on average growth levels experienced in the three years prior to 2023, reflecting an expectation of a recovery in the economy at the end of 2023.

- Sales volume was assumed to grow from 2023 to 2028 by 7.65% which is in line with the forecasts included in the industry reports.
- Sales price growth was assumed to be a constant small margin above inflation in the first five years in line with information obtained from industry analysts.
- Direct costs are expected to increase in line with revenue growth. Other costs are projected to increase in line with inflation.

d) Sensitivity to changes in assumptions

The carrying amount of the CGUs exceeds its estimated recoverable amount by approximately SR 17.2 million. Management has identified three key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The table below shows the amount that these three assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

In percent	**2023**
Pre-tax discount rate	(1.54%)
Budgeted EBITDA growth	5.09%
Sales volume	3.3%

The estimated fair value less cost to sell is lower than or equal to the value in use calculation.

16. LEASES

The Group has lease contracts for building used in its operations. Information about assets for which the Group is a lessee is presented below:

	Right of use 2023 SR	Right of use 2022 SR
Cost:		
As at 1 January	**52,147,464**	19,750,691
Acquisition of subsidiary	**-**	20,942,888
Additions during the year	**17,349,839**	12,012,511
Derecognition of right-of-use assets*	**(17,109,167)**	(558,626)
As at 31 December	**52,388,136**	52,147,464
Depreciation:		
As at 1 January	**15,558,754**	8,876,470
Acquisition of subsidiary		2,326,988
Charge for the year	**5,737,956**	4,913,922
Derecognition of right-of-use assets	**(6,700,480)**	(558,626)
As at 31 December	**14,596,230**	15,558,754
Net book value:		
At 31 December	**37,791,906**	36,588,710

*Lease transferred to Genalive medical company limited amounting to SR 11.37 million

16. LEASES (CONTINUED)

Allocation of depreciation expense	**31 December 2023**	31 December 2022
Cost of sales	**-**	1,133,632
Selling and marketing expenses	**2,001,091**	1,309,833
General and administrative expenses	**3,736,865**	2,470,457
	5,737,956	4,913,922

Amounts recognized in statement of profit or loss and other comprehensive income:

	31 December 2023	31 December 2022
Interest on lease liabilities	**2,161,388**	1,403,539

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 SR	2022 SR
As at 1 January	**37,936,336**	10,862,210
Acquisition of subsidiary	**-**	19,262,805
Additions during the year	**17,349,831**	11,325,312
Derecognition of lease liability	**(10,733,412)**	-
Accrued interest	**2,161,388**	1,403,539
Payments during the year	**(7,997,272)**	(4,917,530)
As at 31 December	**38,716,871**	37,936,336
Non-current portion	**35,468,828**	33,429,586
Current portion	**3,248,043**	4,506,750

Amounts recognized in statement of cash flows:

	2023	2022
Total cash outflow for leases	**7,997,272**	4,917,530

Following is the maturity analysis of leases:

	2023 SR	2022 SR
Minimum lease payments		
Not later than one year	**5,062,820**	6,506,183
Later than one year and not later than five years	**22,616,640**	18,714,948
More than five years	**23,430,000**	24,360,888
	51,109,460	49,582,019
Less: future finance charges	**(12,392,589)**	(11,645,683)
Present value of minimum lease payments	**38,716,871**	37,936,336

17. INTANGIBLE ASSETS

	Distribution rights SR	**Software SR**	**Brands SR**	**Favorable Lease agreement SR**	**Trade Name SR**	**Total SR**
Cost:						
As at 1 January 2023	**6,570,074**	**23,558,050**	**1,833,675**	**3,090,000**	**8,133,000**	**43,184,799**
Additions	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2023	**6,570,074**	**23,558,050**	**1,833,675**	**3,090,000**	**8,133,000**	**43,184,799**
Accumulated amortization:						
As at 1 January 2023	**1,927,391**	**23,258,300**	**1,715,560**	**128,750**	**428,053**	**27,458,054**
Charge for the year	**1,592,764**	**77,942**	**9,000**	**386,250**	**1,284,158**	**3,350,114**
As at 31 December 2023	**3,520,155**	**23,336,242**	**1,724,560**	**515,000**	**1,712,211**	**30,808,168**
Net book value:						
At 31 December 2023	**3,049,919**	**221,808**	**109,115**	**2,575,000**	**6,420,789**	**12,376,631**

