NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

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BDO الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Naba Al Saha Medical Services Company
(A Saudi Joint Stock Company)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Naba Al Saha Medical Services Company (the "Company") which comprise the statement of financial position as at December 31, 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with its 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters (Continued)

Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition	
During the year ended December 31, 2022, the Company has recognized revenue amounted to SR 129.7 million. The Company recognises revenue upon satisfaction of performance obligation related to medical and related services at the fair value of consideration received or receivable, net of variable consideration. Certain contracts with customers include an element of variable consideration primarily relating to medical rejection against claims submitted. We have considered estimation of variable consideration relating to medical rejections as a key audit matter because such estimation involves significant judgement that mainly depends on management's estimation when the amount of revenue is recognised. Refer note 4.20 for the accounting policy related to revenue recognition and note 3.1 for accounting estimates and assumptions used in the revenue recognition.	We performed following audit procedures in relation to the management's assessment of estimation of variable consideration relating to medical rejections: • Assessed the appropriateness of the revenue recognition accounting policies related to variable consideration, by considering the requirements of "IFRS 15 – Revenue from contracts with customers"; • Obtained an understanding of the design of the management's process established for estimation of variable consideration relating to medical rejection; • Evaluated the appropriateness of significant accounting judgements and estimations made by the management to determine variable consideration. • Performed tests (on a sample basis) on actual claims settled and collections received against gross claims to assess the reasonableness of rejection rates used by the management, and; • Considered the adequacy of the related disclosures in the accompanying financial statements.

Other matter

The Company's financial statements for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on Ramadan 25, 1443 H (corresponding to April 26, 2022).

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Company (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Independent Auditors' Report to the shareholders of Naba Al Saha Medical Services Company (A Saudi Joint Stock Company)

Responsibilities of the management and Those Charged with Governance ("TCWG") for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Those Charged with Governance i.e. the Board of Directors of the Company, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used, 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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Independent Auditors' Report to the shareholders of Naba Al Saha Medical Services Company
(A Saudi Joint Stock Company)

Auditor's responsibilities for the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

For Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514

Dammam, on 5 Ramadan 1444 (H)

Corresponding to: 27 March 2023 G

د. محمد العمري وشركاه- محاسبون قانونيون
شركة مهنية رقم ٣٢٣/١١/٦٦/٢
س.ت ٢٠٥٠١٠٥٨٢٢
Dammam
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
Expressed in Saudi Riyals

	Note	December 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Property and equipment	6	**80,217,796**	74,361,875
Right-of-use assets	7	**5,771,016**	6,024,487
Intangible assets	8	**3,249,840**	2,268,566
Investment in an associate	9	**2,701,793**	-
Total non-current assets		**91,940,445**	82,654,928
Current assets			
Inventories	10	**5,490,297**	5,753,762
Trade receivables	11	**57,540,779**	60,119,914
Advances and prepayments	12	**1,204,390**	2,270,976
Due from a related party	19	**494,740**	347,974
Cash and bank balances	13	**13,826,331**	6,994,141
Total current assets		**78,556,537**	75,486,767
TOTAL ASSETS		**170,496,982**	158,141,695
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14.1	**70,000,000**	70,000,000
Statutory reserve	14.2	**12,862,669**	10,170,413
Other reserves	14.3	**1,668,163**	1,435,162
Retained earnings		**45,486,670**	21,256,368
TOTAL EQUITY		**130,017,502**	102,861,943
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	**4,549,879**	4,804,337
Long term borrowings	15	**7,250,000**	18,250,000
Employees' end of service benefits	16	**7,999,741**	6,067,862
Total non-current liabilities		**19,799,620**	29,122,199
Current liabilities			
Trade payables		**4,654,217**	6,733,784
Lease liabilities – current portion	7	**1,521,213**	1,489,050
Long term borrowings – current portion	15	**8,750,000**	8,750,000
Accrued and other liabilities	17	**3,355,691**	7,174,312
Zakat provision	18	**2,398,739**	2,010,407
Total current liabilities		**20,679,860**	26,157,553
TOTAL LIABILITIES		**40,479,480**	55,279,752
TOTAL EQUITY AND LIABILITIES		**170,496,982**	158,141,695

The accompanying notes from 1 to 32 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Finance Manager**

NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
Expressed in Saudi Riyals

	Note	2022	2021
Revenue	21	**129,684,489**	117,681,668
Cost of sales	22	**(78,045,186)**	(70,898,315)
Gross profit		**51,639,303**	46,783,353
General and administrative expenses	23	**(23,328,225)**	(19,811,377)
Operating profit		**28,311,078**	26,971,976
Share in result of an associate	9	**(127,580)**	-
Other income	24	**1,096,739**	922,748
Finance cost	25	**(346,101)**	(366,338)
Profit before zakat		**28,934,136**	27,528,386
Zakat expense	18	**(2,011,578)**	(1,701,133)
Profit for the year		**26,922,558**	25,827,253
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit obligations	16	**233,001**	737,121
Total comprehensive income for the year		**27,155,559**	26,564,374
Earnings per share			
Basic and diluted	26	**3.85**	3.69

The accompanying notes from 1 to 32 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Finance Manager**

NABA AL SAHA MEDICAL SERVICES COMPANY
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
Expressed in Saudi Riyals

