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

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
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 2021

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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
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شارع الأمير سلطان
ص.ب 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

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 2021, 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 significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 professional code of conduct and ethics that are 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulation for Companies, 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

For KPMG Professional Services

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 4030290792
J : 1
KPMG
ترخيص رقم ٤٦
س ت ٤٠٣٠٢٩٠٧٩٢
KPMG Professional Services

Kholoud A. Mousa Altambakti
License No. 421

Jeddah, 25 May 2022
Corresponding to 24 Shawwal 1443H

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	**2021**	2020
ASSETS			
Property and equipment	4	**639,856,683**	611,059,107
Right-of-use assets	5.1	**271,156,564**	303,761,494
Intangible assets and goodwill	6	**414,846,852**	418,901,076
Investment properties	7	**541,232**	562,256
Prepayments and other non-current assets	8	**2,764,944**	3,052,766
Other long-term receivables	9	**1,144,500,912**	844,152,295
Non-current assets		**2,473,667,187**	2,181,488,994
Inventories	10	**119,464,781**	115,624,055
Accounts and other receivables	11	**582,396,315**	590,378,553
Due from related parties	26	**38,627,477**	40,083,359
Prepayments and other current assets	12	**58,606,974**	71,351,743
Cash and cash equivalents	13	**191,655,638**	187,189,905
Current assets		**990,751,185**	1,004,627,615
Total assets		**3,464,418,372**	3,186,116,609
EQUITY AND LIABILITIES			
Share capital	14	**100,000,000**	100,000,000
Statutory reserve	15	**50,000,000**	50,000,000
Retained earnings		**1,463,231,728**	1,157,280,704
Equity attributable to owners of the Company		**1,613,231,728**	1,307,280,704
Non-controlling interests	16	**110,206,416**	84,661,547
Total equity		**1,723,438,144**	1,391,942,251
LIABILITIES			
Loans and borrowings	17	**838,207,297**	779,301,131
Lease liabilities	5.2	**272,518,723**	295,021,018
Employees' end of service benefits	18	**189,161,806**	173,226,801
Non-current liabilities		**1,299,887,826**	1,247,548,950
Short-term bank loans	17	**50,011,949**	159,335,707
Current portion of lease liabilities	5.2	**33,202,812**	60,165,079
Accounts payables	19	**142,903,467**	134,290,779
Due to related parties	26	**15,085,771**	10,842,469
Accrued and other current liabilities	20	**187,485,801**	154,547,237
Accrued Zakat	21	**12,402,602**	27,444,137
Current liabilities		**441,092,402**	546,625,408
Total liabilities		**1,740,980,228**	1,794,174,358
Total equity and liabilities		**3,464,418,372**	3,186,116,609

The notes on pages from 08 to 55 form an integral part of these financial statements.

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 2021
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	**2021**	2020
Revenue	22	**1,964,683,630**	1,715,426,397
Costs of revenue	23	**(1,326,602,072)**	(1,273,052,626)
Gross profit		**638,081,558**	442,373,771
Administrative expenses	24	**(204,124,368)**	(157,762,672)
Expected credit loss on accounts receivables	11.1	**(57,543,587)**	(4,527,924)
Operating profit		**376,413,603**	280,083,175
Other income	25	**23,713,141**	17,567,296
Finance costs		**(34,785,065)**	(46,162,714)
Profit before zakat		**365,341,679**	251,487,757
Zakat	21	**(4,563,445)**	(26,645,189)
Profit for the year		**360,778,234**	224,842,568
Other comprehensive (loss) / income:			
Items that will not be reclassified to profit or loss:			
Re-measurement loss on defined benefit obligations	18	**(5,741,711)**	7,458,109
Total comprehensive income for the year		**355,036,523**	232,300,677
Profit for the year attributable to:			
- Owners of the Company		**334,281,868**	203,178,143
- Non-controlling interests		**26,496,366**	21,664,425
		360,778,234	224,842,568
Total comprehensive income for the year attributable to:			
- Owners of the Company		**329,083,243**	209,792,223
- Non-controlling interests		**25,953,280**	22,508,454
		355,036,523	232,300,677

The notes on pages from 08 to 55 form an integral part of these financial statements.

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 2021
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company					
	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	100,000,000	50,000,000	1,157,280,704	1,307,280,704	84,661,547	1,391,942,251
Total comprehensive income for the year						
Profit for the year	--	--	334,281,868	334,281,868	26,496,366	360,778,234
Other comprehensive income for the year	--	--	(5,198,625)	(5,198,625)	(543,086)	(5,741,711)
	--	--	329,083,243	329,083,243	25,953,280	355,036,523
Transactions with owners of the Company						
Dividends paid (note 14.1)	--	--	(22,600,000)	(22,600,000)	--	(22,600,000)
Additional capital contribution	--	--	--	--	(174,637)	(174,637)
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	--	--	(532,219)	(532,219)	(233,774)	(765,993)
Total transactions with owners of the Company	--	--	(23,132,219)	(23,132,219)	(408,411)	(23,540,630)
Balance at 31 December 2021	**100,000,000**	**50,000,000**	**1,463,231,728**	**1,613,231,728**	**110,206,416**	**1,723,438,144**

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 2021
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Attributable to owners of the Company					
	Share capital	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	100,000,000	50,000,000	969,786,349	1,119,786,349	86,544,106	1,206,330,455
Total comprehensive income for the year						
Profit for the year	--	--	203,178,143	203,178,143	21,664,425	224,842,568
Other comprehensive income for the year	--	--	6,614,080	6,614,080	844,029	7,458,109
	--	--	209,792,223	209,792,223	22,508,454	232,300,677
Transactions with owners of the Company						
Dividends paid (note 14.1)	--	--	(22,266,934)	(22,266,934)	(25,000,000)	(47,266,934)
Additional capital contribution	--	--	--	--	645,998	645,998
Non-controlling interests' share of absorption of losses of a subsidiaries / other adjustments	--	--	(30,934)	(30,934)	(37,011)	(67,945)
Total transactions with owners of the Company	--	--	(22,297,868)	(22,297,868)	(24,391,013)	(46,688,881)
Balance at 31 December 2020	100,000,000	50,000,000	1,157,280,704	1,307,280,704	84,661,547	1,391,942,251