	Distribution rights SR	Software SR	Brands SR	Favorable Lease agreement SR	Trade Name SR	Total SR
				(Restated)	(Restated)	
Cost:						
As at 1 January 2022	2,851,633	22,091,000	1,645,600	-	-	26,588,233
Acquisition of subsidiary refer to Note# 15.1	-	1,467,050	188,075	3,090,000	8,133,000	12,878,125
Additions	3,718,441	-	-	-	-	3,718,441
As at 31 December 2022	6,570,074	23,558,050	1,833,675	3,090,000	8,133,000	43,184,799
Accumulated amortization:						
As at 1 January 2022	840,218	21,691,551	1,645,600	-	-	24,177,369
Acquisition of subsidiary	-	1,467,047	66,960	-	-	1,534,007
Charge for the year	1,087,173	99,702	3,000	128,750	428,053	1,746,678
As at 31 December 2022	1,927,391	23,258,300	1,715,560	128,750	428,053	27,458,054
Net book value:						
At 31 December 2022	4,642,683	299,750	118,115	2,961,250	7,704,947	15,726,745

Allocation of amortization expense	**31 December 2023**	31 December 2022 Restated
Cost of sales	**19,016**	272,855
Selling and marketing expenses	**1,628,832**	891,162
General and administrative expenses*	**1,702,266**	582,661
	3,350,114	1,746,678

*Incremental amortization due to Purchase price allocation exercise in FY 2022 is SR 556,803

18. EQUITY ACCOUNTED INVESTEESS

	Ownership		Carrying value as at	
	2023	2022	**2023**	2022
	%	%	**SR**	SR
Equity-accounted investees				
Philips Healthcare Saudi Arabia Limited	**50%**	50%	**54,737,156**	53,814,267
Genalive Medical Lab Company Limited	**50%**	50%	**35,639,037**	456,000
			90,376,193	54,270,267

The equity-accounted investees ("JVs") are structured as a separate vehicle and the Group has a residual interest in the net assets of the JVs. Accordingly, the Group has classified its interest in the JVs as a joint venture.

a) Philips Healthcare Saudi Arabia Limited

The investment in a joint venture pertains to a 50% holding in Philips Healthcare Saudi Araba Limited (the "Joint Venture"), which is incorporated in the Kingdom of Saudi Arabia.

The principal activities of the Joint Venture are importing, installing, repairing and leasing of medical devices and equipment, providing training services and technical support related to the medical devices and equipment, information technology and software. The Joint Venture is accounted for using the equity method in these consolidated financial statements.

Summarized below are the financial information in respect of the Group's share in the Joint Venture. The summarized financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia.

	2023	2022
	SR	SR
Current assets	**428,246,112**	562,759,478
Non-current assets	**13,734,692**	16,420,381
Current liabilities	**(250,080,625)**	(374,122,298)
Non-current liabilities	**(83,950,582)**	(98,960,966)
Net assets (100%)	**107,949,597**	106,096,595
Adjustments to net assets*	**1,524,717**	1,531,938
Adjusted net assets	**109,474,314**	107,628,533
Group's share in Joint Venture's net assets – 50% (2022: 50%)	**54,737,156**	53,814,267

*The adjustments to net assets pertain to zakat expense, income tax expense and financial reporting framework differences between the Group and Joint Venture to arrive at the base amount used for the calculation of the Group's share in the Joint Venture. The Group determined that it has significant influence because it has meaningful representation on the board of investee.

Summary of the financial performance of the Joint Venture during the year ended 31 December are as follows:

	2023	2022
	SR	SR
Revenue	**340,273,256**	303,761,574
Adjusted profit for the year	**23,023,330**	23,049,250
Group's share in Joint Venture's profit – 50% (2022: 50%)	**7,781,114**	7,788,950
Dividends from Joint Venture during the year	**7,312,099**	6,586,925

18. EQUITY-ACCOUNTED INVESTEESS (CONTINUED)

	2023 SR	2022 SR
As at 1 January	**53,814,267**	49,881,306
Share of profit of joint venture	**7,781,114**	7,788,950
Share of OCI of joint venture	**453,874**	2,730,936
Dividend received	**(7,312,099)**	(6,586,925)
Investment as at 31 December	**54,737,156**	53,814,267

b) Genalive Medical Company Limited

The investment in a joint venture pertains to a 50% holding in Genalive Medical Company Limited (the "Joint Venture"), which is incorporated in the Kingdom of Saudi Arabia.

The principal activities of the Company is to provide clinical laboratory testing services and genetic testing services to hospitals, research institutes, medical centers and clinics for both the public and private sectors. The Joint Venture is accounted for using the equity method in these condensed consolidated interim financial statements.

Summarized below are the financial information in respect of the Group's share in the Joint Venture. The summarized financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with IFRS as endorsed in Kingdom of Saudi Arabia.