	Share capital	Statutory reserve	Other reserves	Retained earning	Total equity
Balance as at January 1, 2021	70,000,000	7,587,688	698,041	111,840	78,397,569
Net profit for the year	-	-	-	25,827,253	25,827,253
Other comprehensive income for the year	-	-	737,121	-	737,121
Total comprehensive income for the year	-	-	737,121	25,827,253	26,564,374
Dividends (note 29)	-	-	-	(2,100,000)	(2,100,000)
Transfer to statutory reserve	-	2,582,725	-	(2,582,725)	-
Balance as at December 31, 2021	**70,000,000**	**10,170,413**	**1,435,162**	**21,256,368**	**102,861,943**
Net profit for the year	**-**	**-**	**-**	**26,922,558**	**26,922,558**
Other comprehensive income for the year	**-**	**-**	**233,001**	**-**	**233,001**
Total comprehensive income for the year	**-**	**-**	**233,001**	**26,922,558**	**27,155,559**
Transfer to statutory reserve	**-**	**2,692,256**	**-**	**(2,692,256)**	**-**
Balance as at December 31, 2022	**70,000,000**	**12,862,669**	**1,668,163**	**45,486,670**	**130,017,502**

The accompanying notes from 1 to 32 form an integral part of these financial statements.

Chairman | **Chief Executive Officer** | **Finance Manager**

NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
Expressed in Saudi Riyals

	Note	2022	2021
Cash flows from operating activities			
Profit before zakat		**28,934,136**	27,528,386
Adjustments for:			
Depreciation of property and equipment	6	5,198,042	4,646,840
Depreciation of right-of-use assets	7	1,505,034	1,475,384
Amortization of intangible assets	8	61,936	-
Expected credit loss allowance	11	754,998	-
Share of loss of an associate	9	127,580	-
Provision for employees' end of service benefits	16	2,922,461	2,630,216
Finance cost	25	346,101	366,338
		39,850,288	36,647,164
Movement in operating assets and liabilities			
Inventories		263,465	(785,966)
Trade receivables		1,824,137	(1,127,411)
Advances and prepayments		23,376	(118,928)
Due from a related party		(146,766)	(2,648,769)
Trade payables		(2,079,567)	2,421,471
Accrued and other liabilities		(1,718,621)	(450,596)
Cash generated from operations		**38,016,312**	33,936,965
Zakat paid	18	(1,623,246)	(1,525,114)
Employees' end of service benefits paid	16	(892,500)	(1,673,459)
Net cash generated from operating activities		**35,500,566**	30,738,392
Cash flows from investing activities			
Additions to property and equipment	6	(11,053,963)	(10,364,629)
Investment made in an associate	9	(2,829,373)	-
Net cash used in investing activities		**(13,883,336)**	(10,364,629)
Cash flows from financing activities			
Repayment of long-term borrowings	15	(11,000,000)	(13,480,369)
Repayment of lease liabilities	7	(1,685,040)	(1,685,040)
Dividends paid	29	(2,100,000)	-
Net cash used in financing activities		**(14,785,040)**	(15,165,409)
Net change in cash and cash equivalents		**6,832,190**	5,208,354
Cash and cash equivalents at beginning of the year		6,994,141	1,785,787
Cash and cash equivalents at end of the year	13	**13,826,331**	6,994,141

The accompanying notes from 1 to 32 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Finance Manager**

1. CORPORATE INFORMATION AND ACTIVITIES

Naba Al Saha Medical Service Company ("the Company") was a Saudi closed joint stock company registered under Commercial Registration number 2051065568 issued in Khobar city on Jamada Al-Awal 6, 1439 H (corresponding to January 23, 2018). The Company's registered address is in Khobar.

In 2022, the Capital Market Authority (CMA) approved the Company's request to offer 1.4 million shares representing 20% of its share capital on the Parallel Market (Nomu) and the shares of the Company were listed on Nomu on Safer 11, 1444H (corresponding to September 07, 2022) and there by the Company becomes a Saudi joint stock Company.

The Company is formed to own, operate and manage the hospitals and related activities under the licenses of the Ministry of Health No. 38-101-010-012-00083 and 38-101-030-061-10051 issued on Jumada Al- Thani 22, 1420 H and Rabi' al-Thani 22, 1428 H respectively.

The Company is currently building another hospital in Riyadh which is expecting to be operational in the year 2026.

The company's fiscal year begins on January 01 and ends on December 31 of each year.

These financial statements include the financial information of the Company and its following branches:

CR	Branch name	Date
2053016544	AL Zahra General Hospital – Al Qateef	28/10/1426 H
2053017825	Manarat Al Haramain Pharmacy – Al Qateef	09/05/1428 H
2053034205	Naba Al Saha for medical services company – Al Qateef	19/05/1438 H
2051239670	Naba Al Saha Architectural Contracting Company - Al Khobar	21/06/1443 H

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Basis of measurement

These financial statements have been prepared using the accruals basis of accounting under the historical cost convention, except for employees' end of service benefits that have been measured at the present value using Projected Unit Credit Method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING ESTIAMTES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described here-under:

3. SIGNIFICANT ACCOUNTING ESTIAMTES AND JUDGMENTS (Continued)

3.1 Revenue recognition - estimating variable consideration for medical rejections

The management estimates variable considerations to be included in the transaction price of services provided. The expected medical rejections are estimated against the services provided to customers based on the historical rate of rejections and ongoing discussions with such customers. The latest percentages of rejections are applied to determine the expected value of the variable consideration. The management updates its assessment of expected medical rejection rates as and when the medical rejection rates are received and agreed, and the provision for medical rejection is adjusted accordingly. Estimates for medical rejections are sensitive to changes in circumstances and the Company's past experience regarding medical rejections. The estimated medical rejections recorded may not be representative of medical rejections in the future.