The notes on pages from 08 to 55 form an integral part of these financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2021	2020
Cash flows from operating activities			
Profit before zakat		**365,341,678**	251,487,757
Adjustments for:			
- Depreciation on property and equipment	4	**58,091,791**	54,462,470
- Depreciation on right-of-use assets	5.1	**39,984,541**	40,659,489
- Amortization	6	**7,025,990**	8,644,580
- Depreciation on investment properties	7	**21,024**	21,024
- Provision for employee's end of service benefits	18	**28,871,987**	27,980,977
- Expected credit loss on accounts receivable	11	**57,543,587**	4,527,924
- Loss on disposal of property and equipment		**1,409,894**	1,850,077
- Finance costs		**34,785,065**	46,162,714
- Write-offs and other adjustments		**9,398,930**	--
		602,474,487	435,797,012
Changes in operating assets and liabilities			
- Other long-term receivables		**(300,348,617)**	(279,475,775)
- Inventories		**(3,840,725)**	4,855,552
- Accounts and other receivables		**(49,561,349)**	(62,726,202)
- Due from related parties		**1,455,884**	(29,415,308)
- Prepayments and other current assets		**13,032,591**	(32,166,113)
- Accounts payables		**8,612,687**	17,280,885
- Due to related parties		**4,243,301**	5,094,529
- Accrued and other current liabilities		**31,839,337**	5,482,112
Cash generated from / (used in) operating activities		**307,907,596**	64,726,692
Finance costs paid		**(15,056,802)**	(28,739,902)
Employees' end of service benefits paid	18	**(18,678,693)**	(18,025,820)
Zakat paid	21	**(19,494,017)**	(14,375,539)
Net cash generated from / (used in) operating activities		**254,678,084**	3,585,431
Cash flows from investing activities			
Additions to property and equipment	4	**(99,400,369)**	(70,054,819)
Additions to intangible assets	6	**(2,276,766)**	(2,805,796)
Proceeds from disposal of property and equipment		**1,007,180**	240,755
Net cash used in investing activities		**(100,669,955)**	(72,619,860)
Cash flows from financing activities			
Dividends paid	14	**(22,600,000)**	(22,266,934)
Net movement in non-controlling interests		**(174,637)**	(900,415)
Repayment of lease liabilities	5.2	**(76,350,167)**	(27,758,856)
Net movement in long-term loans and short-term borrowings		**(50,417,592)**	170,287,173
Net cash generated from financing activities		**(149,542,396)**	119,360,968
Net increase in cash and cash equivalents		**4,465,733**	50,326,539
Cash and cash equivalents at beginning of the year		**187,189,905**	136,863,366
Cash and cash equivalents at the end of the year	13	**191,655,638**	187,189,905

The notes on pages from 08 to 55 form an integral part of these financial statements.

1. GENERAL

Dr. Soliman Abdel Kader Fakeeh Hospital Company (the “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 II 1398H (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.

The Group’s registered office and principal place of business is Jeddah.

The Group also has a branch in Jeddah registered under the Commercial Registration No.195811 dated 13 Muharram 1431H (corresponding to 20 December 2009). The results, assets and liabilities of the branch are included in these financial statements.

As at 31 December 2021, the Group has investments in the following subsidiaries:

Name of subsidiaries	**Place of incorporation**	**Effective holding 2021**	**Effective holding 2020**	**Principal activities**
Al-Farabi Special Health Care Company Limited (“Farabi”)	Kingdom of Saudi Arabia	**70%**	70%	Healthcare service provider
Kameda Arabia Company Limited (“Kameda”)	Kingdom of Saudi Arabia	**70%**	70%	IT equipment and software services
Dr. Soliman Abdel Kader Fakeeh Family Medicine Centres (“FMH”)	Kingdom of Saudi Arabia	**90%**	90%	Healthcare service provider
Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited (“FMCS”)	Kingdom of Saudi Arabia	**80%**	80%	Medical education service provider
Saudi Airlines Company for Medical Services (“SMS”)	Kingdom of Saudi Arabia	**75%**	75%	Healthcare service provider
Dr. Mazen Fakeeh Complementary Health Care Company Limited (“FCHC”)	Kingdom of Saudi Arabia	**100%**	100%	Wholesale and retail of medical equipment

1. GENERAL (continued)

Name of subsidiaries	Place of incorporation	Effective holding 2021	Effective holding 2020	Principal activities
Al Toor Medical Services Company (Al Toor")	Kingdom of Saudi Arabia	**51%**	51%	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%**	--	Construction and contracting
Golden Union Medical Company ("EMS")	Kingdom of Saudi Arabia	**100%**	--	Emergency medical services

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') 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 31 December 2021.

Certain comparative figures have been reclassified to conform to the current year's presentation.

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. BASIS OF PREPARATION (continued)

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 and residual value of property and equipment, intangible assets and investment properties

The Group's management determines the estimated useful lives of its property and equipment, intangible assets and investment properties with finite useful lives for calculating depreciation and amortisation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortisation methods and useful lives annually and future depreciation and amortisation 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 amortisation are consistent with the expected pattern of economic benefits from these assets.

b) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

c) Provision for slow moving and obsolete inventory items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

2. BASIS OF PREPARATION (continued)

2.2 Critical accounting estimates and judgments (continued)

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

The measurement of the expected credit loss allowance for financial assets measured at amortised 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 amortised 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.

e) 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 18 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.

f) 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.

g) 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.

2. BASIS OF PREPARATION (continued)

2.2 Critical accounting estimates and judgments (continued)

h) Determination of discount rate for present value calculations

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from recent market transactions and a market yields overview.

i) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of these financial statements, unless otherwise stated.

3.1 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), margin against letter of credits and guarantees and due from related parties.

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)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Financial instruments (continued)

Financial Assets (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Financial instruments (continued)

Financial Assets (continued)

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.

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 accounts payables, accrued expenses and other current liabilities and short term borrowings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Financial instruments (continued)

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 recognised amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.2 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Business combinations (continued)

(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.

3.3 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Impairment (continued)

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.

3.4 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities (which are not covered by a forward foreign exchange contract) denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined except for those which are covered by forward exchange contracts. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The foreign currency gains or loss on monetary items from settlement and translation of foreign currency transactions are generally recognized in profit or loss.

3.5 Investment properties

Properties held to earn rentals or held for capital appreciation or held for unspecified future purposes or is being constructed or developed for such use are classified as investment properties and stated at cost less accumulated depreciation and impairment in value. Depreciation is provided on investment properties, on straight-line basis over a period of ten years. Cost includes all direct and indirect costs necessary to bring the property to working condition for its intended use.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognized in the statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land 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.

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	33 or shorter of lease term
• 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Intangible assets

The intangible assets that the Group holds consists of customer relationships and software 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 reducing balance method for customer relationships. Amortisation is generally recognized in profit or loss.

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

	Years
Customer relationships	25
Software	3-7

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

3.8 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.

3.9 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 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.

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.

3.11 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Leases (continued)

Lease liabilities (continued)

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.

3.12 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.

3.13 Zakat

Zakat is provided for in the financial statements in accordance with Zakat, Tax and Customs Authority (formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") regulations. Zakat 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.

3.14 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 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.

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

Under IFRS 15, an entity 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 the products to its patients.

