DR. SOLIMAN ABDEL KADER
FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023
together with the Independent Auditor's Report

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

Index	Page
Independent auditor's report	1 – 5
Consolidated statement of financial position	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of changes in equity	8 – 9
Consolidated statement of cash flows	10 – 11
Notes to the consolidated financial statements	12 - 65

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كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأميرسلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company

Opinion

We have audited the consolidated financial statements of Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

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Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

Key Audit Matters (continued)

Revenue recognition

Refer Note 2.2(g) and 4.13 for the accounting estimate and accounting policy relating to revenue recognition and Note 22 for the related revenue disclosure.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2023, the Group recognized revenue of SR 2.3 billion (2022: SR 2 billion). The Group recognizes revenue upon satisfaction of the performance obligations attached to medical and related services at the fair value of consideration received or receivable, net of variable consideration. Certain contracts and arrangements with customers include variable consideration such as volume discounts, prompt payment discounts and claims disallowed (rejection of claims). These constitute variable consideration and are considered in the recognition of revenue on an estimated basis in the period in which the related services are rendered. Revenue recognition is considered as a key audit matter as the determination of the related variable consideration involves significant judgements and estimates.	We performed the following among other procedures: - Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards; - Assessed the design and implementation and tested (on a sample basis) the operating effectiveness of the Group's key internal controls in relation to the estimates of variable consideration; - Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by management to determine the variable consideration; - Performed a retrospective review (on a sample basis) of actual claims settled to the original gross claims; - Performed tests (on a sample basis) of settlements, claims and collections made with major customers of the Group; and - Assessed the adequacy of relevant disclosures and presentation in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

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

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

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

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

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

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

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

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

Independent Auditor's Report

To the Shareholders of Dr. Soliman Abdel Kader Fakeeh Hospital Company (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities o business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Dr. Soliman Abdel Kader Fakeeh Hospital Company ("the Company") and its subsidiaries ("the Group")**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Professional Services

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 4030290792
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KPMG
ترخيص رقم ٤٦
س ت ٤٠٣٠٢٩٠٧٩٢
KPMG Professional Services

Abdullah Oudah Althagafi
License No. 455

Jeddah, 18 April 2024
Corresponding to 9 Shawwal 1445H

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
ASSETS			
Property and equipment	6	**1,635,208,564**	1,303,085,288
Right-of-use assets	7.1	**521,234,589**	391,973,536
Intangible assets and goodwill	8	**544,243,738**	549,468,160
Investment properties		**458,719**	499,975
Prepayments and other non-current assets	9	**49,211,158**	30,905,688
Other long-term receivables	10	**93,327,252**	1,416,954,534
Non-current assets		**2,843,684,020**	3,692,887,181
Inventories	11	**163,120,518**	131,462,764
Accounts and other receivables	12	**745,696,546**	769,093,245
Contract assets	12.2	**102,314,728**	14,626,783
Prepayments and other current assets	13	**162,989,742**	145,596,934
Cash and cash equivalents	14	**214,295,756**	316,762,023
Current assets		**1,388,417,290**	1,377,541,749
Total assets		**4,232,101,310**	5,070,428,930
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**200,000,000**	100,000,000
Statutory reserve	16	**--**	50,000,000
Retained earnings		**820,255,030**	1,747,638,538
Equity attributable to owners of the Company		**1,020,255,030**	1,897,638,538
Non-controlling interests	17	**235,219,964**	259,605,650
Total equity		**1,255,474,994**	2,157,244,188
LIABILITIES			
Long-term loans	18	**1,196,445,000**	1,252,132,548
Lease liabilities	7.2	**495,866,960**	290,503,743
Employees' end of service benefits	19	**219,013,090**	205,759,274
Non-current liabilities		**1,911,325,050**	1,748,395,565
Short-term loans	18	**493,995,693**	554,019,942
Current portion of long-term loans	18	**30,485,000**	41,849,950
Current portion of lease liabilities	7.2	**47,096,049**	110,981,207
Accounts payables		**275,300,060**	231,423,716
Accrued and other current liabilities	20	**193,966,796**	209,337,912
Accrued Zakat	21	**24,457,668**	17,176,450
Current liabilities		**1,065,301,266**	1,164,789,177
Total liabilities		**2,976,626,316**	2,913,184,742
Total equity and liabilities		**4,232,101,310**	5,070,428,930

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

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
Revenue	22	**2,326,687,767**	2,012,390,590
Costs of revenue	23	**(1,710,011,609)**	(1,400,144,563)
Gross profit		**616,676,158**	612,246,027
Other income		**25,811,887**	12,488,508
General and administrative expenses	23	**(243,212,644)**	(189,898,704)
Selling and marketing expenses	23	**(49,279,221)**	(31,690,305)
Impairment loss on accounts receivables	12.1	**(11,345,180)**	(20,963,814)
Operating profit		**338,651,000**	382,181,712
Finance income	10.1	**38,209,074**	24,880,850
Finance costs	24	**(122,150,246)**	(55,939,208)
Profit before zakat		**254,709,828**	351,123,354
Zakat	21	**(22,689,988)**	(20,439,741)
Profit for the year		**232,019,840**	330,683,613
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Re-measurement loss on defined benefit obligations	19	**(7,201,609)**	(7,076,685)
Total comprehensive income for the year		**224,818,231**	323,606,928
Profit / (loss) for the year attributable to:			
- Owners of the Company		**279,594,908**	326,316,488
- Non-controlling interests		**(47,575,068)**	4,367,125
		232,019,840	330,683,613
Total comprehensive income / (loss) for the year attributable to:			
- Owners of the Company		**272,616,492**	319,406,810
- Non-controlling interests		**(47,798,261)**	4,200,118
		224,818,231	323,606,928
Earnings per share			
Basic and diluted earnings per share	27	**1.40**	1.63

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

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

		Attributable to owners of the Company					
	Notes	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023		**100,000,000**	**50,000,000**	**1,747,638,538**	**1,897,638,538**	**259,605,650**	**2,157,244,188**
Total comprehensive income for the year							
Profit for the year		--	--	279,594,908	279,594,908	(47,575,068)	232,019,840
Other comprehensive income for the year		--	--	(6,978,416)	(6,978,416)	(223,193)	(7,201,609)
Total comprehensive income for the year		--	--	272,616,492	272,616,492	(47,798,261)	224,818,231
Transactions with owners of the Company							
Dividends paid	15.4	--	--	(1,150,000,000)	(1,150,000,000)	(9,200,000)	(1,159,200,000)
Transfers	16	100,000,000	(50,000,000)	(50,000,000)	--	--	--
Additional capital contribution	17.1	--	--	--	--	32,612,575	32,612,575
Total transactions with owners of the Company		100,000,000	(50,000,000)	(1,200,000,000)	(1,150,000,000)	23,412,575	(1,126,587,425)
Balance at 31 December 2023		**200,000,000**	**--**	**820,255,030**	**1,020,255,030**	**235,219,964**	**1,255,474,994**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Statutory reserve	Retained earnings	Total		
Balance at 1 January 2022		100,000,000	50,000,000	1,463,231,728	1,613,231,728	110,206,416	1,723,438,144
Total comprehensive income for the year							
Profit for the year		--	--	326,316,488	326,316,488	4,367,125	330,683,613
Other comprehensive income for the year		--	--	(6,909,678)	(6,909,678)	(167,007)	(7,076,685)
Total comprehensive income for the year		--	--	319,406,810	319,406,810	4,200,118	323,606,928
Transactions with owners of the Company							
Dividends paid	15.4	--	--	(35,000,000)	(35,000,000)	--	(35,000,000)
Additional capital contribution	17.1	--	--	--	--	20,500,000	20,500,000
Total transactions with owners of the Company		--	--	**(35,000,000)**	**(35,000,000)**	**20,500,000**	**(14,500,000)**
Changes in ownership interest							
Acquisition of subsidiary with NCI	5	--	--	--	--	124,699,116	124,699,116
Balance at 31 December 2022		**100,000,000**	**50,000,000**	**1,747,638,538**	**1,897,638,538**	**259,605,650**	**2,157,244,188**

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

Dr. Mazen Fakeeh President	Mr. Panagiotis Chatziantoniou Group Chief Financial Officer

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities			
Profit before zakat		**254,709,828**	351,123,354
Adjustments for:			
- Depreciation on property and equipment	6	**89,174,996**	62,633,113
- Depreciation on right-of-use assets	7.1	**51,244,273**	40,137,569
- Amortization	8	**8,980,911**	6,581,267
- Depreciation on investment properties		**41,257**	41,257
- Provision for employee's end of service benefits	19	**33,473,342**	27,667,518
- Impairment loss on accounts receivables	12.1	**11,345,180**	20,963,814
- Gain on disposal of property and equipment		**(871,046)**	(127,605)
- Write-off of intangible asset	8	**360,000**	--
- Bad debts written-off	12.1	**10,554,317**	8,183,812
- Finance costs		**122,150,246**	55,939,208
		581,163,304	573,143,307
Changes in operating assets and liabilities:			
- Inventories		**(31,657,753)**	(6,305,699)
- Accounts and other receivables		**(85,416,902)**	(194,165,533)
- Other long-term receivables		**(16,575,304)**	(24,115,671)
- Prepayments and other current assets		**(36,644,914)**	(69,896,712)
- Accounts payables		**43,876,349**	60,442,078
- Accrued and other current liabilities		**(26,711,054)**	(35,977,082)
Cash generated from operating activities		**428,033,726**	303,124,688
Interest paid		**(80,864,981)**	(36,606,593)
Employees' end of service benefits paid	19	**(27,421,135)**	(20,128,552)
Zakat paid	21	**(15,408,770)**	(15,665,893)
Net cash generated from operating activities		**304,338,840**	230,723,650
Cash flows from investing activities:			
Additions to property and equipment	6	**(372,394,211)**	(110,526,438)
Additions to intangible assets	8	**(4,116,489)**	(324,467)
Long-term advances to suppliers		**(13,188,563)**	(28,420,145)
Proceeds from disposal of property and equipment		**3,526,221**	563,738
Proceeds from disposal of intangible asset		--	786,770
Receipt from other long-term receivables	25	**1,470,722,435**	--
Additions to other long-term receivables	25	**(133,003,978)**	(248,337,951)
Receipt on settlement of consideration transferred	5.1	**18,331,884**	--
Acquisition of a subsidiary, net of cash		--	(243,436,090)
Net cash generated from / (used in) investing activities		**969,877,299**	(629,694,583)
Cash flows from financing activities:			
Dividends paid	15.4	**(1,150,000,000)**	(35,000,000)
Dividends paid to NCI		**(9,200,000)**	--
Addition capital contribution by NCI	17.1	**32,612,575**	20,500,000
Repayment of lease liabilities	7.2	**(123,018,233)**	(46,219,129)
Proceeds from long-term loans		**1,241,000,000**	80,788,454
Repayment of long-term loans		**(1,308,052,498)**	--
Net movement in short term loans		**(60,024,250)**	504,007,993
Net cash (used in) / generated from financing activities		**(1,376,682,406)**	524,077,318
Net (decrease) / increase in cash and cash equivalents		**(102,466,267)**	125,106,385
Cash and cash equivalents at beginning of the year		**316,762,023**	191,655,638
Cash and cash equivalents at the end of the year	14	**214,295,756**	316,762,023