3.2 Allowance for Expected Credit Losses (ECL)

For trade receivables, the Company applies the simplified approach. Details of ECL measurement methodology are disclosed in Note 4.9. Expected loss rates were derived from the historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and growth rate etc.

3.3 Goodwill - impairment testing of goodwill

Goodwill impairment tests are performed for the cash-generating unit(s) ("CGU") to which goodwill is allocated. The CGU is defined based on certain acquisitions and CGU's arising from those acquisitions. The impairment test of goodwill is performed at least annually for each CGU to which goodwill is allocated. To determine the value in use, the discounted cash flow models are used. The most important parameters in the impairment test include assumptions related to sales growth rate and pre-tax discount rates. Also refer to note 8 for details.

3.4 Useful lives of property and equipment

The management determines the estimated useful lives of property and equipment for calculating depreciation. The estimated useful life of each asset is reviewed periodically and future depreciation charges are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

3.5 Long term assumptions for employee benefit obligations

End-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions may have a significant impact on the projected benefit obligations and/or periodic employees' defined benefit costs incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Current / non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realized or intended to sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the statement of financial position date; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial position date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting date; or
- that there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period of the statement of financial position.

The Company classifies all other liabilities as a non-current.

4.2 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 the liability.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 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 Company 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 general and administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

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 Company 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 the statement of comprehensive income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

4.4 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land and capital work in progress are not depreciated.

Such cost includes the cost of replacing parts of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment as follows:

Category	Useful life (In Years)
Buildings	20
Medical equipment	5-10
Electric equipment	5-10
Furniture and fixtures	5-10
Fire and safety equipment	5-10
Elevators	5
Vehicles	4

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in statement of comprehensive income when the asset is derecognised.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at the end of each reporting date and adjustments are made on a prospective basis, if required.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
4.4 Property and equipment (Continued)

Capital work in progress

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work-in-progress comprises its purchase price, construction / development costs and any other directly attributable costs to the construction or acquisition of an item of capital work-in-progress intended by management including eligible borrowing cost. Capital work-in-progress is not depreciated.

4.5 Leases

The Company assesses whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets
The Company 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 re-measurement 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. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if 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. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.6 Intangible assets

Intangible assets, other than goodwill, are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful lives of 5 years. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably. Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Intangible assets (Continued)

Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Company's CGU (or groups of CGU) that is expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.7 Investments in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Equity method of accounting is used for the investment in associates. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in statement of comprehensive income and the Company's share of movements in other comprehensive income (OCI) of the investee in other comprehensive income.

Dividends received or receivable from associate are recognized as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss as 'Share in net result of associates' in the statement of comprehensive income.

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

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

4.8 Impairment of non- financial assets

The Company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or Cash-Generating Units ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial instruments

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in statement of comprehensive income.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income

The accounting policy for impairment of goodwill is disclosed in note 4.6.

Financial assets

Classification
The Company's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Recognition and derecognition
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
Subsequent measurement of Company's financial assets is at amortised cost. Interest income from financial assets is measured and included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Financial liabilities
All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the financial statements, when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

Impairment of financial assets
The Company assesses the expected credit losses associated with its financial assets carried at amortized cost on a forward-looking basis. For trade receivables, the Company applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The amount of the loss is charged to the statement of comprehensive income. The loss rates are based on probability of default based on historical trends relating to collections of Company's trade receivables. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Financial instruments (Continued)

the receivables. The Company may also consider trade receivables to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company, if any. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.

4.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances.

4.11 Trade receivables

Trade receivables are carried at the transaction price related to a performance obligation less Expected Credit Loss (“ECL”) allowance on trade receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them at amortized cost using effective interest rate method. Also see Note 4.9.

4.12 Inventory

Inventories are measured at cost or net realizable value, whichever is lower. Costs incurred in bringing each product to its present location and condition are accounted for using weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for inventory obsolescence is made considering various factors including age of the inventory items, expiry date and damages.

4.13 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

4.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.15 Employees’ defined benefits obligations

The Company operates an employment benefit scheme of defined benefit plan driven by the Labor Laws of Saudi Arabia which is based on most recent salary and number of service years.

The employment benefits plan is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Employees' defined benefits obligations (Continued)

consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years. Current and past service costs related to employment benefits are recognised immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income. Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labor Law of Saudi Arabia.

4.16 Borrowings

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of comprehensive income as other operating income or finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

4.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.18 Zakat provision

Zakat provision is calculated in accordance with the regulations of the Zakat, tax and customs authority (ZATCA). Zakat for the Company is calculated based on higher of approximate zakat base and adjusted profit charged to statement of comprehensive income. Any differences in the estimations is recorded when the final assessment is approved at which time the provision is adjusted.

4.19 Foreign currencies — transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 Revenue recognition

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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

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

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

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

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

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The entity performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, revenue is recognised at a point in time at which the Company satisfies a performance obligation.

When the Company satisfies a performance obligation by delivering the promised services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Variable consideration - estimation of medical rejections

The normal business process associated with transactions with insurers includes an amount of claims disallowed (disallowance provision) which is not paid by the insurer. These disallowed claims could be for various technical or medical reasons. Disallowances on rejected claims is a general practice by the insurers in the Kingdom of Saudi Arabia. Accordingly, the Company expects an amount of consideration that is less than what was originally invoiced. These disallowances constitute variable consideration under IFRS 15. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur.