Provision of services
The Group provides healthcare services. The revenue is recognized when the treatment is provided and the invoice is generated (i.e. after satisfaction of performance obligation). Some contracts include variable considerations such as discounts and rejections of claims. Management estimates variable consideration using the expected value method for rejections. Management has applied one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. 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.

Health Care center services revenue is recognized over the subscription period.

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes the sale of medical and non-medical items. Hospital services include charges for accommodation, professional medical services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Revenue (continued)

Provision of services (continued)

Medical related services
The Group has agreement with affiliates and other external parties for provision of medical and other related services which include maintenance of AED and DEK kits, safety and occupation services program, medical test, certification and vaccination. These are recognised as revenue agreed under Service Level Agreement (SLA) when the services are provided except provision of AED and DEK kits and safety occupation service program which are recognised on straight line basis over the period of time.

Revenue from educational services
Tuition and other fees are recognised as income over the academic year (i.e. over the satisfaction of performance obligation).

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

3.16 Other income

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued.

Rental income from investment properties are recognized on a straight-line basis over the term of the lease.

Interest income is recognized using the effective interest method.

3.17 Expenses

All expenses, excluding direct costs of revenue are classified as general and administrative expenses. General and administrative expenses include direct and indirect costs not specifically part of the trading activity. Allocations between cost of revenues and general and administrative expenses, when required, are made on a consistent basis.

3.18 Finance costs

Finance costs comprises of bank charges and financing charges as and when incurred by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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.

All other assets are classified as non-current.

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 liabilities are classified as non-current.

3.20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Fair value measurement (continued)

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 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.

3.21 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at each balance sheet date and disclosed in the Group’s financial statements under contingent liabilities.

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

4. PROPERTY AND EQUIPMENT

4.1 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 2021	6,400,000	588,266,060	464,441,135	103,834,906	14,183,916	32,368,187	62,021,701	124,647,583	1,396,163,488
Additions	19,350,046	60,474	18,211,548	3,207,562	--	1,366,801	9,801,826	47,402,112	99,400,369
Reclassifications	--	2,916	(38,998)	35,570	--	512	--	--	--
Transfers	--	14,838,121	5,336,062	238,438	--	698,145	158,833	(21,964,599)	(695,000)
Disposals	--	(14,000)	(5,752,842)	(1,235,608)	(2,155,100)	(84,280)	(93,290)	--	(9,335,120)
Write-offs	--	(1,785,677)	(12,641)	--	--	--	--	(10,001,974)	(11,800,292)
Balance at 31 December 2021	**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**
Accumulated depreciation:									
Balance at 1 January 2021	--	316,516,947	313,717,414	88,150,327	11,265,479	18,785,929	36,668,285	--	785,104,381
Charge for the year	--	10,617,601	25,966,303	7,067,196	787,213	4,116,327	9,537,151	--	58,091,791
Reclassifications	--	(21,025)	(184,927)	22,732	--	114,611	68,609	--	--
Adjustments / Write-offs	--	(2,572,840)	1,622,627	(1,580,706)	93,152	146,326	1,358,548	--	(932,893)
Disposals	--	(14,000)	(5,514,395)	(1,161,647)	(1,533,668)	(74,397)	(88,410)	--	(8,386,517)
Balance at 31 December 2021	**--**	**324,526,683**	**335,607,022**	**92,497,902**	**10,612,176**	**23,088,796**	**47,544,183**	**--**	**833,876,762**
Carrying amounts:									
At 31 December 2021	**25,750,046**	**276,841,211**	**146,577,242**	**13,582,966**	**1,416,640**	**11,260,569**	**24,344,887**	**140,083,122**	**639,856,683**

4. PROPERTY AND EQUIPMENT (continued)

4.1 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 2020	--	532,386,418	427,665,052	102,015,863	13,091,304	22,941,468	54,128,295	185,267,061	1,337,495,461
Additions	6,400,000	4,436,407	32,585,826	2,715,260	1,226,999	7,404,340	4,499,010	10,786,977	70,054,819
Reclassifications	--	(12,226,634)	6,729,210	(859,107)	15,500	2,081,363	4,259,668	--	--
Transfers	--	66,283,407	4,281,969	838,979	--	2,100	--	(71,406,455)	--
Disposals	--	(2,613,538)	(6,820,922)	(876,089)	(149,887)	(61,084)	(865,272)	--	(11,386,792)
Balance at 31 December 2020	6,400,000	588,266,060	464,441,135	103,834,906	14,183,916	32,368,187	62,021,701	124,647,583	1,396,163,488
Accumulated depreciation:									
Balance at 1 January 2020	--	307,281,903	296,688,602	82,178,675	10,408,328	15,281,929	28,098,434	--	739,937,871
Charge for the year	--	10,067,596	23,661,256	6,793,847	1,007,035	3,548,509	9,384,227	--	54,462,470
Disposals	--	(832,552)	(6,632,444)	(822,195)	(149,884)	(44,509)	(814,376)	--	(9,295,960)
Balance at 31 December 2020	--	316,516,947	313,717,414	88,150,327	11,265,479	18,785,929	36,668,285	--	785,104,381
Carrying amounts									
At 31 December 2020	6,400,000	271,749,113	150,723,721	15,684,579	2,918,437	13,582,258	25,353,416	124,647,583	611,059,107

4. PROPERTY AND EQUIPMENT (continued)

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

	2021	2020
Cost of revenue (note 23)	**46,480,533**	43,604,727
Administrative expenses (note 24)	**11,611,258**	10,857,743
	58,091,791	54,462,470

Capital work-in-progress mainly represents the construction work being carried out for the Group's expansion projects and upgrading the existing infrastructure and facilities.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

5.1 Right-of-use assets

a) Reconciliation of carrying amounts

	Land	**Buildings**	**Total**
Cost:			
Balance as at 1 January 2020	90,435,536	262,471,648	352,907,184
Additions during the year	--	30,637,439	30,637,439
Modifications	1,788,315	582,476	2,370,791
Terminations	--	(13,142,140)	(13,142,140)
Balance at 31 December 2020	92,223,851	280,549,423	372,773,274
Additions during the year	**--**	**6,227,234**	**6,227,234**
Modifications	**--**	**1,152,377**	**1,152,377**
Balance at 31 December 2021	**92,223,851**	**287,929,034**	**380,152,885**
Accumulated depreciation:			
Balance as at 1 January 2020	12,878,926	17,352,536	30,231,462
Charge for the year	13,247,345	27,412,144	40,659,489
Terminations	--	(1,879,171)	(1,879,171)
Balance at 31 December 2020	26,126,271	42,885,509	69,011,780
Charge for the year	**13,212,276**	**26,772,265**	**39,984,541**
Balance at 31 December 2021	**39,338,547**	**69,657,774**	**108,996,321**
Carrying amounts:			
At 31 December 2021	**52,885,304**	**218,271,260**	**271,156,564**
At 31 December 2020	66,097,580	237,663,914	303,761,494