DR. SOLIMAN ABDEL KADER FAKEEH HOSPITAL COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
Major non-cash transactions:			
Addition to right-of-use assets and lease liabilities	7	**124,835,186**	132,711,151
Terminations of right-of-use assets	7.1	**5,439,557**	40,350,800
Terminations of lease liabilities	7.2	**4,214,329**	53,959,026
Zakat charge	21	**22,689,988**	20,439,741

** *Cash and cash equivalents include short term deposits that are interest bearing and form an integral part of the Group's cash flow management.*

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

Dr. Mazen Fakeeh
President

Mr. Panagiotis Chatziantoniou
Group Chief Financial Officer

1. GENERAL

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the "Company" or the "Parent Company") is a Saudi Closed Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and is registered in the Commercial Registry in Jeddah under No. 4030014511 on 11 Rabi Al Thani 1398H (corresponding to March 20, 1978). The Company was converted from a Sole Proprietorship to a Closed Saudi Joint Stock Company under the Ministerial Decision No. 28 dated 1 Safar 1433H (corresponding to 26 December 2011) approving the announcement of the establishment of Dr. Soliman Abdel Kader Fakeeh Hospital Company (A Saudi "Closed Joint Stock Company").

The principal activity of the Group is managing, establishing and operating hospitals, clinics, medical, educational and training centers. In addition to the above, the Group is also managing and operating medical services, analysis and radiology laboratory and managing and establishing pharmacies, wholesale and retail of medical equipment, maintenance of IT equipment and software related services.

These consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its subsidiaries collectively referred to as "the Group". The financial statements of the subsidiaries are prepared for the same reporting period and accounting policies as that of the Parent Company.

The Group has three reportable segments including medical services, education and trading & retail business (note 28).

On 20 June 2023, the shareholders passed a resolution to list the Parent Company on the stock exchange (Tadawul). All the legal formalities are underway to complete the process in due course. However, as at the date of approval of these financial statements the process is still not yet completed.

The Parent Company's registered office and principal place of business is Jeddah.

As at 31 December 2023, the Group has investments in the following subsidiaries:

Name of subsidiaries	Place of incorporation	Effective holding 2023	Effective holding 2022	Principal activities
Al-Farabi Special Health Care Company Limited ("Farabi")	Kingdom of Saudi Arabia	**70%**	70%	Healthcare Support services provider
Dr. Soliman Abdel Kader Fakeeh For Information Technology Company (Formerly, Kameda Arabia Company Limited)	Kingdom of Saudi Arabia	**70%**	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers ("FMH")	Kingdom of Saudi Arabia	**90%**	90%	Healthcare service provider

1. GENERAL (continued)

Name of subsidiaries	Place of incorporation	Effective holding 2023	2022	Principal activities
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited ("FMCS")	Kingdom of Saudi Arabia	**80%**	80%	Medical education service provider
Al Toor Medical Services Company ("Al-Toor")	Kingdom of Saudi Arabia	**51%**	51%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited ("FCHC")	Kingdom of Saudi Arabia	**100%**	100%	Wholesale and retail of medical equipment
Saudi Airlines Company for Medical Services ("SMS")	Kingdom of Saudi Arabia	**75%**	75%	Healthcare service provider
Al-Faraj Pharmaceutical Medical Company ("Al-Faraj")	Kingdom of Saudi Arabia	**89.82%**	89.82%	Trading in pharmaceutical products
Advanced Horizon Contracting Company ("AHC")	Kingdom of Saudi Arabia	**100%**	100%	Construction and contracting
Golden Union Medical Company ("EMS")	Kingdom of Saudi Arabia	**100%**	100%	Emergency medical services
Dr. Soliman Fakeeh Hospital Medical Company ("DSFH Riyadh") (Formerly, Rana Medical Services Company)	Kingdom of Saudi Arabia	**60.56%**	--	Healthcare service provider
White Lines Medical Company ("WLMC")	Kingdom of Saudi Arabia	**74.25%**	74.25%	Trading in pharmaceutical products
Fakeeh Vision Company Limited ("FVCL")	Kingdom of Saudi Arabia	**100%**	100%	Trading of spectacles and cosmetics
Dr. Soliman Abdel Kader Fakeeh Home Health Care Company ("FHHC")	Kingdom of Saudi Arabia	**100%**	--	Home health care

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

a) Accounting convention / Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis, unless otherwise stated.

Furthermore, the consolidated financial statements are prepared using the accrual basis of accounting and going concern assumption. The subsidiaries applied the same accounting policies as applied by Company in these financial statements. Also, the reporting period of the subsidiaries is the same with the Parent company, financial year ending December.

b) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Group's functional currency. All amounts have been expressed in SR and rounded off to the nearest SR, unless otherwise indicated.

2.2 Critical accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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 below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property and equipment and intangible assets

The Group's management determines the estimated useful lives of its property and equipment, and intangible assets with finite useful lives for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortization methods and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

2. BASIS OF PREPARATION (continued)

2.2 Critical accounting estimates and judgments (continued)

b) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future invest performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the growth rate used for extrapolation purposes.

c) Allowance for expected credit losses (ECLs) of accounts receivables

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortized cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

d) Employee benefits – defined benefit plan

The cost of employees' end of service benefits are determined using actuarial valuation. Certain actuarial assumptions have been adopted as disclosed in note 19 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

2. BASIS OF PREPARATION (continued)

2.2 Critical accounting estimates and judgments (continued)

e) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

f) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

g) Revenue recognition estimating variable consideration

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

Determination of transaction prices - The Group estimates variable considerations to be included in the transaction price in respect of each of its agreement with customers. In making such estimate the Group assess the impact of any variable consideration in the contract, to the patients upon submission of invoices to the customers. The Group uses its accumulated historical experience to estimate the percentage (retrospective review). These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected adjustments estimated by the Group.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

3.1 New standards and amendments to standards

The following amendments to existing standards and framework have been applied by the Group in preparation of these consolidated financial statements. The adoption of the below did not result in changes to the previously reported consolidated net profit or equity of the Group.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

3.1 New standards and amendments to standards (continued)

Standard / Interpretation	***Description***	***Effective date***
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IAS 12	International Tax Reform - Pillar Two Model Rules	23 May 2023

The standards, interpretations and amendments with effective date of 1 January 2023 did not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated financial statements on adoption.

3.2 Standards issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	***Description***	***Effective from periods beginning on or after the following date***
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non-current liabilities with covenants (amendments to IAS 1)	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

4. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. In addition the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

4.1 Financial instruments

Financial Assets

a) Recognition and initial measurement

The Group's financial assets comprise of cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), contract assets, margin against letter of credits and guarantees and other receivables.

Financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

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

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

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

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

4. MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (continued)

Financial Assets (continued)

b) Classification and subsequent measurement (continued)

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

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

Financial assets: Business model assessment

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

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.1 Financial instruments (continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Significant financial liabilities include loans, lease liabilities, accounts payables, accrued expenses and other current liabilities.

De-recognition

Financial assets

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

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Group:

- currently has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

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

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interest without change in control".

(ii) *Goodwill*

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Subsequent to initial recognition, goodwill is measured at cost less accumulated losses.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 Business combinations (continued)

(ii) Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(iii) Non-controlling interests

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

4.3 Impairment

i) Financial assets (including receivables)

IFRS 9 requires to follow an expected credit loss model for the impairment of financial assets. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. Consequently, more timely information is provided about expected credit losses.

Expected loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For accounts receivables with a significant financing component a simplified approach is available, where by an assessment of increase in credit risk need not be performed at each reporting date. Instead, an entity can choose to provide for expected losses based on lifetime expected losses.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.3 Impairment (continued)

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss on intangible assets with indefinite useful lives including goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land and construction work in progress (CWIP) which is carried at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as consolidated items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in statement of profit or loss and other comprehensive income.

a) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.4 Property and equipment (continued)

b) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in statement of profit or loss and other comprehensive income. Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents the cost of an asset, or other amount substituted for cost, less its residual value.

The estimated useful lives for the current and comparative periods are as follows:

	Years
• Buildings and leasehold improvements	5 – 33 (shorter of lease term or useful life)
• Medical and support equipment	4-7
• Furniture and fixtures	3-7
• Motor vehicles	7
• Office equipment	5
• Computers	5

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

4.5 Intangible assets

The intangible assets that the Group holds consists of customer relationships, software, and medical licenses which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

a) Subsequent costs

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

b) Amortization

Amortization is calculated to write off, over their estimated useful lives, the cost of intangible assets less estimated residual values using the straight-line method for software and medical license and reducing balance method for customer relationships. Amortization is generally recognized in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.5 Intangible assets (continued)

b) Amortization (continued)

The estimated useful lives for the current and comparative periods are as follows:

	Years
Customer relationships	25
Medical Licenses (Note 8.4)	10
Software	3-7

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

4.6 Capital work-in-progress

Capital work-in-progress represents all costs relating directly to the on-going projects in progress and are capitalized as property and equipment when the project is completed.

4.7 Inventories

Inventories, which comprise of medicines, various medical supplies and consumables are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Goods-in-transit include costs and related expenses of goods shipped by the year-end.

Net realizable value comprises estimated selling price in the ordinary course of business, less appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving, defective and expired stocks. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

4.8 Employee Benefits

Defined unfunded benefit plans

The Group operates an employees' end of service benefits scheme. End of service benefits, as required by Saudi Arabia Labor Law, are required to be provided based on the employees' length of service.