Specific accounting policies for applicable revenue streams are as follows:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 Revenue recognition (Continued)

(a) Rendering of services

Hospital services provided to patients are regarded as a bundle of services which comprise accommodation, meals, theatre time, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements. Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients and/or insurance entities. Fees are calculated and billed based on various agreements with such entities. Revenue from in-patient services is recorded over-time, while revenue generated from outpatient is recorded at a point in time. Discounts comprise retrospective volume rebates granted to certain customers on attainment of certain levels of patient visits and constitute variable consideration under IFRS 15. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue at the end of the arrangement to reflect actual volumes.

(b) Sale of pharmaceuticals

The sales from medicine, medical supplies and medical equipment, collectively referred to as 'pharmaceuticals', are recognised when pharmaceuticals are delivered to patients and all the control have been transferred to them. The sales are recorded net of any discount or rebates and expected medical rejections by the insurance companies (if applicable) at the time of delivery of pharmaceuticals to the patients. Revenue from sale of pharmaceuticals is recorded at a point in time.

The Company does not expect to have any contracts where the period between the transfer of the promised service to the patient and the payment by the patient exceeds one year. Consequently, the Company does not adjust any of the transaction prices for time value of money. Based on IFRS 15, for advance from customers or accounts receivable, the Company used the practical expedient. As such, the Company does not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to the customer will be one year or less.

4.21 General and administrative expenses

General and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and general and administration expenses, when required, are made on a consistent basis.

4.22 Dividend distribution

Interim dividends are recorded as liability in the period in which these are approved by the Board of directors. Final dividends are recorded in the financial statements in the period in which these are approved by the shareholders of the Company.

Expressed in Saudi Riyals

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

5.1 New standards, interpretations and amendments effective from January 1, 2022

A number of new amendments to standards, enlisted below, are effective this year but these do not have a material effect on the Company's financial statements.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
IFRS 16, IFRS 9, IAS 41and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IFRS 3	Reference to the Conceptual Framework	January 1, 2022

5.2 New standards and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are mandatory from January 01, 2023 or later reporting periods and have not been early adopted by the Company. Such standards are not expected to have a material impact in the future reporting periods and on foreseeable future transactions.

Expressed in Saudi Riyals

6. PROPERTY AND EQUIPMENT

Cost	Land	Buildings	Medical equipment	Electric equipment	Furniture and fixtures	Fire and safety equipment	Elevators	Vehicles	Capital work in progress (note 6.1)	Total
At January 1, 2021	41,399,162	37,832,038	31,959,817	9,371,560	4,017,063	3,639,293	1,090,940	2,575,009	-	131,884,882
Additions	3,084,440	-	5,249,473	631,119	421,098	38,339	-	-	2,153,624	11,578,093
At December 31, 2021	44,483,602	37,832,038	37,209,290	10,002,679	4,438,161	3,677,632	1,090,940	2,575,009	2,153,624	143,462,975
Additions	**3,504,500**	**-**	**2,019,267**	**581,687**	**400,564**	**114,429**	**-**	**608,124**	**3,825,392**	**11,053,963**
At December 31, 2022	**47,988,102**	**37,832,038**	**39,228,557**	**10,584,366**	**4,838,725**	**3,792,061**	**1,090,940**	**3,183,133**	**5,979,016**	**154,516,938**
Accumulated depreciation										
At January 1, 2021	-	22,625,493	23,811,506	8,366,254	3,272,533	2,798,374	1,090,940	2,489,160	-	64,454,260
Charge for the year	-	1,891,601	1,928,778	391,932	227,482	177,067	-	29,980	-	4,646,840
At December 31, 2021	-	24,517,094	25,740,284	8,758,186	3,500,015	2,975,441	1,090,940	2,519,140	-	69,101,100
Charge for the year	**-**	**1,891,602**	**2,295,605**	**455,869**	**270,008**	**183,655**	**-**	**101,303**	**-**	**5,198,042**
At December 31, 2022	**-**	**26,408,696**	**28,035,889**	**9,214,055**	**3,770,023**	**3,159,096**	**1,090,940**	**2,620,443**	**-**	**74,299,142**
Net Carrying amounts										
December 31, 2022	**47,988,102**	**11,423,342**	**11,192,668**	**1,370,311**	**1,068,702**	**632,965**	**-**	**562,690**	**5,979,016**	**80,217,796**
December 31, 2021	44,483,602	13,314,944	11,469,006	1,244,493	938,146	702,191	-	55,869	2,153,624	74,361,875

6.1 Capital work in progress mainly represents cost incurred for the construction of a new health care facility in Riyadh. Also refer note 15.

6.2 Property and equipment includes lands amounted to SR 1.7 million (2021: SR 1.7 million) mortgaged against the loans. Refer note 15.

6.3 The depreciation charge for the years ended December 31, 2022 and December 31, 2021 have been charged to cost of sales.