	31 December 2023 SR	31 December 2022 SR
Current assets	**22,809,373**	500,000
Non-current assets	**59,972,486**	-
Current liabilities	**(4,019,747)**	-
Non-current liabilities	**(7,896,038)**	-
Net assets	**70,866,074**	500,000
Group's share in Joint Venture's net assets – 50% (2022: 50%)	**35,433,037**	250,000
Initial Direct Cost incurred at acquisition	**206,000**	206,000
Investment as at 31 December	**35,639,037**	456,000

	31 December 2023 SR	31 December 2022 SR
Revenue	**710,011**	-
Loss for the period	**(19,633,926)**	-
Group's share in Joint Venture's loss – 50% (2022: 50%)	**(9,816,963)**	-

Movement during the year:

	31 December 2023 SR	31 December 2022 SR
As at 1 January	**456,000**	-
Cash injection during the year	**22,722,105**	250,000
Equity contribution in kind	**2,970,633**	
Transfer of Advance against investment to joint venture*	**19,307,262**	-
Directly attributable expenses	**-**	206,000
Share of loss of joint venture	**(9,816,963)**	-
Investment as at year end	**35,639,037**	456,000

18. INVESTMENT IN A JOINT VENTURE (CONTINUED)

b) Genalive Medical Company Limited (continued)

*The advance against investment amounting to SR 19,307,262 recorded in the financial statement as at 31 December 2022, was transferred as an investment in the joint venture as equity contribution during the year.

19. INVENTORIES

	2023 SR	2022 SR
Goods held for sale and in relation to projects in progress	**240,312,232**	313,687,466
Spare parts	**1,322,147**	874,496
Goods in transit	**1,621,732**	2,982,898
	243,256,111	317,544,860
Less: allowance for net realizable value of inventories	**(10,198,344)**	(18,647,520)
	233,057,767	298,897,340

Movement of allowance for net realizable value of inventories during the year.

	2023 SR	2022 SR
As at 1 January	**18,647,520**	21,488,566
Reversal during the year*	**(6,920,802)**	(2,841,046)
Write-offs during the year	**(1,528,374)**	-
As at 31 December	**10,198,344**	18,647,520

*During the year, the Group sold slow moving Elekta machines to customer for SR 5 million which were procured for SR 18.2 million at zero margin. The Group had provision for SR 4.2 million as at 31 December 2022 and provided for the balance SR 9 million during the year. Upon the sale of equipment, the corresponding provision was reversed.

20. TRADE RECEIVABLES

	2023 SR	2022 SR
Gross amount of trade receivables	**780,998,053**	670,087,407
Less: provision for expected credit losses (note 36.4)	**(36,994,715)**	(27,937,819)
Net trade receivables	**744,003,338**	642,149,588

The average credit period on sales of goods is 90 to 120 days. No interest is charged on outstanding trade receivables.

Movement of provision for expected credit losses during the year:

	2023 SR	2022 SR
As at 1 January	**27,937,819**	31,267,362
Acquired during the year	**-**	159,596
Impairment / (reversal) during the year	**9,056,896**	(3,489,139)
As at 31 December	**36,994,715**	27,937,819

21. CONTRACT ASSETS

Amounts relating to contract assets are balances due from customers under various projects that arise when the Group performs services which have not been invoiced to the customer at the reporting date. These amounts will be transferred to trade receivables when they are invoiced to the customer.

	2023	2022
	SR	SR
Gross contract assets	**4,854,364**	36,859,390
Less: impairment loss	**(71,927)**	(2,597,426)
Net contract assets	**4,782,437**	34,261,964

Revenue recognized during the year from contract assets amount to SR 7.8 million.
Set out below is the movement of the allowance for expected credit losses of contract assets for the year ended 31 December.

	2023	2022
	SR	SR
As at 1 January	**2,597,426**	2,597,426
Reversal during the year	**(2,525,499)**	-
As at 31 December	**71,927**	2,597,426

22. PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022
	SR	SR
Advances to suppliers	**17,872,972**	36,088,753
Claims receivable*	**15,378,672**	8,087,010
Other receivables	**4,850,490**	6,741,954
Prepaid expenses	**3,386,312**	2,988,578
	41,488,446	53,906,295

*This represents claims from suppliers for achieving purchase targets.

23. CASH AND CASH EQUIVALENTS

	2023	2022
	SR	SR
Short term deposits*	**60,000,000**	-
Cash at bank	**21,983,807**	83,282,210
Cash in hand	**399,347**	303,229
	82,383,154	83,585,439

*These deposits have maturity terms of less than three months and hence, considered part of cash and cash equivalents.

24. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group include its shareholder and their related companies where the shareholder has control, joint control or significant influence. In the ordinary course of business, the Group enters into transactions with related parties, which are based on mutually agreed prices and contract terms approved by the management of the Group.

The amounts outstanding with related parties are unsecured and will be settled in cash.