The Group's net obligations in respect of defined unfunded benefit plans ("the obligations") is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.8 Employee Benefits (continued)

Defined unfunded benefit plans (continued)

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out every third year and updated for the following two years for material changes, if any.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. Currently there are no past service costs. Actuarial gains and losses are recognized in OCI immediately.

4.9 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group 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 Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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 Group 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 remeasured 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.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.10 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed and adjusted at each reporting date. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. If outflows to settle the provisions are no longer probable, reversal of the provision is recorded as income.

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

4.11 Zakat

Zakat is provided for in the consolidated financial statements in accordance with Zakat, Tax and Customs Authority ("Authority" or "ZATCA") regulations. Zakat for the current year end is charged to profit and loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with zakat and income tax regulations.

4.12 Value Added Tax

The Group is subject to Value Added Tax ("VAT") for services except exempt supplies in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on purchases/services obtained ("Input VAT"). The Group reports revenue and purchases net of VAT for all the periods presented in the consolidated statement of profit or loss.

4.13 Revenue

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Group when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Group, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.13 Revenue (continued)

The Group has applied IFRS 15 *Revenue from contracts with customers* for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 requires that entities apply a five-step to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the customer
- Step:2 Identify the performance obligations in the contract
- Step:3 Determine the transaction price
- Step:4 Allocate the transaction price to the performance obligations in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

The Group recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

Sale of goods

The Group dispenses medication and medical supplies as part of the provision of its healthcare services. Sales of goods are recognized when the Group dispenses these to its patients.

Provision of services

The Group provides healthcare services. The revenue is recognized when the treatment is provided (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and claims. Management estimates variable consideration using the expected value method. In addition, management has considered all the information (historical, current and forecast) that is reasonably available to the Group and has identified a reasonable number of possible consideration amounts.

Revenue from provision of services primarily comprises fees charged under contract for inpatient and outpatient hospital services. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. Net patient services revenue is recognized at the estimated net realizable amounts from the third-party payers (like insurance companies) and others for the services rendered, net of estimated revenue adjustments (rejection of claims and volume discounts) when the related services are rendered.

Revenue from operating contracts is recognized over the period of time when the services are rendered.

Medical related services

Medical related services are recognized as revenue agreed under Service Level Agreement (SLA) with the customers when the services are provided.

Revenue from educational services

Tuition and other fees are recognized as income over the academic year (i.e. over the satisfaction of performance obligation).

4. MATERIAL ACCOUNTING POLICIES (continued)

4.13 Revenue (continued)

Revenue from IT services

Revenue from IT services is recognized when the services are rendered to the customers.

Revenue from Retail services

Revenue is recognized when there is an implied contract with a customer for the transfer of medical related equipment based on the prices specified.

4.14 Current versus non – current

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

Assets
An asset as current when it is:

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

Liabilities
A liability is current when:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

4.15 Initial Public Offering (IPO) Costs

IPO costs are the costs which are incremental and directly related to the listing of the shares in the financial market. These include but not limited to underwriting fee, sales commission and valuation costs, trading fees, CMA fees, certified public accountants' fees, advertising costs, costs of legal advice and other costs.

IPO costs directly attributable to the issuance of new shares (equity transaction) are deducted from Equity. IPO costs that are not directly attributable to the issuance of new shares, if any, are recognized in as an expense in the period when they are incurred.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.16 Fair value measurement

The Group measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

5. ACQUISITION OF A SUBSIDIARY

Dr. Soliman Fakeeh Hospital Medical Company ("DSFH Riyadh")

On 8 August 2022, the Parent Company entered into a Share Purchase and Subscription Agreement ("SPSA") with the shareholders of the Rana Medical Services Company (subsequently renamed as Dr. Soliman Fakeeh Hospital Medical Company), to acquire 60.56% shareholding.

The Parent Company had made payments aggregating to SR 151.5 million to the shareholders of Rana Medical Services Company of which SR 34 million were in escrow against subsequent payments to be made on the finalization of the transaction value. The Parent Company further subscribed to new shares of Rana Medical Services Company, at par, for an amount of SR 200 million. The acquisition was formalized on 29 October 2022, after requisite regulatory approvals.

5. ACQUISITION OF A SUBSIDIARY (continued)

Dr. Soliman Fakeeh Hospital Medical Company ("DSFH Riyadh") (continued)

The acquisition has been accounted for using the acquisition method under IFRS 3 - *Business Combinations*, and accordingly, the assets acquired and liabilities assumed are recorded at estimated fair vales at the acquisition date. The determination of estimated fair values required management to make certain estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and may require adjustments, which can be revisited for up to a year following the acquisition.

The net assets recognized in the consolidated financial statements for the year ended 31 December 2022 were based on a provisional assessment of their fair value while the Group continued its valuation exercise for medical license. The valuation exercise was not completed by the date when the annual 2022 financial statements were approved for issue by the Board of Directors.

The fair value of the net assets acquired from Rana Medical Services Company and the consideration transferred were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period, the purchase consideration of the acquisition has been allocated to the assets acquired and liabilities assumed using their fair values at the acquisition date and the resulting goodwill is presented below:

	29 October 2022
Property and equipment and right-of-use assets	695,527,353
Inventories	5,692,285
Prepayments and other non-current assets	14,492,179
Cash and cash equivalents	89,703,900
Lease liabilities	(40,295,045)
Employees' end of service benefits	(4,790,160)
Contractors Payables	(12,420,083)
Account Payables	(34,091,679)
Loans and borrowings	(374,986,747)
Retention payable	(18,232,297)
Accrued and other current liabilities	(3,300,058)
Due to related parties	(1,125,420)
Provisional net assets acquired	316,174,228
Adjustment on finalization of PPA:	
Intangible assets (note 8.4)	26,697,000
Final net assets acquired	342,871,228

5. ACQUISITION OF A SUBSIDIARY (continued)

Dr. Soliman Fakeeh Hospital Medical Company ("DSFH Riyadh") (continued)

5.1 Finalization of purchase price allocation:

The completion of the Purchase Price Allocation (PPA) and valuation exercise was completed within twelve months from the acquisition date, which has resulted in the following adjustments to previously reported amounts. These have been adjusted in the current period consolidated financial statements as follows:

	Provisional purchase price allocation	Adjustment	Final purchase price allocation
Consideration transferred (Note 5.1.1)	**351,471,874**	**(18,331,884)**	**333,139,990**
Add: NCI Proportion	**124,699,116**	**--**	**124,699,116**
Less: Fair value of identifiable net assets acquired	**(316,174,228)**	**(26,697,000)**	**(342,871,228)**
Goodwill	**159,996,762**	**(45,028,884)**	**114,967,878**

5.1.1 Adjustment to consideration transferred

As part of the consideration transferred SR 34 million had been placed in escrow account, which was subject to the finalization of transaction value. During year ended in December 2023 and within twelve months from the acquisition date, the said consideration was finalized between the shareholders of the Parent Company and selling shareholders, which resulted in receipt of SR 18.3 million to Group from that escrow account, thereby reducing the overall purchase consideration.

6. PROPERTY AND EQUIPMENT

6.1 Reconciliation of carrying amounts:

	Land	Buildings and leasehold improvements	Medical and support equipment	Furniture and Fixtures	Motor vehicles	Office equipment	Computers	Capital work-in-progress	Total
Cost:									
Balance at 1 January 2023	114,762,046	1,096,209,490	537,362,063	134,549,765	16,552,310	37,120,536	83,666,398	157,392,958	2,177,615,566
Additions	176,080,000	7,438,610	34,778,267	4,513,216	6,982,219	1,093,145	16,238,467	125,270,287	372,394,211
Transfer from right-of-use assets	--	--	51,559,232	--	--	--	--	--	51,559,232
Transfers	--	9,300,976	7,408,826	607,065	--	817,170	3,938,442	(22,072,479)	--
Disposals	--	--	(88,160,396)	(59,773,026)	(2,898,642)	(12,208,206)	(1,380,192)	(1,859,654)	(166,280,116)
Balance at 31 December 2023	**290,842,046**	**1,112,949,076**	**542,947,992**	**79,897,020**	**20,635,887**	**26,822,645**	**102,463,115**	**258,731,112**	**2,435,288,893**
Accumulated depreciation:									
Balance at 1 January 2023	--	**332,552,012**	**345,853,301**	**99,167,891**	**11,724,901**	**27,282,929**	**57,949,244**	--	**874,530,278**
Charge for the year	--	26,308,417	36,468,283	10,015,959	1,674,108	4,522,606	10,185,623	--	**89,174,996**
Disposals	--	--	(87,763,270)	(59,645,992)	(2,770,712)	(12,097,816)	(1,347,155)	--	**(163,624,945)**
Balance at 31 December 2023	--	**358,860,429**	**294,558,314**	**49,537,858**	**10,628,297**	**19,707,719**	**66,787,712**	--	**800,080,329**
Carrying amounts:									
At 31 December 2023	**290,842,046**	**754,088,647**	**248,389,678**	**30,359,162**	**10,007,590**	**7,114,926**	**35,675,403**	**258,731,112**	**1,635,208,564**

6. PROPERTY AND EQUIPMENT (continued)

6.1 Reconciliation of carrying amounts (continued):

	Land	Buildings and leasehold improvements	Medical and support equipment	Furniture and Fixtures	Motor vehicles	Office equipment	Computers	Capital work-in-progress	Total
Cost:									
Balance at 1 January 2022	25,750,046	601,367,894	482,184,264	106,080,868	12,028,816	34,349,365	71,889,070	140,083,122	1,473,733,445
Additions	--	5,395,246	15,613,608	9,504,892	3,702,607	2,671,244	3,641,609	83,071,124	123,600,330
Acquisition through business combination (note 5)	89,012,000	454,050,464	53,889,572	20,496,822	868,887	5,830	7,059,349	4,675,804	630,058,728
Transfers	--	65,000,006	2,144,264	762,449	--	443,808	1,189,360	(69,539,887)	--
Disposals	--	(29,604,120)	(16,469,645)	(2,295,266)	(48,000)	(349,711)	(112,990)	(897,205)	(49,776,937)
Balance at 31 December 2022	**114,762,046**	**1,096,209,490**	**537,362,063**	**134,549,765**	**16,552,310**	**37,120,536**	**83,666,398**	**157,392,958**	**2,177,615,566**
Accumulated depreciation:									
Balance at 1 January 2022	--	324,526,683	335,607,022	92,497,902	10,612,176	23,088,796	47,544,183	--	833,876,762
Charge for the year	--	10,920,543	26,827,383	8,711,767	1,144,643	4,516,552	10,512,225	--	62,633,113
Disposals	--	(2,895,214)	(16,581,104)	(2,041,778)	(31,918)	(322,419)	(107,164)	--	(21,979,597)
Balance at 31 December 2022	--	**332,552,012**	**345,853,301**	**99,167,891**	**11,724,901**	**27,282,929**	**57,949,244**	--	**874,530,278**
Carrying amounts:									
At 31 December 2022	**114,762,046**	**763,657,478**	**191,508,762**	**35,381,874**	**4,827,409**	**9,837,607**	**25,717,154**	**157,392,958**	**1,303,085,288**

During the year ended 31 December 2023, an amount of SR 5.3 million (2022: SR 1.3 million) was capitalized as borrowing cost.