Expressed in Saudi Riyals

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for a land and buildings (employees' residences). These leases generally have terms between 5 to 6 years. Below are the carrying amounts of right of use assets and lease liabilities recognised and the movement during the year:

RIGHT-OF-USE ASSETS

	2022	2021
Cost		
January 01	10,450,639	10,450,639
Adjustments	**1,251,563**	**-**
December 31	**11,702,202**	10,450,639
Accumulated depreciation		
January 01	4,426,152	2,950,768
Charge for the year	**1,505,034**	1,475,384
December 31	**5,931,186**	4,426,152
Net carrying amounts		
December 31	**5,771,016**	6,024,487

LEASE LIABILITIES

	2022	2021
January 01	**6,293,387**	7,729,546
Finance cost	**211,182**	248,881
Adjustments	**1,251,563**	-
Payments	**(1,685,040)**	(1,685,040)
December 31	**6,071,092**	6,293,387

Lease liabilities are allocated into current and non-current as of December 31, 2022 and December 31, 2021 as follows:

	December 31, 2022	December 31, 2021
Current portion	**1,521,213**	1,489,050
Non-current portion	**4,549,879**	4,804,337
	6,071,092	6,293,387

The contractual maturity of lease liabilities (gross) is as follows:

	December 31, 2022	December 31, 2021
Within one year	**1,685,040**	1,685,040
From one to five years	**4,749,120**	6,434,160
	6,434,160	8,119,200

Expressed in Saudi Riyals

8. INTANGIBLE ASSETS

	Note	**December 31, 2022**	December 31, 2021
Software	8.1	**981,274**	-
Goodwill	8.2	**2,268,566**	2,268,566
		3,249,840	2,268,566

8.1 Software	**2022**	2021
January 01	**200,000**	200,000
Transfers	**1,043,210**	-
December 31	**1,243,210**	200,000
Accumulated amortization:		
January 01	**200,000**	200,000
Charge for the year	**61,936**	-
December 31	**261,936**	200,000
Net carrying amounts at December 31	**981,274**	-

8.2 Goodwill

In 2017, the Company acquired 100% shares of Manarat Al Haramain Pharmacy (the Pharmacy) for a net consideration of SR 7 million. Under the shares Sale Purchase Agreement (the Agreement), all parties have agreed to transfer all rights and obligations associated with the former shareholder to the Company on January 01, 2017, as the date on which effective control of the Pharmacy was transferred to the Company i.e. the acquisition date. This acquisition was resulted in a goodwill amounted to SR 2.26 million which represent the excess of the consideration paid over the fair value of the net assets of the Pharmacy at the acquisition date. The Company registered Pharmacy as the branch of the Company.

Impairment assessment of goodwill

As at December 31, 2022, the management has carried out an impairment assessment of goodwill by comparing the carrying amount of its CGU to which goodwill is allocated (i.e. the Pharmacy) to the recoverable amount which has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by the management covering a five-year period. The cash flows have been discounted by 12.3% per annum which is based on risk-adjusted weighted average cost of capital of the Company. The growth rate used to extrapolate the cash flows of the CGU beyond five years is 1% per annum. No impairment was required to be recorded as the recoverable amount was higher than the carrying value of CGU as at December 31, 2022. The calculation of value in use is sensitive to the assumptions on weighted average cost of capital and growth rate. With regard to the assessment of the value in use, the management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

9. INVESTMENT IN AN ASSOCIATE

In 2022, the Company has acquired 20% of shares of Eyadat Holdings Company (Eyadat), a company incorporated in the Kingdom of Bahrain, at a consideration of SR 2.83 million. Eyadat will be a “day surgery health care centre” which is expecting to start its operations in the year 2023. Movement in investment in an associate is as follows:

	2022	2021
January 01	**-**	-
Additions during the year	**2,829,373**	-
Share of loss	**(127,580)**	-
December 31	**2,701,793**	-

Expressed in Saudi Riyals

9. INVESTMENT IN AN ASOCIATE (CONTINUED)

The financial results are taken from the management accounts of Eyadat as the management believes that un-audited figures would not be materially different from the audited figures.

The financial information of the associate are not considered material by the management at the Company's level, therefore, summarized financial information of the associate have not been presented.

10. INVENTORIES

	December 31, 2022	December 31, 2021
Medicines	**2,896,767**	4,253,414
Consumables	**2,593,530**	1,500,348
	5,490,297	5,753,762

Cost of inventories recognised in the statement of comprehensive income for the year ended December 31, 2022 amounted to SR 18.3 million (2021: SR 17.5 million).

11. TRADE RECEIVABLES

	December 31, 2022	December 31, 2021
Trade receivables	**58,295,777**	60,119,914
Less: allowance for expected credit losses	**(754,998)**	-
	57,540,779	60,119,914

11.1 The movement in the allowance for expected credit losses is as follows:

	2022	2021
January 01	**-**	-
Charge for the year	**754,998**	-
December 31	**754,998**	-

The aging analysis of receivables is as follows

	December 31, 2022	December 31, 2021
0 to 90 days	**32,975,716**	28,674,352
91 to 180 days	**16,538,970**	23,381,058
181 to 360 days	**8,199,240**	7,766,085
Over 360 days	**581,851**	298,419
	58,295,777	60,119,914

Overdue receivables are expected, on the basis of past experience, to be fully recoverable.

As at December 31, 2022, approximately 72% of the Company's trade receivable's balance was due from various governmental, semi governmental and insurance entities (December 31, 2021: 71%).