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

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

	2021	2020
Costs of revenue (note 23)	**22,872,866**	24,448,594
Administrative expenses (note 24)	**17,111,675**	16,210,895
	39,984,541	40,659,489

5.2 Lease liabilities

	2021	2020
Balance as at 1 January	**355,186,097**	340,568,801
Additions during the year	**6,227,234**	30,729,725
Interest expenses for the year	**19,653,538**	20,569,201
Modifications	**1,004,833**	2,270,173
Terminations	**--**	(11,158,840)
Payments and adjustments during the year	**(76,350,167)**	(27,792,963)
Balance as at 31 December	**305,721,535**	355,186,097

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

	2021	2020
Non-current portion of lease liabilities	**272,518,723**	295,021,018
Current portion of lease liabilities	**33,202,812**	60,165,079
	305,721,535	355,186,097

6. INTANGIBLE ASSETS AND GOODWILL

6.1 Reconciliation of carrying amounts:

	Goodwill	**Customer relationships**	**Computer software**	**Software under development**	**Total**
Cost:					
Balance at 1 January 2021	373,848,500	32,339,000	27,454,917	--	433,642,417
Additions during the year	--	--	416,529	1,860,237	2,276,766
Transfers during the year	--	--	695,000	--	695,000
Balance at 31 December 2021	373,848,500	32,339,000	28,566,446	1,860,237	436,614,183
Accumulated amortization:					
Balance at 1 January 2021	--	4,689,155	10,052,186	--	14,741,341
Charge for the year	--	2,764,985	4,261,005	--	7,025,990
Balance at 31 December 2021	--	7,454,140	14,313,191	--	21,767,331
Carrying amounts:					
At 31 December 2021	**373,848,500**	**24,884,860**	**14,253,255**	**1,860,237**	**414,846,852**

6. INTANGIBLE ASSETS AND GOODWILL (continued)

6.1 Reconciliation of carrying amounts (continued):

	Goodwill	Customer relationships	Computer software	Total
Cost:				
Balance at 1 January 2020	406,187,500	--	24,649,121	430,836,621
Additions during the year	--	--	2,805,796	2,805,796
Transfers during the year	(32,339,000)	32,339,000	--	--
Balance at 31 December 2020	373,848,500	32,339,000	27,454,917	433,642,417
Accumulated amortization:				
Balance at 1 January 2020	--	--	6,096,761	6,096,761
Charge for the year	--	4,689,155	3,955,425	8,644,580
Balance at 31 December 2020	--	4,689,155	10,052,186	14,741,341
Carrying amounts:				
At 31 December 2020	373,848,500	27,649,845	17,402,731	418,901,076

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

	2021	2020
Cost of revenue (note 23)	**5,258,291**	7,030,563
Administrative expenses (note 24)	**1,767,699**	1,614,017
	7,025,990	8,644,580

6.3 During the year ended 31 December 2020, the Group completed the Purchase Price Allocation (PPA) exercise pertaining to the acquisition of Saudi Airlines Company for Medical Services. Accordingly, acquisition consideration paid amounting to SR 469 million had been allocated to net assets of SR 62.81 million, goodwill of SR 373.85 million and customer relationship intangible asset of SR 32.34 million.

The value of customer relationship intangible asset had been determined under multiple period excess earning method by discounting to present value the future cashflows expected to be generated over a period of 25 years excluding any cashflows related to contributory assets.

Customer relationship intangible asset is expected to have useful life of 25 years and is amortised over this life using reducing balance method.

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

The recoverable amount of this CGU was estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. 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.

6. INTANGIBLE ASSETS AND GOODWILL (continued)

In percent	**2021**	**2020**
Discount rate	**8.81%**	8.73%
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.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately SR 288 million (2020: SR 582 million). Management has identified that a reasonably possible change in one key assumption could cause the carrying amount to exceed the recoverable amount. The assumptions of discount rate would need to change individually by 2.14% (2020: 7.3%) for the estimated recoverable amount to be equal to the carrying amount.

7. INVESTMENT PROPERTIES

Reconciliation of carrying amounts:

	Land and buildings
Cost:	
Balance at beginning and end of the year	**1,677,992**
Accumulated depreciation:	
Balance at 1 January 2020	1,094,712
Charge for the year (note 24)	21,024
Balance at 31 December 2020	1,115,736
Charge for the year (note 24)	21,024
Balance at 31 December 2021	**1,136,760**
Carrying amounts:	
At 31 December 2020	562,256
At 31 December 2021	**541,232**

Investment properties comprises of spaces in the hospital buildings (building 1, building 2 and building 7) let out to third parties.

8. PREPAYMENTS AND OTHER NON-CURRENT ASSETS

	2021	2020
Loan arrangement fee – non current	**1,524,004**	1,924,000
Others	**1,240,940**	1,128,766
	2,764,944	3,052,766

9. OTHER LONG-TERM RECEIVABLES

	2021	2020
Long-term loans to a related party (notes 9.1 and 26)	**1,088,328,111**	800,292,257
Non-current portion of receivables under DAAM Program	**56,172,801**	43,860,038
	1,144,500,912	844,152,295

9.1 This represents long-term loans provided to Fakeeh Academic Medical Center- Dubai and is not repayable before the end of 12 months from the reporting period.

10. INVENTORIES

	2021	2020
Medicines, medical supplies and consumables	**108,817,942**	107,989,465
Optical and related accessories	**13,208,539**	10,180,135
	122,026,481	118,169,600
Less: Provision for slow moving and obsolete inventories	**(2,561,700)**	(2,545,545)
	119,464,781	115,624,055

10.1 The movement in the provision for slow moving inventories is as follows:

	2021	2020
Balance at beginning of the year	**2,545,545**	2,125,545
Charge for the year	**16,155**	420,000
Balance at end of the year	**2,561,700**	2,545,545

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

11. ACCOUNTS AND OTHER RECEIVABLES

	2021	2020
Accounts receivables	**530,995,582**	521,024,902
In-patients	**91,653,026**	79,356,301
Contract assets – Inpatient and outpatient	**62,210,611**	65,884,763
Other receivables	**18,135,268**	1,492,421
	702,994,487	667,758,387
Less: allowance for impairment losses	**(120,598,172)**	(77,379,834)
	582,396,315	590,378,553

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.

11. ACCOUNTS AND OTHER RECEIVABLES (continued)

The unimpaired accounts receivables include amount of SR 155,675,849 (2020: SR 160,507,152) due from government and quasi government institutions from which SR 117,381,922 (2020: SR 132,907,946) remains outstanding for more than the credit period normally granted to trade customers. Based on the past experience and collection trends, the management believes that there has not been a significant change in credit quality. Consequently, the amounts will be recoverable.