6. PROPERTY AND EQUIPMENT (continued)

6.2 Depreciation charge for the year is distributed as detailed below:

	2023	2022
Cost of revenue	**71,988,551**	46,852,531
Administrative expenses	**16,177,382**	14,841,161
Selling and marketing expenses	**1,009,063**	939,421
	89,174,996	62,633,113

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

7.1 Right-of-use assets

a) Reconciliation of carrying amounts

	Land	**Buildings**	**Medical equipment**	**Total**
Cost:				
Balance as at 1 January 2022	92,223,851	287,928,764	--	380,152,615
Additions during the year *	117,792,107	14,919,044	--	132,711,151
Acquisition through business combination (note 5)	--	8,820,343	56,648,282	65,468,625
Modifications	--	3,125,835	--	3,125,835
Terminations	--	(64,709,134)	--	(64,709,134)
Balance at 31 December 2022	210,015,958	250,084,852	56,648,282	516,749,092
Additions during the year	11,407,653	113,427,533	--	124,835,186
Modifications ***	98,387,003	14,281,926	--	112,668,929
Transfer to property and equipment **	--	--	(56,648,282)	(56,648,282)
Terminations	--	(18,127,612)	--	(18,127,612)
Balance at 31 December 2023	**319,810,614**	**359,666,699**	--	**679,477,313**
Accumulated depreciation:				
Balance as at 1 January 2022	39,338,547	69,657,774	--	108,996,321
Charge for the year	14,825,867	24,535,970	775,732	40,137,569
Terminations	--	(24,358,334)	--	(24,358,334)
Balance at 31 December 2022	54,164,414	69,835,410	775,732	124,775,556
Charge for the year	17,309,530	29,621,425	4,313,318	51,244,273
Transfer to property and equipment **	--	--	(5,089,050)	(5,089,050)
Terminations	--	(12,688,055)	--	(12,688,055)
Balance at 31 December 2023	**71,473,944**	**86,768,780**	--	**158,242,724**
Carrying amounts:				
At 31 December 2023	**248,336,670**	**272,897,919**	--	**521,234,589**
At 31 December 2022	155,851,544	180,249,442	55,872,550	391,973,536

(*) Land lease amounting to SR 117 million has been reclassified from buildings to land in comparative to these consolidated financial statements.

(**) The Group has terminated certain leases for DSFH Riyadh, acquiring the underlying medical equipment.

(***) Modification represents increase in lease term and rentals of the land and building contract.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

7.1 Right-of-use assets (continued)

b) Depreciation charge for the year has been allocated as follows:

	2023	2022
Costs of revenue	**44,304,049**	25,152,865
Administrative expenses	**4,640,844**	13,071,262
Selling and marketing expenses	**2,299,380**	1,913,442
	51,244,273	40,137,569

7.2 Lease liabilities

	2023	2022
Balance as at 1 January	**401,484,950**	305,721,535
Additions during the year	**124,835,186**	132,711,151
Acquisition through business combination (note 5)	**--**	40,295,045
Interest expenses for the year	**32,835,521**	19,257,890
Modifications	**111,039,914**	3,677,484
Terminations	**(4,214,329)**	(53,959,026)
Payments during the year (note 7.5)	**(123,018,233)**	(46,219,129)
Balance as at 31 December	**542,963,009**	401,484,950

Lease liabilities are presented in statement of financial positions as follows:

	2023	2022
Non-current portion of lease liabilities	**495,866,960**	290,503,743
Current portion of lease liabilities	**47,096,049**	110,981,207
	542,963,009	401,484,950

7.3 Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances.

7.4 Expense relating to short-term leases included in cost of revenue, administrative expenses and selling and distribution expenses amounted to SR 18.4 million (2022: SR 12.7 million).

7.5 Includes payment amounting to SR 26.1 million related to the termination of certain leases by DSFH Riyadh, acquiring the underlying medical equipment.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

7.6 The aging of minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	2023		2022	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
Less than one year	78,768,474	47,096,049	130,957,824	110,981,207
One to five years	262,460,166	189,665,305	184,996,699	119,352,709
More than five years	762,921,510	306,201,655	603,223,301	171,151,034
Total	**1,104,150,150**	**542,963,009**	**919,177,824**	**401,484,950**
Less: financial charges	(561,187,141)	--	(517,692,874)	**--**
As at the end of year	**542,963,009**	**542,963,009**	**401,484,950**	**401,484,950**

8. INTANGIBLE ASSETS AND GOODWILL (revised)

8.1 Reconciliation of carrying amounts:

	Goodwill	**Medical license**	**Customer relationships**	**Computer software**	**Software under development**	**Total**
Cost:						
Balance at 1 January 2023	488,816,378	26,697,000	32,339,000	29,181,969	360,000	577,394,347
Additions	--	--	--	1,156,840	2,959,649	4,116,489
Write-off	--	--	--	--	(360,000)	(360,000)
Balance at 31 December 2023	**488,816,378**	**26,697,000**	**32,339,000**	**30,338,809**	**2,959,649**	**581,150,836**
Accumulated amortization:						
Balance at 1 January 2023	--	444,950	9,497,669	17,983,568	--	27,926,187
Charge for the year	--	2,669,700	2,684,588	3,626,623	--	8,980,911
Balance at 31 December 2023	--	**3,114,650**	**12,182,257**	**21,610,191**	**--**	**36,907,098**
Carrying amounts:						
At 31 December 2023	**488,816,378**	**23,582,350**	**20,156,743**	**8,728,618**	**2,959,649**	**544,243,738**

8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)

8.1 Reconciliation of carrying amounts (continued):

	Goodwill	Medical license	Customer relationships	Computer software	Software under development	Total
Cost:						
Balance at 1 January 2022	373,848,500	--	32,339,000	28,566,446	1,860,237	436,614,183
Additions during the year	--	--	--	180,192	144,275	324,467
Resulting from acquisition of subsidiary (note 5)	159,996,762	--	--	--	--	159,996,762
Transfers during the year	--		--	1,644,512	(1,644,512)	--
Disposals	--	--	--	(1,209,181)	--	(1,209,181)
Balance at 31 December 2022 (as previously reported)	**533,845,262**	**--**	**32,339,000**	**29,181,969**	**360,000**	**595,726,231**
IFRS 3 adjustments:						
Medical license (note 5)	(26,697,000)	26,697,000	--	--	--	--
Adjustment in consideration transferred (note 5.1.1)	(18,331,884)	--	--	--	--	(18,331,884)
Balance at 31 December 2022 (revised)	**488,816,378**	**26,697,000**	**32,339,000**	**29,181,969**	**360,000**	**577,394,347**
Accumulated amortization:						
Balance at 1 January 2022	--	--	7,454,140	14,313,191	--	21,767,331
Charge for the year	--	444,950	2,043,529	4,092,788	--	6,581,267
Disposals	--	--	--	(422,411)	--	(422,411)
Balance at 31 December 2022	--	**444,950**	**9,497,669**	**17,983,568**	--	**27,926,187**
Carrying amounts:						
At 31 December 2022	**488,816,378**	**26,252,050**	**22,841,331**	**11,198,401**	**360,000**	**549,468,160**

8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)

8.2 Amortization charge for the year is distributed as detailed below:

	2023	2022
Cost of revenue	**7,538,476**	4,846,055
Administrative expenses	**1,442,435**	1,735,212
	8,980,911	6,581,267

8.3 During the year ended year ended 31 December 2023 and within the twelve months period from the acquisition date, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of DSFH Riyadh. Accordingly, acquisition consideration paid amounting to SR 333.1 million has been allocated to net assets of SR 191.4 million, goodwill of SR 115 million and medical licenses as intangible asset of SR 26.7 million.

The value of medical license has been determined based on the relief-from-royalty approach employed and the management has estimated the fair value of the medical licenses to be SR 26.7 million to be amortized over 10 years.

8.4 The fair value of the net assets acquired from DSFH-Riyadh were initially measured on a provisional basis as permitted by IFRS 3, "Business Combination". Pursuant to the completion of the purchase price allocation exercise within the measurement period (i.e. within twelve months from the acquisition date), the provisional fair values at which the net assets were acquired from DSFH-Riyadh are finalized and accordingly revised in the comparative to these consolidated financial statements.

8.5 For the purpose of impairment testing of goodwill, management has identified the entire business of Saudi Airlines Company for Medical Services and Dr. Soliman Fakeeh Hospital Medical Company as a Cash Generating Unit (“CGU”).

The recoverable amount of this CGU was estimated using discounted cash flows. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using the growth rates, applicable discount rates and a terminal value percentages. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

In percent	**2023**	2022
DSFH Riyadh		
Discount rate	**10%**	--
Terminal value growth rate	**2.20%**	--
SMS		
Discount rate	**10%**	10.53%
Terminal value growth rate	**1.50%**	1.50%

The discount rate is estimated based on the historical industry average weighted-average cost of capital, with no possible debt leveraging based on historical trends and future plans of financing the business.

8. INTANGIBLE ASSETS AND GOODWILL (revised) (continued)

SMS:

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 240 million (2022: SR 191 million). Management has identified that a reasonably possible change in any of the key assumptions could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 3.2% (2022: 2.89%) for the estimated recoverable amount to be equal to the carrying amount.