12. ADVANCES AND PREPAYMENTS

	December 31, 2022	December 31, 2021
Advances to suppliers	**504,266**	1,317,002
Prepaid expenses	**492,910**	618,699
Staff advances	**207,214**	335,275
	1,204,390	2,270,976

Expressed in Saudi Riyals

13. CASH AND BANK BALANCES

	December 31, 2022	December 31, 2021
Cash at banks – current accounts	**13,477,667**	6,689,737
Cash on hand	**348,664**	304,404
	13,826,331	6,994,141

14. SHARE CAPITAL AND RESERVES

14.1 Share capital

The Company’s paid up share capital is divided into 7,000,000 shares of SR 10 each (2021: 7,000,000 shares of SR 10 each).

14.2 Statutory reserve

In accordance with the Company’s By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the profit for the year to a statutory reserve until it equals to 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

14.3 Other reserves

It represents actuarial gain / (loss) on remeasurement of employees’ obligations.

15. LONG TERM BORROWINGS

	December 31, 2022	December 31, 2021
Non-current portion	**7,250,000**	18,250,000
Current portion	**8,750,000**	8,750,000
	16,000,000	27,000,000

In 2020, the Company entered into a facility agreement amounted to SR 35 million with a local bank to finance the purchase of a land in Riyadh city for the construction of a new hospital. The said facility bears interest at SAIBOR plus margin. The loan will be repaid over the next three years. During the year 2022, finance cost amounted to SR 1.01 million were capitalized. Refer note 6.1. The loan is secured by the properties of the Company and certain properties of the shareholders. The maturity profile of long-term borrowings is disclosed in note 27. The movement of long-term borrowings is as follows:

	2022	2021
January 01	**27,000,000**	40,480,369
Loans repaid	**(11,000,000)**	(13,480,369)
December 31	**16,000,000**	27,000,000

16. EMPLOYEES’ END OF SERVICE BENEFITS

a. Amounts recognised in profit / loss:

	December 31, 2022	December 31, 2021
Current service cost	**2,922,461**	2,630,216
Interest cost on defined benefit obligations	**134,919**	117,457
Net defined benefit expense	**3,057,380**	2,747,673

Expressed in Saudi Riyals

16. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

b. Movement in the present value of the defined benefit obligations:

	2022	2021
January 01	**6,067,862**	5,730,769
Current service cost	**2,922,461**	2,630,216
Interest cost	**134,919**	117,457
Remeasurement gain on defined benefit obligations-other comprehensive income	**(233,001)**	(737,121)
Benefits paid	**(892,500)**	(1,673,459)
December 31	**7,999,741**	6,067,862

c. Significant assumptions:

	December 31, 2022	December 31, 2021
Discount rate	**4.30%**	2.50%
Future salary increases	**1.00%**	1.50%

d. Sensitivity analysis:

A qualitative sensitivity analysis for salary change assumption on the defined benefit obligations as at December 31, 2022 and December 31, 2021 is as follows:

	December 31, 2022		December 31, 2021	
	Percentage	**Amount**	Percentage	Amount
Discount rate				
Increase	**+ 1 %**	**7,833,604**	+ 1 %	5,722,884
Decrease	**- 1 %**	**8,659,959**	- 1 %	6,454,235
Expected rate of salary				
Increase	**+ 1 %**	**8,708,290**	+ 1 %	6,485,308
Decrease	**- 1 %**	**7,783,228**	- 1 %	5,688,815

The above sensitivity analysis is based on method that infers the impact on the final benefits liabilities of employees in the Company as a result of reasonable changes in the key assumptions that occurred at the end of the financial year. Sensitivity analysis is based on a change in significant assumptions while keeping all other assumptions constants. The sensitivity analysis may not be representative of ant actual change in the defined benefit obligations because it is not likely to introduce changes in assumptions in isolation from one another.

17. ACCRUED AND OTHER LIABILITIES

	Note	**December 31, 2022**	December 31, 2021
Dividend payable	**29**	**-**	2,100,000
Accrued vacations		**1,339,962**	1,963,026
Value added tax payable		**1,089,900**	1,398,335
Accrued finance cost		**-**	1,213,464
Others		**925,829**	499,487
		3,355,691	7,174,312

Expressed in Saudi Riyals

18. ZAKAT PROVISION

The movement in Zakat provision is as follows:

	2022	2021
January 01	**2,010,407**	1,834,388
Charge for the year	**1,834,361**	1,701,133
Under provision for prior years	**177,217**	-
Paid during the year	**(1,623,246)**	(1,525,114)
December 31	**2,398,739**	2,010,407

Zakat assessment status

The Company has filed its zakat returns and obtained zakat certificates for the years up to December 31, 2021.

During 2021, ZATCA issued zakat assessments for the years from 2015 to 2017 amounted to SR 0.6 million. The Company has filed appeals against such assessments which is under process. The management believes that the Company has strong grounds to defend and thereby, management is not expecting a material liability on this matter.