In-patient receivable amounting to SR 91,653,026 (2020: SR 79,356,301) relates to various in-patient receivables, for which the management of the Group performs ongoing assessment regarding the recoverability of those receivables and provide for it, if needed. The management of the Group is confident that such amounts, net of the related allowances, are recoverable.

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

	2021	2020
Balance at beginning of the year	**77,379,834**	97,201,037
Provision for expected credit loss during the year	**57,543,587**	4,527,924
Written-off during the year	**(14,325,249)**	(24,349,127)
Balance at end of the year	**120,598,172**	77,379,834

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 un-billed revenue will be invoiced subsequent to year-end.

12. PREPAYMENTS AND OTHER CURRENT ASSETS

	2021	2020
Advances to suppliers	**31,878,430**	39,510,569
Prepayments	**20,931,607**	19,549,383
Advances to employees	**1,311,283**	2,727,186
Margin against letter of credits and guarantees	**2,005,200**	600,099
Loan arrangement fee – current portion	**388,000**	388,000
Others	**2,092,454**	8,576,506
	58,606,974	71,351,743

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances.

	2021	2020
Cash in hand	**656,402**	1,647,373
Cash at banks - current accounts	**190,999,236**	185,542,532
	191,655,638	187,189,905

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. SHARE CAPITAL

The shareholding of the Group is as follows:

	Nationality / country of incorporation	**Number of Shares of Saudi Riyals ('SR') 10 each**		**Amount (SR) As at 31 December**	
		2021	2020	**2021**	2020
Dr. Mazen Soliman Abdel Kader Fakeeh	Saudi	**3,999,200**	3,999,200	**39,992,000**	39,992,000
Mr. Ammar Soliman Abdel Kader Fakeeh	Saudi	**3,999,200**	3,999,200	**39,992,000**	39,992,000
Dr. Manal Soliman Abdel Kader Fakeeh	Saudi	**1,999,600**	1,999,600	**19,996,000**	19,996,000
Fakeeh Real Estate Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	**1,000**	1,000	**10,000**	10,000
Al Sulimania United Company Limited (A Saudi Limited Liability Company)	Kingdom of Saudi Arabia	**1,000**	1,000	**10,000**	10,000
		10,000,000	10,000,000	**100,000,000**	100,000,000

14.1 The Group's shareholders approved annual dividend amounting to SR 22.6 million for the year ended 31 December 2020 (SR 22.27 million for the year ended 31 December 2019) in the annual general meeting held on 30 June 2021.

15. STATUTORY RESERVE

In accordance with the By-laws of the Company and the new Regulations for Companies that came into effect on Rajab 25, 1437H (corresponding to May 2, 2016), the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. Since the reserve equals to 50% of the share capital which was transferred under previous regulations for companies, therefore no such transfer has been made during the year.

This minimum required reserve of 30% of share capital is not available for distribution to the shareholders of the Company.

16. 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 2021	Kameda	Farabi	FMH	FMCS	Al-Toor	Al-Faraj	SMS	Total
NCI percentage	**30%**	**30%**	**10%**	**20%**	**49%**	**10.18%**	**25%**	
Non-current assets	10,028,130	--	495,000	59,474,278	51,762,459	--	134,038,418	
Current assets	12,562,649	31,257,749	1,000,000	29,777,576	5,376,192	758,986	305,136,902	
Non-current liabilities	847,979	17,207,770	--	6,349,380	12,203	--	134,417,560	
Current liabilities	17,998,908	2,714,525	879,956	29,328,941	3,425,920	258,986	92,130,511	
Net assets (100%)	**3,743,892**	**11,335,454**	**615,044**	**53,573,533**	**53,700,529**	**500,000**	**212,627,249**	
Net assets attributable to NCI	**1,123,166**	**3,400,636**	**61,601**	**10,714,707**	**41,748,494**	**1,000**	**53,156,812**	**110,206,416**
Revenue	11,315,506	29,936,799	--	78,358,459	--	--	345,883,348	
Profit / (loss)	1,148,515	570,013	(179,616)	24,083,021	(125,693)	(52,546)	84,975,020	
Other comprehensive income ("OCI")	(98,043)	(959,296)	--	(451,995)	--	--	(541,942)	
Total comprehensive income/(loss) (100%)	**1,050,472**	**(389,283)**	**(179,616)**	**23,631,026**	**(125,693)**	**(52,546)**	**84,433,078**	
Profit /(loss) allocated to NCI	344,555	171,004	(17,962)	4,816,604	(61,590)	--	21,243,755	**26,496,366**
Other comprehensive income / (loss) allocated to NCI	(29,412)	(287,789)	--	(90,399)	--	--	(135,486)	**(543,086)**

16. NON-CONTROLLING INTERESTS (continued)

31 December 2020	Kameda	Farabi	FMH	FMCS	Al-Toor	Al-Faraj	SMS	Total
NCI percentage	30%	30%	10%	20%	49%	10.18%	25%	
Non-current assets	9,519,465	--	495,000	66,563,241	44,771,549	--	135,195,000	
Current assets	6,062,026	31,624,056	1,000,000	21,944,857	2,771,900	706,440	232,174,574	
Non-current liabilities	1,013,249	16,435,725	--	4,906,942	--	--	134,611,945	
Current liabilities	11,871,184	2,507,573	699,376	53,658,649	5,018,067	206,440	104,825,352	
Net assets (100%)	2,697,058	12,680,758	795,624	29,942,507	42,525,382	500,000	127,932,277	
Net assets attributable to NCI	809,117	3,804,227	79,562	5,988,501	41,992,071	5,000	31,983,069	84,661,547
Revenue	10,192,711	32,652,455	--	60,786,681	--	--	292,282,562	
Profit / (loss)	728,468	1,554,879	--	16,230,632	45,708	(96,390)	70,885,621	
Other comprehensive income (“OCI”)	(74,190)	1,998,541	--	(20,374)	--	--	1,083,197	
Total comprehensive income/(loss) (100%)	654,278	3,553,420	--	16,210,258	45,708	(96,390)	71,968,818	
Profit /(loss) allocated to NCI	218,540	466,464	--	3,246,126	22,397	(10,507)	17,721,405	21,664,425
Other comprehensive income / (loss) allocated to NCI	(22,257)	599,562	--	(4,075)	--	--	270,799	844,029

17. LOANS AND BORROWINGS

	2021	2020
Non-current portion		
Long-term bank loans (note 17.1)	**838,207,297**	779,301,131
Current portion		
Short-term bank loans (note 17.2)	**50,011,949**	159,335,707
	888,219,246	938,636,838

The movement in the long-term bank loans over the year is as follows:

	2021	2020
Balance at beginning of the year	**779,301,131**	727,050,000
Loans obtained during the year	**58,906,166**	52,251,131
Balance at end of the year	**838,207,297**	779,301,131

17.1 Long-term bank loans

During the year ended 31 December 2017, the Group had obtained a financing facility of SR 460 million from a commercial bank. The financing includes a term loan facility for financing projects amounting to SR 440 million and a short-term facility amounting to SR 20 million for financing working capital.