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The following are the details of major related parties' transactions during the year and year end balances:

Related party	**Nature of transactions**	**2023 SR**	2022 SR
Ultimate Parent Company (Al Faisaliah Group Holding Company)	Payments made to the Ultimate Parent Company	**22,432,333**	30,812,118
	Purchase of services form the Ultimate parent Company	**35,576,049**	29,142,277
	Repayment of loans and borrowings	**(190,000,000)**	(329,000,000)
	Receipts of loans and borrowings	**95,000,000**	301,500,000
Philips Healthcare Saudi Arabia Limited (Joint venture)	Royalty income	**11,424,725**	10,127,394
	Payments made to related party	**2,493,803**	11,657,462
	Purchases from related party	**3,178,156**	9,847,392
	Collections made from related party	**13,710,101**	11,814,461
	Income received on behalf of the Company	**13,124,271**	11,637,883
Genalive Medical Company Limited (Joint Venture)	Purchases from Related party	**293,315**	-
	Equity contribution	**25,692,738**	-
	Payments received related party	**20,899,003**	-
	Payments made on behalf of the Company	**46,048,426**	-
Al Bo'ra for Medical Services Co. (Fellow Subsidiary)	Expenses paid on behalf of the Company	**-**	1,198,920
Innovative care Medicine warehouse (Fellow Subsidiary)	Expenses paid on behalf of the Company	**-**	50,578
Le Monde holding Limited (Fellow Subsidiary)	Expenses paid on behalf of the Company	**-**	47,194
Innovative Healthcare Holding (Fellow Subsidiary)	Expenses paid on behalf of the Company	**-**	57,655

Amounts due from and to related parties are as follows:

	2023 SR	2022 SR
Amounts due from related parties:		
Al Bo'ra for Medical Services Company	**4,555,342**	3,308,227
Innovative Healthcare Holding Company	**-**	57,655
Le Monde Holding Limited	**-**	47,194
Innovative Care Medicine warehouse	**-**	50,578
Philips Healthcare Saudi Arabia Limited (Joint venture)	**4,652,697**	5,238,527
	9,208,039	8,702,181
Amounts due to related parties:		
Al Faisaliah Group Holding Company	**13,636,072**	492,356
Genalive Medical Company Limited	**293,315**	250,000
Philips Healthcare Saudi Arabia Limited (Joint venture)	**979,937**	295,584
	14,909,324	1,037,940

Amount due to Genalive medical company limited pertains to purchase of goods value SR 293,315.

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Amount due to Philips pertains to purchase of services value SR 979,937

No guarantees have been given or received. No amount has been expensed in the current year for bad or doubtful debts in respect of amounts owed by related parties. Compensation charged to key management personnel during the year, in the form of short-term benefits, was SR 8,218,284 (2022: SR 7,919,964) and in the form of post-employment benefits expense was SR 2,200,390 (2022: 3,963,222).

25. SHARE CAPITAL

	31 December 2023 SR	31 December 2022 SR
20,000,000 shares of SR 10 each	**200,000,000**	200,000,000

As at 31 December 2023, the share capital of the Company amounting to SR 200,000,000 is divided into 20,000,000 shares of SR 10 each and is owned by the following shareholders:

Shareholders	**Number of Shares**	**Face Value of shares in SR**	**% of shareholding**
Advanced Drug Company for Pharmaceuticals	15,000,000	150,000,000	75.00
Institutional & other Investors	4,790,000	47,900,000	23.95
Arabian International Healthcare Holding Company	210,000	2,100,000	1.05
	20,000,000	**200,000,000**	**100.00**

On 25 Jamada Al Awwal 1443H (corresponding to 29 December 2021, the Authority announced the approval to offer 5,000,000 shares for public subscription representing 25% of Company's shares.

The Company passed a resolution in its extra ordinary general meeting dated 29 June 2022 to buy-back its 210,000 number of its ordinary shares in accordance with Article 12 from Part 4 of Chapter 1 of the 'Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies at the market price. The Group will issue a share-based payment plan to its employees. The Group purchased 210,000 treasury shares for a consideration of SR 8,069,083.

26. STATUTORY RESERVE

During the year, the Company has transferred 10% of the profit for the year to statutory reserve in accordance with the as per Company's by-laws. The management is in process of amending the by-laws of the Company for any changes required to align the Articles to the provisions of the New Companies . The Group has grace period of 2 years to decide based on Extraordinary General Assembly resolution that reserve balance should be disbursed for the purpose beneficial to the Group or Shareholders.

27. DERIVATIVE FINANCIAL INSTRUMENT

The Group has interest rate swap hedging contracts with local banks for a total notional amount of SR 130,000,000 as of 31 Dec 2023 (2022: Nil) to hedge against the risk of variations in the Group's cash flows. The fair value of these interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity as per interest rate swap contracts, the observable SIBOR forward interest rate curves and an appropriate discount factor. At 31 December 2023, the Group's derivatives financial instruments qualified for hedge accounting with fair value movements accounted for within cash flow hedge reserve. During the period ended 31 December 2023, the Group's recognized a gross fair value loss of SR 2,593,075 (2022: Nil).

The notional amount, which provide an indicative of the volumes of the transactions outstanding at the end of the year, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of market risk nor of the Company's exposure to credit risk, which is generally limited to the fair value of the derivatives.