19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Company, and its entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company’s management

Name of related party	Relationship	Nature of transaction	2022	2021
Nayef bin Mohammed Hassan bin Abdulla Al-Jishi	Shareholder	Dividend	**-**	728,438
		Sales of medicines	**9,439**	-
		Commissions	**-**	40,000
Nathir bin Mohammed Hassan bin Abdulla Al-Jishi	Shareholder	Dividend	**-**	643,125
		Commissions	**498,731**	1,212,690
		Sales of medicines	**6,624**	-
		Expenses paid on behalf	**-**	2,611,837
Lesley Mohammed Hassan bin Abdulla Al-Jishi	Shareholder	Dividend	**-**	339,938
		Sales of medicines	**1,221**	-
		Rent paid	**63,000**	72,000
Al-Raja Advanced Investment Group	Shareholder	Dividend	**-**	291,375
Mohammed Hassan bin Abdulla Al-Jishi	Shareholder	Rent paid	**1,235,040**	1,235,040
		Sales of medicines	**14,027**	-
		Dividend	**-**	97,125
Al-Raja Advanced Real Estate Establishment	Affiliate	Expenses paid on behalf	**146,766**	117,730
Tafani Consulting	Affiliate	Consulting fee	**15,000**	-
Salman Bin Mohammed Hassan bin Abdulla Al-Jishi	Affiliate	Expenses paid on behalf	**-**	1,061,816
Fatimah Mohammed Hassan bin Abdulla Al-Jishi	Affiliate	Rent paid	**63,000**	72,000
Fafa packaging product Factory	Affiliate	Expenses paid on behalf	-	5,628
Al Raja printing	Affiliate	Expenses paid on behalf	-	125,000
		Sales	-	110,285

Expressed in Saudi Riyals

19. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

19.2 Due from a related party

	December 31, 2022	December 31, 2021
Al-Raja Advanced Real Estate Establishment	**494,740**	347,974
	494,740	347,974

19.3 Compensation of key management personnel of the Company

Key management personnel of the Company comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. The compensation to key management is shown below:

	2022	2021
Salaries and benefits - Executive BoD members	**559,864**	1,117,500
Salaries – other key management personnel	**2,098,760**	1,976,000
Other benefits	**60,000**	56,000
	2,718,624	3,149,500

20. SEGMENT INFORMATION

Operating segments is determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM" The Company is organized into business units based on their operations and has the following two reportable segments**:**

a) The medical services segment- This segment provides medical services to its customers.
b) The pharmaceutical segment - The segment provides sales of pharmaceutical products.

All of the Company's operations are carried out in the Kingdom of Saudi Arabia. The selected information for each operating segment for the year ended December 31, 2022 and December 31, 2021 are as follows:

For the year ended December 31, 2022	**Medical services**	**Pharmaceuticals**	**Total**
Revenue	**118,863,478**	**10,821,011**	**129,684,489**
Cost of revenue	**(70,429,897)**	**(7,615,289)**	**(78,045,186)**
Gross profit	**48,433,581**	**3,205,722**	**51,639,303**
General and administrative expenses			**(23,328,225)**
Share in results of an associates			**(127,580)**
Other income			**1,096,739**
Finance charges			**(346,101)**
Profit before zakat			**28,934,136**
Total assets	**167,491,061**	**3,005,921**	**170,496,982**
Total liabilities	**38,358,532**	**2,120,948**	**40,479,480**

Expressed in Saudi Riyals

20. SEGMENT INFORMATION (CONTINUED)

For the year ended December 31, 2021	Medical services	Pharmaceuticals	Total
Revenue	108,556,888	9,124,780	117,681,668
Cost of revenue	(64,041,944)	(6,856,371)	(70,898,315)
Gross profit	44,514,944	2,268,409	46,783,353
General and administrative expenses			(19,811,377)
Other income			922,748
Finance charges			(366,338)
Profit before zakat			27,528,386
Total assets	155,423,228	2,718,467	158,141,695
Total liabilities	53,160,160	2,119,592	55,279,752

21. REVENUE

	2022	2021
Revenue recognised over time	**81,438,411**	77,435,725
Revenue recognised at a point in time	**48,246,078**	40,245,943
	129,684,489	117,681,668

For revenue disaggregation by segment, refer note 20.

22. COST OF SALES

	2022	2021
Salaries and related benefits	**45,904,342**	41,106,541
Medicines, medical materials and consumables	**18,303,563**	17,581,529
Depreciation	**6,765,012**	6,122,224
Government related expenses	**3,400,726**	3,002,522
Utilities	**1,583,910**	1,579,530
Insurance	**130,000**	501,614
Repair and maintenance	**385,888**	122,219
Rent	**177,238**	-
Others	**1,394,507**	882,136
	78,045,186	70,898,315

23. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	**2022**	2021
Salaries and related benefits		**16,387,814**	13,540,384
Repair and maintenance		**1,759,362**	1,419,057
Commission		**498,731**	1,252,690
Government related expenses		**1,113,996**	966,287
Allowance for expected credit losses	**11.1**	**754,998**	-
Professional fees		**177,148**	757,756
Rent		**42,080**	94,105
Insurance		**138,477**	79,500
Utilities		**27,730**	62,611
Stationery		**159,434**	48,666
Others		**2,268,455**	1,590,321
		23,328,225	19,811,377

Expressed in Saudi Riyals

24. OTHER INCOME

	2022	2021
Other income – baby care support	**1,049,043**	858,000
Other income – training certificates	**47,696**	50,748
Scrap sales	**-**	14,000
	1,096,739	922,748

25. FINANCE COST

	Note	**2022**	2021
Finance cost - employees defined benefits	**16**	**134,919**	117,457
Finance cost - lease liabilities	**7**	**211,182**	248,881
		346,101	366,338

26. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (“EPS”) is calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average numbers of ordinary shares in issue during the year. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	2022	2021
Profit attributable to shareholders of the Company – SR	**26,922,558**	25,827,253
Weighted average number of ordinary shares outstanding during the year	**7,000,000**	7,000,000
Basic and diluted earnings per share – SR	**3.85**	3.69

27. FINANCIAL RISK MANAGEMENT

27.1 Financial instruments by category

	December 31, 2022	December 31, 2021
Financial assets at amortized cost:		
Trade receivables	**57,540,779**	60,119,914
Due from a related party	**494,740**	347,974
Cash and bank balances	**13,826,331**	6,994,141
Total financial assets	**71,861,850**	67,462,029

	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Long term borrowings	**16,000,000**	27,000,000
Trade payables	**4,654,217**	6,733,784
Accrued and other liabilities	**2,265,791**	3,812,951
Lease liabilities	**6,071,092**	6,293,387
Total financial liabilities	**28,991,100**	43,840,122

As of December 31, 2022 and December 31, 2021, the Company does not have any financial asset and/or liability measured at fair value.