During the year ended 31 December 2018, the Group had obtained a financing facility of SR 1.17 billion from a commercial bank. The financing includes a term loan facility for new investments amounting to SR 1.07 billion and a short-term facility of SR 100 million. During the year ended 31 December 2021, the short-term facility has been increased to SR 500 million with a total facility amount of SR 1.57 billion as at 31 December 2021.

The Group has availed SR 838.21 million from the term loan facility till 31 December 2021 (2020: SR 779.30 million). The borrowings carry interest at prevailing market interest rates and are secured against certain collaterals.

The facility agreement with the bank contain a covenant, which requires the Group to maintain a maximum dividend payout ratio.

17.2 Short-term bank loans

The short-term borrowings are repayable within 12 months from the balance sheet date.

The Group had availed SR 50.01 million (2020: SR 159.34 million) from the short-term facility.

18. 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:

	2021	2020
Present value of net defined benefit liability	**189,161,806**	173,226,801

Movement in net defined benefit liability

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

	2021	2020
Balance at beginning of the year	**173,226,801**	172,196,744
Included in profit or loss:		
Current service costs	**23,957,087**	23,158,810
Interest costs	**4,911,262**	4,822,167
	28,868,349	27,980,977
Included in other comprehensive income:		
Re-measurement (gain) / loss arising from:		
Actuarial (gain) / loss arising from:		
- Financial assumptions	**2,772,723**	(7,859,504)
- Demographic assumptions	**--**	3,975,472
- Experience adjustments	**2,968,988**	(3,574,077)
	5,741,711	(7,458,109)
Other adjustments	**3,638**	(1,466,991)
Benefits paid	**(18,678,693)**	(18,025,820)
Balance at end of the year	**189,161,806**	173,226,801

Actuarial assumptions

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

	2021	2020
Actuarial assumptions		
Discount rate	**2.30%**	2.95%
Future salary growth	**1.10%**	1.5% -2.11%
Retirement age	**60 years**	60 years

18. EMPLOYEES' END OF SERVICE BENEFITS (continued)

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

31 December 2021		**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%	11,599,781	(10,294,092)
Future salary growth / Expected rate of salary increase	1%	(11,387,456)	12,605,850

31 December 2020		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%	6,655,265	(13,002,656)
Future salary growth / Expected rate of salary increase	1%	(13,980,929)	7,703,142

The weighted average duration of the defined benefit obligation ranges from 5.73 to 9.13 years (2020: from 5.50 to 8.24 years).

During the year ended 31 December 2021, 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 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.

19. ACCOUNTS PAYABLES

	2021	2020
Accounts payables	**142,903,467**	134,290,779

20. ACCRUED AND OTHER CURRENT LIABILITIES

	2021	2020
Accrued expenses	**89,900,852**	66,967,213
Dividends payable	**--**	25,000,000
Deferred income	**18,596,603**	14,144,429
Education fee received in advance	**6,895,858**	6,373,693
Accrued financial charges	**3,414,986**	2,822,138
Advance from customers	**2,308,713**	3,584,846
Other payables	**66,368,789**	35,654,918
	187,485,801	154,547,237

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:

	2021	2020
Current year	**17,658,111**	26,645,189
Prior year	**(13,094,667)**	--
	4,563,444	26,645,189

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

	2021	2020
Balance at beginning of the year	**27,444,137**	15,174,487
Charge for current year	**17,658,111**	26,645,189
Change in estimate for prior year	**(13,094,667)**	--
Adjustment	**(110,962)**	--
Payments during the year	**(19,494,017)**	(14,375,539)
Balance at end of the year	**12,402,602**	27,444,137

21. ZAKAT (continued)

c) Status of final assessments

During 2021, the Parent Company obtained Zakat, Tax and Customs Authority "ZATCA" approval to submit the returns on combined basis with a sister concern, and the Parent Company has submitted its Zakat returns from the year 2020 on a combined basis. Accordingly, the Parent Company has filed Zakat declaration up to the financial year ended 31 December 2021 with the General Authority of Zakat and Income Tax (ZATCA) on combined basis as well. The Company also obtained the Zakat certificate valid until 30 April 2023. The Company finalized its Zakat status for the years from 2009 to 2015. The Company filed its Zakat return for the year ended December 31, 2016. The ZATCA issued its Zakat assessment against the Company's accounts, which has shown Zakat differences of SR 50,926. Subsequent to the year ended 31 December 2021, the Company accepted the ZATCA assessment and settled the said Zakat differences of SR 50,926.

The Company filed its Zakat return for the year ended December 31, 2018. The ZATCA issued its Zakat assessment against the Company's accounts, and claimed an additional Zakat liability of SR 1,517,500. The Company objected against the said assessment. The ZATCA rejected the Company's objection. The Company escalated its objection to the Committees for Resolution of Zakat, Tax, and Customs Violations and Disputes (CRTVD), which is still under review by the CRTVD till to-date.

The Company filed its Zakat returns for the years ended December 31, 2017, 2019, and 2020, and obtained the unrestricted Zakat certificate for the year 2020. The ZATCA did not issue the Zakat assessments for the said years till to-date.

Al Farabi Special Healthcare Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Kameda Arabia Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Dr. Soliman Abdel Kader Fakeeh Family Medicine Centers has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Dr. Mazen Fakeeh Complementary Health Care Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Dr. Soliman Abdel Kader Fakeeh Medical Education Company Limited has filed its Zakat returns and paid due amounts for all periods up to the year ended 31 December 2021 which are under review by ZATCA.

Saudi Airlines Company for Medical Services ("SMS") has filed its Zakat return till the year 2021. 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 ("Saudia") 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 on the 75% share of Dr. Soliman Abdul Kader Fakeeh Hospital Company in SMS's net adjusted profit and zakat base effective from 26 December 2019. The ZATCA has challenged the exemption of shares of Saudia in 2019 considering that the Company is no longer 100% owned by Saudia.

21. ZAKAT (continued)

c) Status of final assessments (continued)

SMS has submitted a ruling request based on the Saudia Group stance (same as zakat submission of other partially owned entities of Saudia) for the Zakat exemption on 100% shareholding of Saudi Arabian Airlines Corporation up to 25 December 2019 and 25% shareholding from 26 December 2019. The Group believes that SMS should still be exempt from Zakat on the shares held by Saudia for the year ended 31 December 2019 and onwards.

Al Toor Medical Services Company has submitted its Zakat returns for all periods up to the year ended 31 December 2021, which are under review with the ZATCA.