DSFH Riyadh:

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 28.7 million (N/A). Management has identified that a reasonably possible change in any of the key assumptions could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 0.79% (N/A) for the estimated recoverable amount to be equal to the carrying amount.

9. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	2023	2022
Long-term advances to suppliers	**41,608,707**	28,420,145
Prepaid employee benefits	**6,457,106**	--
Loan arrangement fee – non-current	**1,145,345**	2,485,543
	49,211,158	30,905,688

10. OTHER LONG-TERM RECEIVABLES

	2023	2022
Long-term loans to a related party (notes 18.1 and 25)	**--**	1,336,666,062
Non-current portion of receivables under DAAM Program	**93,327,252**	80,288,472
	93,327,252	1,416,954,534

10.1 This represents long-term loans provided to Fakeeh Academic Medical Center - Dubai which has been repaid during the year ended 31 December 2023. Finance income under effective interest method amounting to SR 38.2 million (2022: SR 24.9 million) has been recognised as finance income during the year.

11. INVENTORIES

	2023	2022
Medicines, medical supplies and consumables	**144,066,316**	117,106,913
Optical and related accessories	**21,567,171**	17,414,996
	165,633,487	134,521,909
Less: Write-down of inventories	**(2,512,969)**	(3,059,145)
	163,120,518	131,462,764

11. INVENTORIES (continued)

In accordance with the terms of the supplier's agreement, the Group is entitled to return the nearing expiry products to the supplier.

11.1 During the year ended 2023, consumables recognized as cost of sales amounted to SR 604 million (2022: SR 508 million).

12. ACCOUNTS AND OTHER RECEIVABLES

	2023	2022
Trade receivables	**851,003,721**	864,792,915
Trade receivables - related parties (note 25)	**28,861,862**	37,678,504
	879,865,583	902,471,419
Less: allowance for impairment losses	**(134,169,037)**	(133,378,174)
	745,696,546	769,093,245

All accounts receivables are unsecured and it is not the practice of the Group to obtain collaterals. Before accepting any customer, the management of the Group evaluates the credit quality of potential customers individually and defines maximum credit period and credit limits. The Group, based on its historical experience and collection trends, current market conditions and expected future cash flows, creates an allowance for doubtful debts against its accounts receivables.

The net unimpaired accounts receivables include amount of SR 114 million (2022: SR 78.3 million) due from government and quasi government institutions from which SR 62 million (2022: SR 32 million) remains outstanding for more than the credit period normally granted to trade customers.

12.1 The movement of allowance for expected credit losses is as follows:

	2023	2022
Balance at beginning of the year	**133,378,174**	120,598,172
Provision for expected credit loss during the year	**11,345,180**	20,963,814
Written-off during the year	**(10,554,317)**	(8,183,812)
Balance at end of the year	**134,169,037**	133,378,174

12.2 The contract asset primarily relates to operating project contract with customers.

13. PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022
Advances to suppliers	**60,550,390**	57,965,889
Prepayments	**40,781,816**	46,504,405
VAT receivable – net	**29,863,909**	21,823,556
Due from related parties (note 25)	**14,434,036**	1,643,731
Advances to employees	**2,191,130**	1,145,542
Margin against letter of credits and guarantees	**598,119**	150,000
Others	**14,570,342**	16,363,811
	162,989,742	145,596,934

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances.

	2023	2022
Cash in hand	**1,501,738**	1,338,262
Short-term deposits (note 14.1)	**116,500,000**	170,000,000
Cash at banks - current accounts	**96,294,018**	145,423,761
	214,295,756	316,762,023

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Group's bank balances. Therefore, the probability of default based on forward-looking factors and any loss given defaults are considered to be negligible.

14.1 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

15. SHARE CAPITAL

The shareholding of the Group is as follows:

	Nationality / country of incorporation	**No. of shares of SR 1 each**	No. of shares of SR 10 each	**Amount (SR) As at 31 December**	
		2023	2022	**2023**	2022
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	**79,984,000**	3,999,200	**79,984,000**	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	**79,984,000**	3,999,200	**79,984,000**	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	**39,992,000**	1,999,600	**39,992,000**	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	**20,000**	1,000	**20,000**	10,000
Al Solimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	**20,000**	1,000	**20,000**	10,000
		200,000,000	10,000,000	**200,000,000**	100,000,000

15. SHARE CAPITAL (continued)

15.1 The Parent Company's shareholders in Extraordinary General Assembly Meeting held on 12 Rabi Al Awwal 1445H (corresponding to 27 September 2023), approved amendments to its by-laws including an increase in share capital of SR 100 million through a transfer from the retained earnings (SR 50 million) and statutory reserve (SR 50 million). Accordingly, the share capital of the Parent Company was increased from SR 100 million to SR 200 million and the nominal value per share was reduced from SR 10 per share to SR 1 per share, while maintaining the same ownership percentages of each shareholder of the Parent Company.

Accordingly, revised shareholding structure of the Parent Company is as follows:

	No. of shares	Amount
Dr. Mazen Soliman Abdel Kader Fakeeh	**79,984,000**	**79,984,000**
Mr. Ammar Soliman Abdel Kader Fakeeh	**79,984,000**	**79,984,000**
Dr. Manal Soliman Abdel Kader Fakeeh	**39,992,000**	**39,992,000**
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	**20,000**	**20,000**
Al Solimania United Company Limited (A Saudi Limited Liability Company)	**20,000**	**20,000**
	200,000,000	**200,000,000**

15.2 The shareholders approved annual dividend amounting to SR 50 million for the year ended 31 December 2022 (SR 35 million for the year ended 31 December 2021) in the annual general meeting held on 20 June 2023.

15.3 The shareholders took into consideration the repayment of the long-term loans previously provided to Fakeeh Academic Medical Center amounted to SR 1.4 billion in September 2023 (Note 10.1) and approved a one-off extraordinary dividend amounting to SR 1.1 billion in the Extraordinary General Assembly meeting held on 27 September 2023.

15.4 The Parent Company has paid total dividends of SR 1,150 million during the year ended 31 December 2023 (31 December 2022: SR 35 million).

16. STATUTORY RESERVE

The statutory reserve appearing in comparative of these consolidated financial statements pertains to the Parent Company and was required as per the previous Companies' Law. This reserve could be utilized for the benefit of the Parent Company or its shareholders. Through resolution passed in Extra Ordinary General Assembly meeting held on 27 September 2023, the shareholders approved the transfer of statutory reserve amounting to SR 50 million to share capital of the Parent Company (note 15). In accordance with the Parent Company's amended by-laws, it is not required to set aside the statutory reserve.

17. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2023	Fakeeh Tech	Al-Farabi	FMH	FCMS	Al-Toor	Al-Faraj	SMS	DSFH Riyadh	Total
NCI percentage	**30%**	**30%**	**10%**	**20%**	**49%**	**10.18%**	**25%**	**39.44%**	
Non-current assets	9,215,545	303,119	--	59,335,770	201,123,677	--	255,170,998	667,997,166	
Current assets	6,813,616	26,205,892	1,000,000	95,639,868	4,310,424	752,886	274,920,126	64,946,411	
Non-current liabilities	(894,572)	(17,635,306)	--	(16,796,411)	(218,646)	--	(125,148,233)	(380,394,743)	
Current liabilities	(9,017,889)	(4,322,797)	(453,731)	(78,042,803)	(17,844,702)	(356,332)	(57,906,914)	(247,777,016)	
Net assets (100%)	**6,116,700**	**4,550,908**	**546,269**	**60,136,424**	**187,370,753**	**396,554**	**347,035,977**	**104,771,818**	
Net assets attributable to NCI	**1,835,010**	**1,365,272**	**54,627**	**12,027,285**	**91,811,669**	**40,369**	**86,758,994**	**41,326,738**	**235,219,964**
Revenue	15,819,324	44,519,773	--	99,126,223	--	--	320,441,588	70,299,302	
Profit / (loss)	3,776,206	4,690,336	(172,220)	21,695,525	(2,294,230)	--	73,241,118	(181,599,951)	
Other comprehensive income ("OCI")	(83,259)	(1,014,084)	--	(922,524)	(39,581)	--	2,191,940	(603,639)	
Total comprehensive income/(loss) (100%)	**3,692,947**	**3,676,252**	**(172,220)**	**20,773,001**	**(2,333,811)**	**--**	**75,433,058**	**(182,203,590)**	**(81,134,363)**
Profit /(loss) allocated to NCI	**1,132,862**	**1,407,101**	**(17,222)**	**4,339,105**	**(1,124,173)**	**--**	**18,310,280**	**(71,623,021)**	**(47,575,068)**
Other comprehensive income / (loss) allocated to NCI	**(24,978)**	**(304,225)**	**--**	**(184,505)**	**(19,395)**	**--**	**547,985**	**(238,075)**	**(223,193)**

17. NON-CONTROLLING INTERESTS (continued)

31 December 2022	Fakeeh Tech	Al-Farabi	FMH	FMCS	Al-Toor	Al-Faraj	SMS	DSFH Riyadh	Total
NCI percentage	**30%**	**30%**	**10%**	**20%**	**49%**	**10.18%**	**25%**	**39.44%**	
Non-current assets	7,711,181	--	495,000	61,076,816	88,405,002	--	141,319,630	692,685,461	
Current assets	17,234,154	33,276,655	1,000,000	87,226,067	44,166,786	758,986	348,986,475	80,885,789	
Non-current liabilities	(790,302)	(17,859,631)	--	(10,265,503)	(88,701)	--	(134,857,406)	(400,830,255)	
Current liabilities	(21,834,319)	(4,438,569)	(924,085)	(71,022,311)	(7,933,525)	(349,941)	(83,846,782)	(85,787,139)	
Net assets (100%)	**2,320,714**	**10,978,455**	**570,915**	**67,015,069**	**124,549,562**	**409,045**	**271,601,917**	**286,953,856**	
Net assets attributable to NCI	**696,214**	**3,293,537**	**57,092**	**13,403,014**	**61,029,285**	**483**	**67,900,479**	**113,225,546**	**259,605,650**
Revenue	11,111,226	32,023,537	--	87,691,525	--	--	307,514,281	2,239,591	
Profit / (loss)	(1,058,867)	(268,606)	(44,129)	15,580,344	(3,345,706)	(90,955)	57,560,631	(28,113,063)	
Other comprehensive income ("OCI")	--	--	--	(474,470)	--	--	1,401,605	(1,071,284)	
Total comprehensive income/(loss) (100%)	**(1,058,867)**	**(268,606)**	**(44,129)**	**15,105,874**	**(3,345,706)**	**(90,955)**	**58,962,236**	**(29,184,347)**	**40,075,500**
Profit /(loss) allocated to NCI	**(317,660)**	**(80,582)**	**(4,413)**	**3,116,069**	**(1,639,396)**	**(9,259)**	**14,390,158**	**(11,087,792)**	**4,367,125**
Other comprehensive income / (loss) allocated to NCI	**--**	**--**	**--**	**(94,894)**	**--**	**--**	**350,401**	**(422,514)**	**(167,007)**

17.1 Additional contribution

During the year, the NCI in subsidiary has made an additional contribution in Al-Toor amounting to SR 32.6 million (2022: SR 20.5 million).