The following table detail the notional principal amounts and fair values of the derivative financial instruments outstanding as at the reporting date:

31 December 2023	**Current**	**Non-Current**	
Interest rate swap contract	**Asset / (Liabilities) at fair value SR**	**Asset / (Liabilities) at fair value SR**	**Notional amount SR**
	-	**(2,593,075)**	**130,000,000**

28. NON-CONTROLLING INTEREST

	Amount previously reported 31 December 2022 SR	**Revised 31 December 2022 SR**	**31 December 2023 SR**
Non-current assets	**37,807,383**	**54,142,582**	**48,394,234**
Current assets	**82,664,267**	**82,664,267**	**96,764,524**
Non-current liabilities	**(20,611,743)**	**(20,611,743)**	**(20,166,527)**
Current liabilities	**(16,810,446)**	**(16,810,446)**	**(16,981,350)**
Other adjustments	**(67,383)**	**(67,383)**	**(140,095)**
Net assets	**82,982,078**	**99,317,277**	**107,870,786**
Net assets attributable to NCI	**40,661,218**	**48,665,466**	**52,856,685**
Revenue	**37,877,201**	**37,877,201**	**96,749,810**
Profit during the period	**11,612,044**	**10,677,209**	**8,693,603**
Profit allocated to NCI	**5,689,901**	**5,231,832**	**4,259,866**

Below is the movement of NCI:

	2023 SR	2022 SR
At beginning of the year	**48,665,466**	-
Acquisition of subsidiary (Restated - Note 15.4)	**-**	43,379,551
Share of profit during the year	**4,191,219**	5,285,915
At the end of the year	**52,856,685**	48,665,466

29. EMPLOYEE DEFINED BENEFIT LIABILITIES

The Group grants employee defined benefit liabilities ("benefit plan") to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowances and their cumulative years of service at the date of termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of the employee defined benefit liabilities is the present value of the defined benefit obligation at the reporting date. The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method. The movement of employee defined benefit liabilities for the year is as follows:

	2023 **SR**	2022 SR
At beginning of the year – present value of defined benefit obligation	**27,507,571**	25,278,047
Acquisition of subsidiary	**-**	1,862,344
Current service cost	**3,751,607**	4,351,237
Interest cost	**1,303,058**	625,477
Past service cost	**-**	12,341
Paid during the year	**(7,776,000)**	(3,466,822)
Remeasurement gain during the year	**(688,670)**	(1,203,110)
Benefits Transferred from affiliate	**-**	48,057
At end of the year – present value of defined benefit obligation	**24,097,566**	27,507,571

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2023 **%**	2022 %
Financial assumptions:		
Net discount rate (per annum)	**4.70**	4.90
Rate of salary increases (per annum)	**3.00**	3.00
Demographic assumptions:		
Retirement age	**60**	60

All movements in the employee defined benefit liabilities are recognized in consolidated statement of profit or loss and other comprehensive income. The actuarial loss / (gain) is recorded in the other comprehensive income.

The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2023 **SR**	2022 SR
Increase in discount rate of 1%	**(1,529,822)**	(2,245,829)
Decrease in discount rate of 1%	**1,725,252**	2,603,856
Increase in rate of salary of 1%	**1,864,249**	2,591,033
Decrease in rate of salary of 1%	**(1,679,115)**	(2,277,473)

30. CONTRACT LIABILITIES

	2023 SR	2022 SR
Advance from customers	**57,734,038**	74,900,411
Unearned warranty revenue	**30,385,196**	29,108,304
	88,119,234	104,008,715
Non-current portion	**56,461,784**	32,224,253
Current portion	**31,657,450**	71,784,462

The amount of SR 10.7 million recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2023.

31. LOANS AND BORROWINGS

	2023 SR	2022 SR
Current portion of loans from Ultimate Parent Company (Note 31.1)	**182,500,000**	252,500,006
Long term loan from Ultimate Parent Company (Note 31.2)	**25,000,000**	50,000,000
Short-term loans from Banks	**264,000,000**	130,000,000
	471,500,000	432,500,006
Non-current portion	**25,000,000**	50,000,000
Current portion	**446,500,000**	382,500,006

Set out below is the movement of Loans for the year ended 31 December:

	2023 SR	2022 SR
Opening	**432,500,000**	275,000,000
Proceeds from loans during the year	**299,000,000**	182,500,000
Repayments of loans during the year	**(260,000,000)**	(25,000,000)
Closing	**471,500,000**	432,500,000

31.1 The Group has obtained unsecured short-term loans from Ultimate Parent Company to finance its working capital requirements and at agreed commercial rates (SAIBOR +1.78%) payable on demand. Commission on the loans and borrowings from Ultimate Parent Company during 2023 for short term loans is SR 15,923,966 (2022: SR 9,507,962). These loans will be renewed by the Ultimate Parent Company, if required.