Expressed in Saudi Riyals

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2 Financial risk factors and its management

The Company's activities expose it to a variety of financial risks including the effects of changes in credit risk, liquidity risk and market risk (including currency risk, cash flow interest rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements. The Company's financial assets and financial liabilities are disclosed in note 27.1.

27.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables including related parties' balances and other current financial assets) including balances with banks. As at December 31, the exposure to credit risks for trade receivables by types of customers was as follows:

	December 31, 2022	December 31, 2021
Government and semi government entities	**14,441,652**	23,465,181
Insurance companies	**43,854,125**	36,654,733
	58,295,777	60,119,914

Receivables credit risk is managed subject to the Company's established policy, procedures and control defined to mitigate the credit risk. Receivables of the Company comprise primarily of insurance companies, Government related entities and corporate customers. The Company seeks to manage its credit risk by setting credit limits, credit period by monitoring outstanding receivables and ensuring close follow-ups. The management has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The credit terms are extended to customers where the Company does not expect any inability to pay.

The Company establishes ECL allowance that represents its estimate of potential losses in respect of trade receivables. Refer note 4.11 for details.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As at December 31, 2022, trade receivables from three major customers represents 72% (2021: 71%) of total receivable balance. However, the Company does not believe significant credit risk exist as the customers has established track record of regular and timely payments.

Bank balances are held with banks with good credit ratings and hence risk is minimal. Due from related party balances are considered as fully recoverable and there is no history of default as well.

Expressed in Saudi Riyals

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial liabilities consist of the lease liabilities, long term borrowings, trade payable and accrued expenses and other liabilities. The Company has established a robust mechanism for its cash management ensuring the best use of available cash resources. The Company's terms of sales and services generally require amounts to be paid within 45 days of the date of submitting the invoice. Trade payables are normally settled within 60 to 90 days of the date of purchase.

The table below analyses the Company's financial liabilities into the relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant

December 31, 2022	**Carrying amount**	**Contractual cash flows**	**Less than a year**	**2 to 5 years**
Lease liabilities	**6,071,092**	**6,434,160**	**1,685,040**	**4,749,120**
Long term borrowings	**16,000,000**	**17,333,581**	**9,726,914**	**7,607,466**
Trade payables	**4,654,217**	**4,654,217**	**4,654,217**	**-**
Accrued and other liabilities	**925,829**	**925,829**	**925,829**	**-**
Total financial liabilities	**27,651,138**	**29,347,787**	**16,992,000**	**12,356,586**
December 31, 2021				
lease liabilities	6,293,387	8,119,200	1,685,040	6,434,160
Long term borrowings	27,000,000	30,558,049	13,224,468	17,333,581
Trade payables	6,733,784	6,733,784	6,733,784	-
Accrued and other liabilities	3,812,951	3,812,951	3,812,951	-
Total financial liabilities	43,840,122	49,223,984	25,456,243	23,767,741

Changes in liabilities arising from financing activities i.e. borrowings and leases have been disclosed in their respective notes. Dividends declared in 2021 have been paid in full in 2022.

27.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments due to fluctuation in the related financial instruments value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

i) Interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments.

Increase / decrease in variable rate by 1% with all other variables held constant, the impact on the equity and profit before zakat for the year would have been SR 0.195 million (2021: SR 0.467 million).

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are primarily in Saudi Riyals, therefore, foreign currency exposure for the Company is limited.

iii) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's financial assets and liabilities are not exposed to price risk.

27.2.4 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. As at December 31, 2022 and 2021, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

27.2.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and 2021.

28. CONTINGENCIES AND COMMITMENTS

	December 31, 2022	December 31, 2021
Capital commitments	**2,515,200**	-

The Company did not have material contingencies as at December 31, 2022 and 2021.

29. DIVIDEND

On 2021, the shareholders of the Company approved dividend of SR 2.1 million (SR 0.30 per share) which was paid during 2022.

30. SUBSEQUENT EVENTS

On February 27, 2023, the Company signed a Memorandum of Understanding (MoU) with Saudi Group for Medical care to purchase the entire share capital of Al Anwar Medical Company. The duration of the said MoU is three months which is renewable. The consideration will be determined after the completion of due diligence exercise.

31. RECLASSIFICATION

The comparative figures have been reclassified in order to conform with the presentation for the current year. Such reclassifications have been made by the Company to improve the quality of information presented.

Statement of financial position

Reclassification from	Reclassification to	December 31, 2021
Property and equipment	Intangible assets	200,000
Long term borrowings	Long term borrowings – Current portion	8,000,000

The above reclassification does not affect previously reported profit for the year ended December 31, 2021 in the statement of comprehensive and the previously reported cash flows from investing and financing activities in the statement of cash flows for the year then ended.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on March 22, 2023 G.