18. LOANS AND BORROWINGS

	2023	2022
Balance at beginning of the year	**1,848,002,440**	888,219,246
Acquisition through business combination (note 18.1 (ii) and note 5)	**--**	374,986,747
Loans obtained during the year	**2,195,195,259**	978,776,447
Payments made during the year	**(2,322,272,006)**	(393,980,000)
Balance at end of the year	**1,720,925,693**	1,848,002,440

18.1 Long-term loans

	2023	2022
Long-term loans	**1,226,930,000**	1,293,982,498
Current portion of Long-term loans	**(30,485,000)**	(41,849,950)
Non-current portion of Long-term loans	**1,196,445,000**	1,252,132,548

i) The Group had a long-term loan facility of SR 1.1 billion as at 31 December 2022 from a commercial bank for new investments and capital projects out of which the Group had utilized SR 918.9 million as at 31 December 2022. During the year ended 31 December 2023, the Group has settled the utilized amount, and accordingly the balance is SR Nil as at 31 December 2023.

ii) The Group had a long-term facility of SR 375 million as at 31 December 2022, from a commercial bank for capital projects, which had been fully utilized as at 31 December 2022. During 2023, the Group has settled all the utilized amount. The loan carried interest at prevailing market interest rates and was secured against the mortgage of the hospital land.

iii) During the year, the Group obtained a new long-term facility of SR 370 million for the purpose of repaying the long-term loan mentioned in point (ii) above, from a commercial bank for capital projects, which has been fully utilized as of 31 December 2023. The loan carries interest at prevailing market rates and is secured against the mortgage of the hospital land.

iv) The Group has long term facilities of SR 1.4 billion as at 31 December 2023 (31 December 2022: SR 755 million) from commercial banks for new investments and capital projects, out of which the Group has utilised SR 856.9 million as at 31 December 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

The facility agreements with the commercial banks contain financial covenants, which require the Group to maintain certain leverage ratios, which are complied by the Group as at December 2023.

18.2 Short term loans

The short-term loans primarily comprise of:

i) A short-term loan facility of SR 300 million (2022: SR 600 million) from commercial bank for working capital requirements, of which the Group has utilised SR 278 million as at 31 December 2023 (2022: SR 554 million). The loan carry interest at prevailing market interest rates.

18. LOANS AND BORROWINGS (continued)

18.2 Short term loans (continued)

ii) A short-term loan facility of SR 230 million as at 31 December 2023 (31 December 2022: SR 230 million) from a commercial bank for working capital requirements, out of which the Group has utilised SR 95 million as at 31 December 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

iii) A short-term loan facility of SR 400 million as at 31 December 2023 (31 December 2022: SR Nil) from a commercial bank for working capital requirements, out of which the Group has utilised SR 121 million as at 31 December 2023 (31 December 2022: SR Nil). The loan carry interest at prevailing market interest rates.

19. EMPLOYEES' END OF SERVICE BENEFITS

The Group operates an approved unfunded employees' end of service benefits scheme and ex-gratia benefits for its permanent employees. The present value of total employee benefits liability recognized in the statement of financial position is determined as follows:

	2023	2022
Present value of net defined benefit liability	**219,013,090**	205,759,274

Movement in net defined benefit liability

The movement in the present value of net defined benefit liability over the year is as follows:

	2023	2022
Balance at beginning of the year	**205,759,274**	189,161,806
Acquisition through business combination (note 5)	**--**	4,790,160
Included in profit or loss:		
Current service costs	**31,683,791**	24,485,111
Interest costs	**1,789,551**	3,182,407
	33,473,342	27,667,518
Included in other comprehensive income:		
Re-measurement loss / (gain) arising from:		
- Financial assumptions	**547,461**	6,586,510
- Demographic assumptions	**415,418**	(148,067)
- Experience adjustments	**6,238,730**	638,242
	7,201,609	7,076,685
Other adjustments	**--**	(2,808,343)
Benefits paid	**(27,421,135)**	(20,128,552)
Balance at end of the year	**219,013,090**	205,759,274

19. EMPLOYEES' END OF SERVICE BENEFITS (continued)

Actuarial assumptions

The main financial assumptions used to calculate the indicative defined benefit liabilities are as follows:

	2023	2022
Actuarial assumptions		
Discount rate	**4.63%**	4.10%
Future salary growth	**3.41%**	2.50%
Retirement age	**60 years**	60 years

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is as follows:

31 December 2023	**Impact on defined benefit obligation (Increase) / decrease in actual figures**		
	Change in assumption by	**Increase in assumption by**	**Decrease in assumption by**
Financial assumptions			
Discount rate	**1%**	**30,512,286**	**31,697,915**
Future salary growth / Expected rate of salary increase	**1%**	**4,853,077**	**5,956,997**

31 December 2022	**Impact on defined benefit obligation (Increase) / decrease in actual figures**		
	Change in assumption by	**Increase in assumption by**	**Decrease in assumption by**
Financial assumptions			
Discount rate	1%	10,282,214	(11,579,792)
Future salary growth / Expected rate of salary increase	1%	(12,614,226)	11,393,956

The weighted average duration of the defined benefit obligation ranges from 5.73 to 9.13 years (2022: from 5.73 to 9.13 years).

During the year ended 31 December 2023, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits and ex-gratia benefits in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law by using the Projected Unit Credit Method as required under IAS 19.

The Group expects to pay SR 21.1 million (2022: SR 21 million) in contributions to its defined benefit plans in 2024.

The defined benefit plan is exposed to a number of actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk, currency risk and inflation risk.

20. ACCRUED AND OTHER CURRENT LIABILITIES

	2023	2022
Accrued expenses	**84,111,632**	101,375,816
Deferred income (note 20.2)	**71,523,038**	60,243,289
Accrued financial charges	**30,910,127**	19,827,604
Accrued portal charges	**1,403,432**	--
Due to related parties (note 25)	**256,901**	4,870,055
Advance from customers	**--**	2,393,579
Other payables (note 20.1)	**5,761,666**	20,627,569
	193,966,796	209,337,912

20.1 Other payables include charity, employee deductions and other non-trade liabilities.

20.2 The movement of deferred income is as follows:

	2023	2022
Balance at beginning of the year	**60,243,289**	18,596,603
Additions during the year	**110,687,925**	132,338,211
Revenue earned during the year	**(99,408,176)**	(90,691,525)
Balance at end of the year	**71,523,038**	60,243,289

21. ZAKAT

a) Charge for the year:

Zakat included in the statement of profit or loss and other comprehensive income are comprised of the following:

	2023	2022
Current year	**22,689,988**	20,439,741
	22,689,988	20,439,741

b) The movement in the accrual for Zakat is as follows:

	2023	2022
Balance at beginning of the year	**17,176,450**	12,402,602
Charge for current year	**22,689,988**	20,439,741
Payments during the year	**(15,408,770)**	(15,665,893)
Balance at end of the year	**24,457,668**	17,176,450

21. ZAKAT (continued)

c) Status of final assessments

Dr. Soliman Abdel Kader Fakeeh Hospital Company
The Company filed its Zakat returns for the years ended December 31, 2019 to 2022 and obtained an unrestricted Zakat certificate for the year ended 31 December 2022. The ZATCA did not issue the Zakat assessment for the said years till to date. The Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued the assessment for the year 2018, which has shown Zakat differences of SR 1.5 million due from the Company. The Company objected against the said assessment. The ZATCA rejected the Company's objection for the year 2018. The Company escalated the objection to the Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD). The CRTVD rejected the Company's objection. The Company filed an appeal against the above mentioned CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR), which is still under study by the ACTVDR till December 31, 2023. The Company finalized its Zakat status up to the year 2017.

Al Farabi Special Healthcare Company Limited
The Subsidiary filed its Zakat returns for the years ended December 31, 2020 to 2022 and obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The Subsidiary filed its Zakat return from the year ended December 31, 2018. The ZATCA did not issue any assessment for the said year. The ZATCA did not issue the Zakat assessment for the said years till to date.

Dr. Soliman Qader Fakeeh Information Technology Company
The Subsidiary filed its Zakat returns from the years ended December 31, 2018 to 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said years till to date.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers
The Subsidiary filed its Zakat returns from the years ended December 31, 2017 to 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said years till to date.

Dr. Mazen Fakeeh Complementary Health Care Company Limited
Dr. Mazen Fakeeh Complimentary Health Care Company Limited has filed its Zakat returns for the years ended December 31, 2018 to 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year 2022. The ZATCA did not issue any assessment for the said years. The Subsidiary Company filed its Zakat return for the years ended from December 31, 2015 to 2017. The ZATCA issued the assessment for the said years. The Subsidiary Company objected against the said assessment. The ZATCA rejected the Company's objection for the said years. The Subsidiary Company escalated the objection to the Committee for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD). The CRTVD rejected the Subsidiary Company's objection. The Subsidiary Company filed an appeal against the above mentioned CRTVD decision at the Appellate Committee for Zakat, Tax, and Customs Violations and Disputes Resolution (ACTVDR). The ACTVD issued its decision and rejected the Company's appeal. The Subsidiary Company is in the process of settling the Zakat differences.

21. ZAKAT (continued)

c) Status of final assessments (continued)

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited
The Subsidiary filed its Zakat returns for the years ended December 31, 2021 and 2022 and obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue the Zakat assessment for the said years till to date. The Subsidiary finalized its Zakat status for the year ended December 31, 2020.

Al Toor Medical Services
The Subsidiary filed its Zakat return the year ended December 31, 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said year till to date. The Subsidiary finalized its Zakat status for the year ended December 31, 2021. The ZATCA did not issue any assessment for the said years till to date.