31.2 The Group obtained long term loan of SR 100,000,000 in 2020 from ultimate parent Company. Loan amounting to SR 25 million was paid during the year. The commission is fixed at 3.65% on the loan and is payable on quarterly basis with first installment paid on 28 April 2021 and last installment on 31 October 2025. Commission on the long term loan is SR 2,385,174 (2022; SR 3,323,315)

31.3 The Group has increased short term loans from banks by SAR 134,000,000 at commission rate of SAIBOR +1.5%. Commission on the loans from banks is SR 15,693,839 (2022; SR 4,280,090)

All the above loans are shariah compliant.

32. TRADE AND NOTES PAYABLES

	2023	2022
	SR	SR
Trade payable	**212,115,874**	212,685,312
Notes payable*	**18,644,879**	41,408,963
	230,760,753	254,094,275

*No interest is charged on trade payables. The Group has financial risk management policies disclosed in note 36 to the consolidated financial statements in place to ensure that all payables are paid within the credit timeframe.

33. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2023	2022
	SR	SR
Accrued expenses	**74,591,733**	83,315,039
Accrued salaries and related expenses	**13,550,071**	8,834,112
Accrued interest	**6,124,933**	2,820,520
Other payables	**6,355,970**	5,864,045
	100,622,707	100,833,716

34. PROVISIONS

	2023	2022
	SR	SR
Customs case*	**20,187,218**	20,187,218
Penalties from customers	**10,274,855**	6,260,442
Warranty and installation	**3,000,000**	3,000,000
Professional fees	**1,500,000**	1,500,000
	34,962,073	30,947,660

*Legal case was filed in 2018 against the Group for an allegation of non-payment of custom duties to the Saudi Customs amounting to SR 30 million. The management confirmed that all due custom amounts were already paid by the Group to the Saudi Customs through its agent who might have not settled the amounts with Saudi Customs. The external legal counsel hired to represent the Group believes that the case is in favor of the Group. However, the Group management had made a provision for this case of SR 7 million and SR 13 million during the year ended 31 December 2019 and 2018, respectively. In 2022 the management received the decision of the court to pay an amount of SR 19,264,242. Management had filed an appeal however the customs appeal committee upheld the judgment. Thereafter the Group has submitted to customs appeal committee a request to reconsider the judgement, which is under the review of latter. Management considers the provision as adequate.

35. COMMITMENTS AND CONTINGENCIES

35.1 The Group has issued letters of guarantee through its banks amounting to SR 259 million (2022: SR 245.3 million) in the ordinary course of business.

35.2 In 2021, Al Faisaliah Medical Systems Company Limited ("the Component") received penalty from a customer amounting to SR 11.15 million due to delay in delivery of goods. However, the Component filed a claim with the customer who agreed that the delay was on account of civil works which was part of another contractor's (not the Component or the Group's subsidiaries) scope of work. In 2022, a case has been filed by the Group's legal consultant which was heard during 2023 and the court made the decision in the favor of the Group with the customer having the right to object. However, the customer filed an objection in the supreme court. The management believes that the recovery of the penalty amount is highly probable. Hence, the amount is disclosed as a contingent asset but not recorded in these financial statements.

36. RISK MANAGEMENT

36.1 Capital Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity and debt comprising capital, statutory reserve, additional contribution to capital, retained earnings and loans from the Ultimate Parent Company and banks.

36.2 Market Risk

The Group was exposed to market risk, in the form of foreign currency risk and interest rate risk as described below.

A <u>Foreign currency risks</u>

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals during the year. As at the consolidated statement of financial position date, the Group does not have significant foreign currency exposure.

B <u>Interest rate risk</u>

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing liabilities.

With all other variables held constant, the Group's profit before zakat is affected by a +/(-) 0.5% due to change in floating rate on borrowings for the year ended 31 December 2023. This will result in increase or decrease of SR 2,395,432 (2022: increase or decrease of SR 1,608,486).

36.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be collected within 90 to 120 days of the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. The non-current contract liabilities consist of deferred warranty revenue expected to be amortised after 1 year subsequent to year end. All other financial liabilities mature within 1 year subsequent to date of consolidated statement of financial position.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 December 2023 <u>Details</u>	**Within one year** **SR**	**One year to five years** **SR**	**Over five years** **SR**	**Total** **SR**
Trade and notes payables	**230,760,753**	-	-	**230,760,753**
Lease liabilities	**5,062,820**	**22,616,640**	**23,430,000**	**51,109,460**
Loans and borrowings	**446,500,000**	**25,000,000**	-	**471,500,000**
Contingent consideration	-	**30,000,000**	-	**30,000,000**
Derivative liability	-	**2,593,075**	-	**2,593,075**

36. RISK MANAGEMENT (CONTINUED)

36.3 Liquidity Risk (continued)

31 December 2022 **Details**	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and notes payables	254,094,275	-	-	254,094,275
Lease liabilities	6,506,183	18,714,948	24,360,888	49,582,019
Loans and borrowings	382,500,006	50,000,000	-	432,500,006
Contingent consideration	27,500,000	76,500,000	-	104,000,000