Al Faraj Pharmaceutical Medical Company has submitted its Zakat returns for all periods up to the year ended 31 December 2021, which are under review with the ZATCA.

Golden Union Company Limited has filed first Zakat return and paid the due amount for the year ended 31 December 2021 which are under review by ZATCA.

Advance Horizon Constructing Company Limited has filed first Zakat return and paid the due amount for the year ended 31 December 2021 which are under review by ZATCA.

22. REVENUE

Revenue streams

	2021	2020
Revenue from contracts with customers	**1,964,683,630**	1,715,426,397

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:

	2021	2020
Major service lines		
Out-Patient	**1,243,092,180**	1,094,843,303
In-Patient	**723,578,444**	689,430,246
Medical related services	**137,282,575**	73,186,787
Gross revenue from healthcare services	**2,103,953,199**	1,857,460,336
Discounts and rejections from healthcare services	**(229,826,863)**	(213,163,944)
Net revenue from healthcare services	**1,874,126,336**	1,644,296,392
Health Club	**3,485,067**	3,569,921
Education	**78,358,459**	60,786,681
IT services	**6,422,297**	6,331,146
Others	**2,291,471**	442,257
	1,964,683,630	1,715,426,397
Timing of revenue recognition		
Point in time	**1,876,417,807**	1,644,738,649
Over time	**88,265,823**	70,687,748
Revenue from contracts with customers	**1,964,683,630**	1,715,426,397

23. COSTS OF REVENUE

	2021	2020
Salaries and employee related benefits	**622,845,444**	614,428,955
Materials and consumables	**503,301,716**	466,353,756
Depreciation on property and equipment (note 4)	**46,480,533**	43,604,727
Repairs and maintenance	**24,649,561**	24,995,139
Depreciation on right-of-use assets (note 5.1)	**22,872,866**	24,448,594
Insurance expenses	**26,349,745**	21,311,318
Food and beverages	**18,015,341**	16,833,038
Rental charges	**10,808,608**	13,778,605
Utilities charges	**11,885,992**	9,790,320
Amortization (note 6)	**5,258,291**	7,030,563
Advertising and publicity	**8,137,275**	5,144,470
Others	**25,996,700**	25,333,141
	1,326,602,072	1,273,052,626

24. ADMINISTRATIVE EXPENSES

	2021	2020
Salaries and employee related benefits	**125,296,411**	77,548,952
Rental charges	**1,204,162**	827,335
Advertising and publicity	**3,518,608**	669,794
Depreciation on right-of-use assets (note 5.1)	**17,111,675**	16,210,895
Printing and stationary	**1,304,626**	2,303,540
Depreciation on property and equipment (note 4)	**11,611,258**	10,857,743
Insurance expenses	**3,864,979**	5,878,978
Utilities charges	**4,377,311**	5,343,012
Repairs and maintenance	**8,401,686**	12,021,678
Amortization (note 6)	**1,767,699**	1,614,017
Depreciation on investment properties (note 7)	**21,024**	21,024
Others	**25,644,929**	24,465,704
	204,124,368	157,762,672

25. OTHER INCOME

	2021	2020
Interest income (note 26)	**6,167,900**	8,490,833
Rental income	**1,343,851**	1,826,864
Parking fees	**188,596**	220,961
Training fees	**1,153,696**	128,353
Income from Human Resource Development Fund	**185,640**	65,950
Others	**14,673,458**	6,834,335
	23,713,141	17,567,296

26. RELATED PARTY TRANSACTIONS

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's Board of Directors.

Transactions with key management personnel

Key management personnel compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. Group has recognized an expense of SR 24,066,578 for the year ended 31 December 2021 (31 December 2020: SR 16,428,550). Further land rentals to the shareholders amounting to SR 19,097,706 (2020: SR 19,097,706) has been recognised as expense of the Group.

Board of Directors' remuneration for the year ended 31 December 2021 amounting to SR 1,291,500 (31 December 2020: SR 1,870,100) has been calculated in accordance with the Company's By-Laws. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 39,410 (2020: SR 63,500) are charged to expenses and included under administrative expenses.

Other related party transactions

A number of companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

The significant related party transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

26. RELATED PARTY TRANSACTIONS (continued)

Name	Relationship	Nature of transactions	Amount of transactions 2021	Amount of transactions 2020	Closing balance 2021	Closing balance 2020
Due from related parties –other long-term receivables (non-current)						
Fakeeh Academic Medical Center – Dubai	Affiliate	Interest income (note 25)	**6,167,900**	8,490,833		
		Loans given to affiliate (note 9)	**281,867,954**	263,923,200	**1,088,328,111**	800,292,257
Due from related parties						
Saudi Arabian Airlines Corporation	Non-controlling Shareholder	Revenue	**67,880,519**	26,732,122		
		Expenses incurred on behalf of the shareholder	**1,292,878**	2,447,323	**27,683,638**	32,740,762
Fakeeh Real Estate Company Limited	Shareholder	Expenses incurred on behalf of shareholder	**--**	192,829		
		Absorption of losses of the subsidiary	**75,399**	--	**596,526**	521,127
Maabar Rehabilitation Centre	Affiliate	Payments made on behalf of affiliate	**--**	--	**702,754**	702,755
Abdulbary Mohammed Eid Al-Shawy Trust	Non-controlling Shareholder	Share capital and absorption of losses of a subsidiary	**(529,212)**	--	**--**	529,212
Saudi Arabain Engineering Industries Company LLC	Affiliate	Services provided	**2,476,083**	1,187,600	**1,329,148**	1,630,256
Flyadeal Airline Company LLC	Affiliate	Services provided	**1,115,964**	337,446	**293,966**	126,752
Al Sulimania United Company Limited	Shareholder	Expenses incurred on behalf of the shareholder	**192,880**	--	**234,392**	41,512
Saudi Ground Services Company	Affiliate	Services provided	**30,174**	898,576	**54,054**	35,943
Dr. Abdulaziz AlFallah	Non-controlling Shareholder	Share capital and absorption of losses of a subsidiary	**(963)**	963	**6,100**	7,064
Royal Fleet Services	Affiliate	Services provided	**7,749,674**	3,474,081	**7,518,821**	3,474,081

26. RELATED PARTY TRANSACTIONS (continued)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			2021	2020	**2021**	2020
Due from related parties (continued)						
Saudi Airlines Cargo Company	Affiliate	Services provided	**577,031**	245,137	**133,679**	245,137
Saudi Private Aviation	Affiliate	Services provided	**15,600**	7,997	**3,335**	7,997
Saudi Airlines Real Estate Development Company	Affiliate	Services provided	**6,341**	345	**3,968**	345
Prince Sultan Aviation Academy	Affiliate	Services provided	**100,315**	20,416	**67,096**	20,416
					38,627,477	40,083,359
Due to related parties						
Dr. Mazen Fakeeh	Shareholder	Payments made on behalf of the Group	**--**	--	**1,960,000**	1,960,000
Mr. Ammar Fakeeh	Shareholder	Payments made on behalf of the Group	**--**	--	**1,960,000**	1,960,000
Dr. Manal Fakeeh	Shareholder	Payments made on behalf of the Group	**--**	--	**980,000**	980,000
Fakeeh Academic Medical Center – Dubai	Affiliate	Services received	**4,243,302**	5,942,469	**10,185,771**	5,942,469
					15,085,771	10,842,469

27. 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 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.