Al Faraj Pharmaceutical Medical Company
The Subsidiary filed its Zakat returns up to the year ended December 31, 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said years till to date.

Golden Union Company Limited
The Subsidiary filed its Zakat returns up to the year ended December 31, 2022. The Subsidiary obtained an unrestricted Zakat certificate for the year ended December 31, 2022. The ZATCA did not issue any assessment for the said year till to date.

Saudi Airlines Company for Medical Services
Saudi Airlines Company for Medical Services has filed its Zakat return till the year 2022 and obtained an unrestricted Zakat certificate. The management of SMS believes that Saudi Airlines Company for Medical Services was exempt from Zakat till 31 December 2018 in accordance with the regulations of the ZATCA in the Kingdom of Saudi Arabia, since it was owned by Saudi Arabian Airlines Corporation ("Saudi") as of 31 December 2018, therefore no Zakat provision was made up to the end of year 2018. However, upon the change in the shareholding in 2019, SMS is 75% owned by Dr. Soliman Abdul Kader Fakeeh Hospital Company and 25% owned by Saudia. Accordingly, SMS is now subject to Zakat. The ZATCA did not issue any assessment till to date.

Dr. Soliman Fakeeh Hospital Medical Company
The Dr. Soliman Abdel Kader Fakeeh Company Riyadh Company filed its Zakat returns up to the year ended December 31, 2022. The Company obtained an unrestricted Zakat certificate for the year 2022. The ZATCA did not issue any assessment for the Company till to-date.

22. REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition, all revenue is primarily generated in the Kingdom of Saudi Arabia:

	2023	2022
Revenue from Health care operations	**2,125,452,596**	1,817,068,913
Revenue from Medical related services	**99,179,307**	99,143,927
Revenue from Education services	**94,168,832**	87,691,525
Revenue from IT services	**7,887,032**	8,486,225
	2,326,687,767	2,012,390,590
Timing of revenue recognition		
Point in time	**1,442,458,258**	1,084,522,784
Over time	**884,229,509**	927,867,806
Revenue from contracts with customers	**2,326,687,767**	2,012,390,590

23. EXPENSES BY NATURE

	2023	2022
Salaries and related benefits	**1,008,760,297**	794,952,866
Materials and consumables	**604,144,856**	507,630,493
Depreciation of property and equipment	**89,174,996**	62,633,113
Depreciation of right-of-use assets	**51,244,273**	40,137,569
Insurance	**41,198,910**	33,534,553
Repair and maintenance	**34,774,505**	25,073,760
Advertising and publicity	**31,716,966**	15,538,319
Rent	**18,433,252**	12,674,433
Amortisation	**8,980,911**	6,581,267
Other expenses	**114,074,508**	122,977,199
	2,002,503,474	1,621,733,572

23.1 Other expenses mainly pertain to utilities, IT and communication, printing and stationaries, food and beverages.

24. FINANCE COSTS

	2023	2022
Interest expenses - loan	**89,314,725**	36,681,318
Interest expense - lease liabilities	**32,835,521**	19,257,890
	122,150,246	55,939,208

25. RELATED PARTY TRANSACTIONS AND BALANCES

The Group, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise of the shareholders of the Group, being parent Companies, their subsidiaries and associates, and other companies with common directorship with significant influence on other companies and key management personnel. Transactions with related parties arise mainly from goods/services received and various business arrangements undertaken at approved contractual terms.

Transactions with key management personnel

Key management personnel compensation

a) Key management personnel and board of directors remuneration and compensation comprised of the following:

	2023	2022
Short-term employee benefits	**23,421,821**	22,512,470
Board of Directors' and related committee remuneration	**1,568,261**	1,515,987
Post-employment benefits	**985,663**	248,987
	25,975,745	24,277,444

b) Related party relationships

Name	Relationship
Entities with joint control of, or significant influence over, the entity	
Fakeeh Academic Medical Centre – Dubai	Under common ownership of the Group's shareholder
Maabar Rehabilitation Centre	Under common ownership of the Group's shareholder
Fakeeh Real Estate Company Limited	Shareholder and under common ownership of the Group's shareholder
Al Solimania United Company Limited	Shareholder and under common ownership of the Group's shareholder
The parent	
Dr. Mazen Soliman Abdel Kader Fakeeh	Shareholder and President
Mr. Ammar Soliman Abdel Kader Fakeeh	Shareholder
Dr. Manal Soliman Abdel Kader Fakeeh	Shareholder
Other related parties	
Ms. Mai Soliman Fakeeh	Close family member
Mr. Abdulelah Fakeeh	Close family member
Dr. Majed Fakeeh	Close family member
Saudi Arabian Airlines Corporation Group*	Non - controlling Shareholder and its subsidiaries

(*) Saudi Airlines Corporation is considered an affiliate of the Group in accordance with the Corporate Governance Regulations.

25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Related party transactions

Name	Nature of transactions	Amount of transactions 2023	2022
Fakeeh Academic Medical Centre – Dubai	Interest income	**38,209,074**	24,880,850
	Loan disbursement	**133,003,978**	248,337,951
	Loan receipt	**1,470,722,435**	--
Saudi Arabian Airlines Corporation Group	Revenue	**33,216,549**	45,093,676
	Expenses incurred on behalf of the related party	**10,136,891**	2,984,957
Fakeeh Real Estate Company Limited	Expenses incurred on behalf of the related party	--	20,217
Maabar Rehabilitation Centre	Payments made on behalf of affiliate	--	702,754
Al Solimania United Company Limited	Expenses incurred on behalf of the Company	--	6,725
Dr. Mazen Soliman Abdel Kader Fakeeh	Lease rentals*	**10,129,036**	8,905,558
Mr. Ammar Soliman Abdel Kader Fakeeh	Lease rentals*	**10,129,036**	8,905,558
Dr. Manal Soliman Abdel Kader Fakeeh	Lease rentals*	**5,064,518**	4,452,779
Fakeeh Academic Medical Centre – Dubai	Services received	--	3,614,100

(*) During year ended 2023, the Group has modified lease arrangements with the shareholders of the Parent Company with increase in lease term and rentals of the land and building contracts.

25. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d) Related party balances

Name	Closing balance	
	2023	2022
Due from related parties –other long-term receivables (non-current)		
Fakeeh Academic Medical Centre – Dubai	--	1,336,666,062
Due from related parties (Trade and other receivables)		
Saudi Arabian Airlines Corporation Group	**37,938,062**	37,755,521
Abdulbary Mohammed Eid Al-Shawy Trust	**2,288,028**	--
Dr. Mazen Soliman Abdel Kader Fakeeh	**1,300,807**	--
Fakeeh Academic Medical Centre – Dubai	**1,052,395**	--
Mr. Ammar Soliman Abdel Kader Fakeeh	**463,476**	--
Dr. Manal Soliman Abdel Kader Fakeeh	**238,529**	--
Ms. Mai Soliman Fakeeh	**10,350**	--
Mr. Abdulelah Fakeeh	**3,773**	--
Dr. Majed Fakeeh	**478**	--
Dr. Abdulaziz AlFallah	--	6,100
Fakeeh Real Estate Company Limited	--	616,743
Maabar Rehabilitation Centre	--	702,754
Al Solimania United Company Limited	--	241,117
	43,295,898	39,322,235
Due to related parties (Under accrued and other current liabilities)		
Dr. Mazen Soliman Abdel Kader Fakeeh	--	1,960,000
Mr. Ammar Soliman Abdel Kader Fakeeh	--	1,960,000
Dr. Manal Soliman Abdel Kader Fakeeh	--	980,000
Fakeeh Academic Medical Center – Dubai	**228,240**	13,799,870
Saudi Airlines Real Estate Development Company	**2,175,288**	--
	2,403,528	18,699,870

26. COMMITMENTS AND CONTINGENCIES

As at 31 December 2023, the Group's bankers have issued letters of guarantee amounting to SR 13.8 million (2022: SR 17.1 million) out of which SR 13.6 million (2022: SR 12.6 million) have been issued on behalf of the Group's related parties. Remaining SR 0.2 million (2022: SR 4.5 million) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 31 December 2023, the Group has outstanding letters of credit amounting to SR 6.2 million (2022: SR 3.1 million) issued by the bank in favor of the Group's related party.

As at 31 December 2023, the Group has commitments for capital work in progress of SR 341.5 million (2022: SR 132.5 million) mainly relating to construction, renovation and upgradation of buildings.

As at 31 December 2023, the Group has commitments amounting to SAR 221.3 million for the construction of trust hospital in Madinah Munawrah.

As at 31 December 2023, there are no significant litigations and claims against the Group.

27. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	2023	2022
Profit for the period attributable to ordinary equity holders of the Parent	**279,594,908**	326,316,488
Weighted average number of ordinary shares in issue	**200,000,000**	200,000,000
Basic and diluted earnings per share	**1.40**	1.63

The share issue during the year ended 31 December 2023 has been treated as if it had occurred before the beginning of 31 December 2022 as required by IAS 33, "Earnings per share" as follows:

	2023	2022
Issued ordinary shares at 01 January	**10,000,000**	10,000,000
Effect of change in par value (note 15)	**90,000,000**	90,000,000
Effect of issuance of new shares (note 15)	**100,000,000**	100,000,000
Weighted average number of ordinary shares at 31 December	**200,000,000**	200,000,000

Diluted earnings per share has been computed by dividing the profit attributable to shareholders of the Parent Company by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, the Parent Company does not have any instruments that could potentially dilute earnings per share.

28. BUSINESS SEGMENTS

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has three reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the President as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group. The identified key segments are medical services, education, trading and retail.