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As at 31 December 2023, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity		
	1-6 months	**6-12 months**	**More than 1 year**
Interest rate risk			
Interest rate swaps			
Net exposure (in SR)	-	-	2,593,075

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	31 December 2023				
SR	**Nominal amount**	**Carrying amount of assets**	**Carrying amount of liabilities**	**Line item in the statement of financial position where the hedging instrument is included**	**Changes in the value of the hedging instrument recognised in OCI**
Interest rate risk	130,000,000	-	2,593,075	Derivative liabilities	2,593,075
Interest rate swaps	130,000,000	-	2,593,075	Derivative liabilities	2,593,075

36. RISK MANAGEMENT (CONTINUED)

36.4 Credit Risk

Credit is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivable balances.

The Group sells its products to a large number of Government and quasi-government customers which account for the majority of receivable balance at the end of the year. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. The Group does not hold any significant collateral or other credit enhancements to cover its credit risks associated with its financial assets with respect to non-government customers.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue receivables and contract assets. Furthermore, the Group reviews the recoverable amount of each trade receivable and contract assets on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

As at 31 December 2023, trade receivables consist of a large number of customers, however, National unified procurement company (NUPCO) accounts for 39.6% (2022: Ministry of health 27.8%) of the Group's trade receivables balance. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group's credit exposure is primarily limited to its trade receivables and contract assets which is presented below and in notes 20 and 21, respectively. The credit risk on liquid balances is limited because the counterparties are banks with high credit-ratings.

		Contract assets and trade receivables –past due					
31 December 2023	**Not past due SR**	**0 – 90 days SR**	**91 – 180 days SR**	**181 – 270 days SR**	**271 – 360 days SR**	**Above 365 days SR**	**Total SR**
Gross carrying amount	**389,503,427**	**74,329,045**	**48,310,655**	**12,736,840**	**31,044,546**	**229,927,904**	**785,852,417**
Provision for ECL	**(4,784,571)**	**(2,165,549)**	**(1,672,946)**	**(611,080)**	**(2,682,890)**	**(25,149,606)**	**(37,066,642)**
Net carrying amount	**384,718,856**	**72,163,496**	**46,637,709**	**12,125,760**	**28,361,656**	**204,778,298**	**748,785,775**

		Contract assets and trade receivables –past due					
31 December 2022	Not past due SR	0 – 90 days SR	91 – 180 days SR	181 – 270 days SR	271 – 360 days SR	Above 365 days SR	Total SR
Gross carrying amount	307,049,662	63,441,117	30,173,418	22,484,830	37,328,561	246,469,209	706,946,797
Provision for ECL	(3,949,145)	(1,945,030)	(1,368,118)	(939,213)	(1,872,415)	(20,461,324)	(30,535,245)
Net carrying amount	303,100,517	61,496,087	28,805,300	21,545,617	35,456,146	226,007,885	676,411,552

The definition of default is one year due to documentation delays by the customer. The expected loss rate in case of default for government customers is 10% and for private customers is 45%.

37. FAIR VALUE HIERARCHY

The fair value of the Group's financial instruments including trade receivables, contract assets, amounts due from related parties, cash and cash equivalents, short-term loans from the Ultimate Parent Company, trade payables, accrued expenses and other current liabilities, contract liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these financial instruments. The carrying amounts of these financial instruments are the reasonable approximation of their fair value. These are categorized within Level 2 of the fair value hierarchy. The fair value of the Group's Derivative liabilities, contingent consideration, fair valuation on business combination of property & equipment and intangibles are measured at their fair values using Level 2 of the fair value hierarchy.

During the current and prior year, there were no transfers between into/out of Level 2 of the fair value hierarchy.

37.1 Measurement of fair values

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possibility of achieving certain target net income. This is considered Level 3.	− Risk-adjusted discount rate (2023: 15.66%; 2022: 29%).	The estimated fair value would increase (decrease) if: − the risk-adjusted discount rate were lower (higher).
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated future cash flows are discounted using a yield curve obtained from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices. This is considered Level 2.	Not applicable.	Not applicable.

37. FAIR VALUE HIERARCHY (CONTINUED)

37.1 Measurement of fair values (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Tangible and intangible assets during PPA exercise	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. This is considered Level 3.	Risk-adjusted discount rate (2023: Nil%; 2022: 29%).	The estimated fair value would increase (decrease) if: the annual revenue growth rate were higher (lower); the EBITDA margin were higher (lower); or the risk-adjusted discount rate were lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.