27. 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 of interest 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:

	2021	2020
Variable rate instruments		
Financial liabilities	**888,219,246**	938,636,838

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 8.88 million (31 December 2020: SR 9.39 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Group 's transactions are principally in Saudi Arabian Riyals and United States Dollars. The Saudi Arabian Riyal is pegged to the United States Dollars. Currency risk is managed on regular basis.

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. Five major customers of the Group represent 77% (2020: 78%) of total receivables.

Cash and cash equivalents are placed with national banks with sound credit ratings. 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 financial statements.

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

Credit risk (continued)

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.

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.

For credit risks arising from other financial assets of the Group, including cash and bank balances, accounts and other receivables (current), other long-term 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.

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

	2021	2020
Financial assets		
Accounts and other receivables – gross	**702,994,487**	667,758,387
Due from related parties	**38,627,477**	40,083,359
Other receivables	**1,148,598,566**	853,328,900
Cash at banks	**190,999,236**	185,542,532
	2,081,219,765	1,746,713,178

Accounts and other receivables are carried net of impairment allowances.

	2021	2020
Financial assets		
- Unsecured	**1,918,552,866**	1,622,320,852

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.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (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 with respect to accounts receivable and concluded it to be low. The following table provides information about the aging and expected credit losses for accounts receivables.

As at 31 December 2021

Age days	**Accounts receivable**	**Provision for ECL**
Not yet due	**218,638,506**	**262,083**
1 - 90	**121,735,384**	**1,499,678**
91 – 180	**58,116,019**	**1,714,998**
181 - 270	**60,243,356**	**6,409,818**
271 - 365	**67,410,666**	**20,695,584**
Over 365	**176,850,556**	**90,016,011**
Total	**702,994,487**	**120,598,172**

As at 31 December 2020

Age days	Accounts receivable	Provision for ECL
Not yet due	161,632,520	3,502,893
1 - 90	228,074,542	3,019,649
91 – 180	104,180,685	4,039,395
181 - 270	31,640,664	2,726,901
271 - 365	22,888,038	2,863,147
Over 365	119,341,938	61,227,849
Total	667,758,387	77,379,834

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.

27. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (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 2021. 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 2021					
Non derivative financial liabilities					
Accounts payables	**142,903,467**	**142,903,467**	**--**	**--**	**142,903,467**
Due to related parties	**15,085,771**	**15,085,771**	**--**	**--**	**15,085,771**
Accrued and other liabilities	**187,485,801**	**187,485,801**	**--**	**--**	**187,485,801**
Loans and borrowings	**888,219,246**	**67,507,527**	**586,692,241**	**425,771,839**	**1,079,971,607**
Lease liabilities	**305,721,535**	**49,668,305**	**177,422,013**	**178,107,549**	**405,197,867**
	1,539,415,820	**462,650,871**	**764,114,254**	**603,879,388**	**1,830,644,513**
31 December 2020					
Non derivative financial liabilities					
Accounts payables	134,290,779	134,290,779	--	--	134,290,779
Due to related parties	10,842,469	10,842,469	--	--	10,842,469
Accrued and other liabilities	133,899,635	133,899,635	--	--	133,899,635
Loans and borrowings	938,636,838	159,335,707	189,900,000	879,100,000	1,228,335,707
Lease liabilities	355,186,097	48,883,049	190,900,417	184,287,824	424,071,290
	1,572,855,818	487,251,639	380,800,417	1,063,387,824	1,931,439,880

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

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.

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

Capital risk management (continued)

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 2021 and 31 December 2020 is as follows:

	2021	2020
Loans and borrowings	**888,219,246**	938,636,838
Lease liabilities	**305,721,535**	355,186,097
Total debt	**1,193,940,781**	1,293,822,935
Cash and cash equivalents	**(191,655,638)**	(187,189,905)
Net debt	**1,002,285,143**	1,106,633,030
Share capital	**100,000,000**	100,000,000
Statutory reserve	**50,000,000**	50,000,000
Retained earnings	**1,463,231,728**	1,157,280,704
Non-controlling interests	**110,206,416**	84,661,547
Equity	**1,723,438,144**	1,391,942,251
Gearing ratio (total net debt / total equity)	**58.16%**	79.50%

28. COMMITMENTS AND CONTINGENCIES

As at 31 December 2021, the Group's bankers have issued letters of guarantee amounting to SR 19,408,323 (2020: SR 16,057,884) out of which SR 12,135,750 (2020: SR Nil) have been issued on behalf of the Group's related parties. Remaining SR 7,272,573 (2020: SR 16,057,884) letters of guarantee have been issued by the Group's bankers on behalf of the Group.

As at 31 December 2021, the Group has outstanding letters of credit amounting to SR 13,797,311 (2020: SR 68,074,647) issued by the bank in favor of the Group's related party.

As at 31 December 2021, the Group has commitments for capital work in progress of SR 212.2 million (2020: SR 315 million) mainly relating to construction, renovation and upgradation of buildings.

As at 31 December 2021, there are no significant litigations and claims against the Group.

The amount recognised as a provision on account of litigations and legal claims are the management's and their legal counsel's best estimate of the expenditure required to settle the present obligation arising at the reporting period.

29. NEW STANDARDS AND AMENDMENTS TO STANDARDS

Several amendments and interpretations apply for the first time in 2021, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

30. 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.

30. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Standard / Interpretation	*Description*	*Effective from periods beginning on or after the following date*
IAS 37	Onerous contracts - cost of fulfilling a contract	1 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 - 2020	1 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
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
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
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

The standards, interpretations and amendments with effective date of 1 January 2022 will not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Group's financial statements on adoption.

31. IMPACT OF COVID-19

Since early 2020, the Novel Coronavirus Pandemic (COVID-19) has spread globally across various geographies causing disruption to businesses and economic activities thereby impacting the oil prices and products demand.

Whilst it is challenging to predict the full extent and duration of business and economic impacts, the Group's management has considered the potential impacts of COVID-19 on the Group's operations and concluded that as of the issuance date of these financial statements, no significant changes are required to the judgements and key estimates. The Group is continuously monitoring the evolving scenario and any change in the judgements and key estimates will be reflected as part of the operating results and cash flows of the future reporting periods.

32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on 19th April 2022, corresponding to 18th Ramadan 1443H.