The Group's top management reviews internal management reports of each strategic business unit at least quarterly. Segment results that are reported to the top management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

28. BUSINESS SEGMENTS (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information (assets, liabilities, revenue and net income) foreach of the business segments as at and for the year ended 31 December:

	Reportable Segments				
	Medical services	*Education*	*Trading, Retail & Others*	*Un-Allocated*	*Total*
31 December 2023					
Revenues	2,163,753,629	99,126,223	171,106,558	--	2,433,986,410
Inter-segment revenue eliminations	(2,287,210)	(4,957,392)	(100,054,041)	--	(107,298,643)
Segment revenue *	**2,161,466,419**	**94,168,831**	**71,052,517**	**--**	**2,326,687,767**
Direct costs	(1,621,749,936)	(54,513,380)	(113,485,162)	--	(1,789,748,478)
Inter-segment direct costs	2,287,210	--	77,449,659	--	79,736,869
Segment cost	**(1,619,462,726)**	**(54,513,380)**	**(36,035,503)**	**--**	**(1,710,011,609)**
Segment gross profit	542,003,693	39,655,451	35,017,014	--	616,676,158
Segment operating expenses	--	--	--	(303,837,045)	(303,837,045)
Other income	--	--	--	25,811,887	25,811,887
Operating profit	**--**	**--**	**--**	**(278,025,158)**	**338,651,000**
Finance income	--	--	--	38,209,074	38,209,074
Finance cost	--	--	--	(122,150,246)	(122,150,246)
Zakat	--	--	--	(22,689,988)	(22,689,988)
Profit for the period	**542,003,693**	**39,655,451**	**35,017,014**	**(384,656,318)**	**232,019,840**
Segment assets	3,732,961,605	154,975,639	344,164,066	--	4,232,101,310
Segment liabilities	2,753,020,712	94,839,214	128,766,390	--	2,976,626,316

28. BUSINESS SEGMENTS (continued)

	Reportable Segments				
	Medical services	*Education*	*Trading, Retail & Others*	*Un-Allocated*	*Total*
31 December 2022					
External revenues	1,861,185,299	87,691,525	124,703,288	--	2,073,580,112
Inter-segment revenue eliminations	--	--	(61,189,522)	--	(61,189,522)
Segment revenue *	**1,861,185,299**	**87,691,525**	**63,513,766**	**--**	**2,012,390,590**
Direct costs	(1,317,686,486)	(47,737,983)	(84,222,410)	--	(1,449,646,879)
Inter-segment direct costs	--	--	49,502,316	--	49,502,316
Segment cost	**(1,317,686,486)**	**(47,737,983)**	**(34,720,094)**	**--**	**(1,400,144,563)**
Segment gross profit	**543,498,813**	**39,953,542**	**28,793,672**	**--**	**612,246,027**
Segment operating expenses	--	--	--	(242,552,823)	(242,552,823)
Other income	--	--	--	12,488,508	12,488,508
Operating profit	--	--	--	**(230,064,315)**	**382,181,712**
Finance cost	--	--	--	(55,939,208)	(55,939,208)
Finance income	--	--	--	24,880,850	24,880,850
Zakat	--	--	--	(20,439,741)	(20,439,741)
Profit for the period	**543,498,813**	**39,953,542**	**28,793,672**	**(281,562,414)**	**330,683,613**
Segment assets	4,820,142,964	82,869,261	167,416,705	--	5,070,428,930
Segment liabilities	2,756,899,214	74,531,648	81,753,880	--	2,913,184,742

* *Revenue from Medical services segment includes an amount of SR 36 million (2022: SR 44.1 million) which relates to medical related services revenue (note 22).*

Revenue from Trading, retail & others segment includes IT services revenue of SR 7.9 million (2022: SR 8.4 million) and medical related services revenue of SR 63.1 million (2022: SR 55 million) (note 22).

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT

FAIR VALUES

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

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

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated financial statements include cash and cash equivalents, accounts and other receivables (current), other long-term receivables (non-current), margin against letter of credits and guarantees, due from related parties, short term borrowings, due to related parties, accrued expenses and other current liabilities and accounts payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risks arise mainly from its borrowings, which are at floating rate and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	2023	2022
Variable rate instruments		
Financial liabilities	**1,720,925,693**	1,848,002,440

These financial liabilities carried at interest rate of SAIBOR plus margin.

Sensitivity analysis for variable rate instruments

Change in 100 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 17.2 million (31 December 2022: SR 18.4 million).

Currency risk

The Group's significant transactions are in Saudi Riyals which are pegged against the Saudi Riyal at a fixed exchange rate. The Group did not have any significant foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. Management evaluate credit risk relating to customers on an ongoing basis.

Cash and cash equivalents include balances within KSA which are held with banks with sound credit ratings ranging from A+ to BB+. Accounts and other receivable are mainly due from government and quasi- government authorities, local customers and related parties and are stated at their estimated realizable values. Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review other than those which have been provided in these consolidated financial statements.

Potential counterparties are subject to credit assessment and approval before concluding transactions and are thereafter subject to regular review, including re-appraisal and approval of the limits previously granted.

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

Credit risk (continued)

The creditworthiness of counterparties is assessed based on an analysis of quantitative and qualitative data regarding financial standing and business risks, together with the review of any relevant third party and market information.

Credit exposure, which is essentially an economic exposure or an expected future physical exposure, is permanently monitored and subject to sensitivity measures. Credit risks in excess of approved levels are secured by means of promissory notes and insurance arrangements.

Unbilled receivables are considered as a financial asset as the Group has unconditional right to receive consideration in exchange services rendered only by the passage of time. The unbilled revenue will be invoiced subsequent to year-end.

For credit risks arising from other financial assets of the Group, including cash and bank balances, accounts and other receivables (current), other receivables (non-current), margin against letter of credits and guarantees and due from related parties, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivables above one year are considered to be credit impaired.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
Financial assets		
Accounts and other receivables – gross	**879,865,583**	902,471,419
Other receivables	**93,327,252**	1,416,954,534
Contract assets	**102,314,728**	14,626,783
Cash at banks	**212,794,018**	315,423,761
	1,288,301,581	2,649,476,497

Accounts and other receivables are carried net of impairment allowances.

	2023	2022
Financial assets		
- Unsecured	**745,696,546**	769,093,245

Impairment loss

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

Credit risk (continued)

Impairment loss (continued)

The receivables are shown net of allowance for impairment of accounts receivables. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as GDP forecast and industry outlook) affecting the ability of the customers to settle the receivables such. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group assessed the concentration of risk to be low with respect to accounts receivable and contract assets. The following table provides information about the aging and expected credit losses for accounts receivables and contract assets.

As at 31 December 2023

Age days	31 December 2023	Provision for ECL
Not yet due	**419,000,437**	**4,625**
1 - 90	**111,521,189**	**1,441,001**
91 – 180	**110,480,207**	**2,634,302**
181 - 270	**85,312,212**	**2,101,986**
271 - 365	**79,669,764**	**1,749,879**
Over 365	**176,196,502**	**126,237,244**
Total	**982,180,311**	**134,169,037**

As at 31 December 2022

Age days	31 December 2022	Provision for ECL
Not yet due	415,240,875	1,437,508
1 - 90	203,800,916	1,392,128
91 – 180	78,056,609	3,986,996
181 - 270	19,213,596	4,271,151
271 - 365	3,664,616	2,500,236
Over 365	197,121,590	119,790,155
Total	917,098,202	133,378,174

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position.

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and utilized borrowing facilities are monitored regularly.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December 2023. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

	Carrying Amount	1 year or less	1 to 5 years	More than 5 years	Total
31 December 2023					
Non derivative financial liabilities					
Accounts payables	**275,300,060**	**275,300,060**	--	--	**275,300,060**
Accrued and other liabilities	**193,966,796**	**193,966,796**	--	--	**193,966,796**
Lease liabilities	**542,963,009**	**78,768,474**	**262,460,166**	**762,921,510**	**1,104,150,150**
Loans and borrowings	**1,720,925,693**	**600,211,162**	**815,938,744**	**718,558,656**	**2,134,708,562**
	2,733,155,558	**1,148,246,492**	**1,078,398,910**	**1,481,480,166**	**3,708,125,568**
31 December 2022					
Non derivative financial liabilities					
Accounts payables	231,423,716	231,423,716	--	--	231,423,716
Accrued and other liabilities	209,337,912	209,337,912	--	--	209,337,912
Lease liabilities	401,484,950	130,957,824	184,996,699	603,223,301	919,177,824
Loans and borrowings	1,848,002,440	675,435,988	895,352,149	742,237,891	2,313,026,028
	2,690,249,018	1,247,155,440	1,080,348,848	1,345,461,192	3,672,965,480

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

29. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

The Group 's objective when managing capital is to safeguard the Group 's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
Loans and borrowings	**1,720,925,693**	1,848,002,440
Lease liabilities	**542,963,009**	401,484,950
Total debt	**2,263,888,702**	2,249,487,390
Cash and cash equivalents	**(214,295,756)**	(316,762,023)
Net debt	**2,049,592,946**	1,932,725,367
Share capital	**200,000,000**	100,000,000
Statutory reserve	**--**	50,000,000
Retained earnings	**820,255,030**	1,747,638,538
Non-controlling interests	**235,219,964**	259,605,650
Equity	**1,255,474,994**	2,157,244,188
Gearing ratio (total net debt / total equity)	**163.25%**	89.59%

30. CHANGE IN PRESENTATION

Certain corresponding figures have been rearranged, wherever considered necessary, for the purpose of comparison and better presentation to reflect the substance of the transactions. Details are as follows:

(i) The Group adopted a presentation of selling and marketing expenses in its consolidated statement of profit or loss and other comprehensive income. As a result, an amount of SR 31.7 million has been reallocated from cost of revenue and general and administrative expenses, amounting to SR 9.8 million and SR 21.9 million respectively. This adjustment was made to align with International Accounting Standard 1 for enhancement in presentation.

30. CHANGE IN PRESENTATION (continued)

(ii) The Group adopted a presentation of finance income in its consolidated statement of profit or loss and other comprehensive income. As a result, an amount of SR 24.9 million has been reallocated from other income. This adjustment was made to improve the presentation of finance income derived from non-operating activities in alignment with International Accounting Standard 1.

31. SUBSEQUENT EVENTS

Subsequent to the year-end, the Parent Company proceeded to subscribe for additional 10 million shares in DSFH Riyadh for SR 100 million. This will increase the Parent Company's percentage shareholding from 60.56% to 68.4%. The completion of transaction is pending approval from regulatory authorities.

Subsequent to the year end on 27 March 2024, the Capital Market Authority (CMA) has approved application for registration of the Parent Company shares for the purpose of direct listing on Primary Market (Tadawul). The CMA approval on application is valid for 6 months from the date of approval.

32. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Company's Board of Directors on 16 April 2024, corresponding to 7 Shawwal 1445H.

Dr. Mazen Fakeeh	Mr. Panagiotis Chatziantoniou
President	Group Chief Financial Officer