Sensitivity analysis
For the fair values of contingent consideration and equity securities reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects

31 December 2023		**Increase**	**Decrease**
Risk-adjusted discount rate (1% movement)	SR	309,000	(316,000)

38. SEGMENT REPORTING

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief operating decision maker reviews internal management reports on at least a monthly basis.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group's principal business activities involve sale of a broad line of medical goods and services. Selected financial information categorised by these business segments, is as follows:

Medical Devices	Sales of a broad line of branded Medical Devices
Medical Supplies	Sales of a broad line of branded Medical Consumables
Clinical & Pharmaceutical	Medical services at clinics and sale of health and beauty related medicines

Other operations include investments made by the Company. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2023 or 2022

38. SEGMENT REPORTING (CONTINUED)

	Medical Equipment SR	**Medical Supplies SR**	**Clinical & Pharmaceutical SR**	**Other Activities SR**	**Total SR**
31 December 2023					
Revenue from external Customers	**377,991,801**	**332,182,173**	**96,749,810**	**-**	**806,923,784**
Depreciation and amortisation	**4,267,677**	**1,398,846**	**4,274,024**	**2,532,818**	**12,473,365**
Goodwill Impairment	**-**	**-**	**-**	**17,200,000**	**17,200,000**
Share of profit/(loss) of JV's	**7,781,114**	**-**	**-**	**(9,816,963)**	**(2,035,849)**
ECL impairment	**(3,763,209)**	**(2,537,680)**	**(230,508)**	**-**	**(6,531,397)**
Finance charges	**13,355,566**	**11,817,726**	**998,236**	**10,394,376**	**36,565,904**
Reversal and change in fair value change in contingent consideration	**-**	**-**	**-**	**45,320,309**	**45,320,309**
Profit/(loss) for the period	**27,616,861**	**(2,436,984)**	**11,504,357**	**5,663,310**	**42,347,544**
Equity-accounted investees	**54,737,156**	**-**	**-**	**35,639,037**	**90,376,193**
Other total assets	**709,138,602**	**436,861,357**	**131,494,590**	**33,556,296**	**1,311,050,845**
Total liabilities	**562,178,323**	**312,576,714**	**37,147,877**	**130,075,700**	**1,041,978,614**

	Medical Equipment SR	**Medical Supplies SR**	**Other Activities SR**	**Total SR**
31 December 2022 *(Restated)*				
Revenue from external Customers	275,036,549	329,758,954	37,877,201	642,672,704
Depreciation and amortization	4,922,886	2,726,061	1,419,811	9,068,758
Share of profit of JV's	7,788,950	-	-	7,788,950
ECL (Impairment)/Reversal	3,864,580	(375,441)		3,489,139
Finance charges	11,362,906	8,150,400	(948,298)	18,565,008
Reversal and change in fair value change in contingent consideration	-	-	(6,121,151)	(6,121,151)
Profit for the period	15,086,481	4,697,471	5,922,144	25,706,096
Equity-accounted investees	53,814,267	-	456,000	54,270,267
Other total assets	689,110,955	412,532,192	252,888,226	1,354,531,373
Total liabilities	569,602,052	286,006,322	214,852,406	1,070,460,781

39. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of outstanding shares during the period. There were no potentially dilutive shares or options in the period, therefore no difference between the basic and the diluted earnings per share. Basic and diluted earnings per share are calculated as follows:

	2023 SR	2022 SR
Profit for the year	**38,087,678**	20,474,264
Weighted average number of outstanding shares during the period (Share)	**19,790,000**	19,978,035
Basic and diluted earnings per share	**1.92**	1.02

39. EARNINGS PER SHARE (CONTINUED)

	2023	2022
No. of shares as at 1 January	**20,000,000**	20,000,000
Effect of treasury shares held	**(210,000)**	(21,965)
Weighted average number of shares	**19,790,000**	19,978,035

40. DIVIDENDS

On 29 Zul Qidah 1444 H (corresponding to 18th June 2023) the shareholders approved dividends at SR 1 per share net of treasury shares dividend of SR 19.8 million (2022: SR 60 million at SR 3 per share) for the year ended 31 December 2022 which was paid during 2023.

41. SUBSEQUENT EVENTS

41.1 The Group has announced the execution of a conditional binding share purchase agreement for the acquisition of 100% of Mohammed Hamad Abdullah Al Hammad for Medical Services, a limited liability company, in the value of SR 35 million.

41.2 The Group has acquired a business as a separate branch named “Deem Riyadh Medical Care Company” with a total Consideration of SR 10 million that will be part of Innovative Healthcare Company Holdings Limited. As at 31 December 2023, Company has paid advance amounting to SR 8.06 million for the acquisition of the branch.

No other events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure thereto.

42. RECLASSIFICATOINS

During the year, the Group has identified certain adjustments relating to reclassifications from accrued and other current liabilities to provisions which have also been adjusted in the prior year. Such adjustment has been done for presentation purpose and do not have a material impact on these consolidated financial statements

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43. CONSOLIDATED FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved on 18 Ramadan 1445H (corresponding to 28 March 2024).