ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024
WITH
INDEPENDENT AUDITOR'S REPORT

ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

KPMG Professional Services Company
16th Floor, Al Barghash Tower
6189 Prince Turki Road, Al Corniche
P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Al Moosa Health Company (Closed joint stock company)

Opinion

We have audited the financial statements of Al Moosa Health Company ("the Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report (Continued)

To the Shareholders of Al Moosa Health Company (Closed joint stock company)

Key Audit Matters (Continued)

Revenue recognition

Refer Note 3(c) and 4(iii) for the accounting estimate and policy relating to revenue recognition and Note 23 for revenue disclosure.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2024, the Company recognized revenue of SR 1.20 billion (2023: SR 0.98 billion). There is a presumed fraud risk in revenue recognition and additionally revenue is considered as a key performance indicator. The Company recognizes revenue upon satisfaction of performance obligation related to medical and related services at the consideration to which the Company expects to be entitled in exchange for those goods or services. Certain contracts with customers include variable consideration such as volume discounts, prompt payment discounts and claims disallowed (rejection of claims). These constitute variable consideration and are considered in the recognition of revenue on an estimated basis in the period in which the related services are rendered. Revenue recognition is considered as a key audit matter because the estimation of the variable consideration involves significant judgement and estimates in determining the amount.	We performed the following among other procedures: - Assessed the appropriateness of the Company's revenue recognition accounting policies by considering the requirements of relevant accounting standards; - Performed specific inquiries with the management with regards to instances of actual or suspected fraud in revenue recognition; - Assessed the design and implementation and tested (on a sample basis) the operating effectiveness of the Company's key internal control in relation to the estimates of variable consideration; - Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by management to determine the variable consideration; - Performed a retrospective review (on a sample basis) of actual claims settled with the customers to the original gross revenue; - Performed tests (on a sample basis) of settlements and claims with major customers of the Company; and - Assessed the adequacy of relevant disclosures and presentation in the financial statements.

Independent Auditor's Report (Continued)

To the Shareholders of Al Moosa Health Company (Closed joint stock company)

Key Audit Matters (Continued)

Valuation of accounts receivables

Refer Note 3(i) and 4(i) for the accounting estimate and policy relating to revenue recognition and Note 9 for Account receivable disclosure.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2024, the gross carrying amount of accounts receivables amounted to SR 489.45 million (2023: SR 453.25 million). The impairment loss based on ECLs on these receivables amount to SR 5.14 million (2023: SR 6.71 million). The Company's management has applied a simplified expected credit loss ("ECL") model to determine the impairment loss of accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. payor groups). The provision matrix is initially based on the Company's historical observed default rates. The Company calibrate the matrix to adjust the historical credit loss experience with forward-looking information. Account receivable is considered key audit matter due to involvement of estimates and judgments in terms of the calculation of the expected credit losses.	We performed the following among other procedures: - Obtained an understanding of management's processes, systems and controls over trade receivables; - Evaluated the appropriateness of the accounting policies of the Company and evaluating these against the requirements of FRS 9 Financial Instruments; - Assessed the design and implementation and tested (on a sample basis) the operating effectiveness of the Company's key internal control in relation to the estimates of ECL; - Evaluated the reasonableness of management's key judgements and estimates made, including selection and application of methods, models, significant assumptions, data sources and selection of the point estimate and retrospective testing; - Involved our own specialist to assess the working and evaluate the assumptions made by the management expert in the model and working used. - Tested the basis of specific provisions based on historic data, ageing and collection trends; and - Assessed the reasonableness and adequacy of disclosures and presentation in the financial statements.

Independent Auditor's Report (Continued)

To the Shareholders of Al Moosa Health Company (Closed joint stock company)

Other Information

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

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

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

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

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

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

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

Those charged with governance, the board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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.

KPMG

Independent Auditor's Report (Continued)

To the Shareholders of Al Moosa Health Company (Closed joint stock company)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 2051062328
K : 1
ترخيص رقم ٤٦
س.ت: ٢٠٥١٠٦٢٣٢٨
KPMG Professional Services

Mohammed Najeeb Alkhlaiwi
License no. 481
Al Khobar,

Date: 2 Ramadan 1446H

Corresponding to: 2 March 2025G

ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property and equipment	6	**1,894,434,303**	1,743,602,369
Intangible assets	7	**8,385,611**	4,125,851
Equity accounted investee	22	**8,990,066**	-
Right-of-use assets	21	**16,612,677**	5,974,214
Total non-current assets		**1,928,422,657**	1,753,702,434
Current assets			
Inventories	8	**68,263,521**	59,374,202
Accounts receivable	9	**484,347,051**	446,538,649
Advances, prepayments and other current assets	10	**34,205,858**	26,344,374
Cash and cash equivalents	11	**38,201,085**	15,838,943
Total current assets		**625,017,515**	548,096,168
Total assets		**2,553,440,172**	2,301,798,602
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**350,000,000**	1,000,000
Proposed share capital		**-**	349,000,000
Statutory reserve	13	**-**	300,000
Retained earnings		**367,735,728**	305,703,471
Total equity		**717,735,728**	656,003,471
Liabilities			
Non-current liabilities			
Long term loans	15	**1,148,996,108**	1,054,952,824
Lease liabilities	21	**8,252,166**	2,196,080
Employees' benefits	16	**115,629,704**	100,975,886
Total non-current liabilities		**1,272,877,978**	1,158,124,790
Current liabilities			
Accounts payable	17	**253,637,270**	210,721,926
Accruals and other current liabilities	18	**44,007,339**	44,014,223
Derivative financial instruments	19	**218,746**	270,572
Refund liabilities	23.1	**60,280,719**	67,741,431
Long term loans – current portion	15	**123,794,224**	93,101,923
Short term borrowings	15.1	**65,000,000**	65,000,000
Lease liabilities – current portion	21	**7,023,256**	3,190,000
Zakat payable	20	**8,864,912**	3,630,266
Total current liabilities		**562,826,466**	487,670,341
Total liabilities		**1,835,704,444**	1,645,795,131
Total equity and liabilities		**2,553,440,172**	2,301,798,602

These financial statements were approved by the Board of Directors and signed on its behalf by:

Malek Al Moosa (Chief Executive Officer)	Abdulaziz Al Moosa (Chairman of Board of Directors)	Shailesh Chander (Chief Financial Officer)

The accompanying notes on pages 6 to 44 form an integral part of these financial statements.

ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2024	2023
Revenue	23	**1,202,336,437**	978,974,695
Cost of revenues	24	**(830,613,518)**	(671,976,966)
Gross profit		**371,722,919**	306,997,729
General and administrative expenses	25	**(173,722,081)**	(176,307,768)
Selling and distribution expenses	26	**(24,933,901)**	(12,755,223)
Provision for impairment loss on accounts receivable	9	**(4,406,741)**	(3,930,087)
Other income	27	**18,332,099**	14,147,632
Operating profit		**186,992,295**	128,152,283
Share of profit from equity accounted investee	22	**1,190,066**	-
Finance cost	28	**(85,331,122)**	(26,375,886)
Profit before zakat		**102,851,239**	101,776,397
Zakat expense	20	**(8,427,266)**	(3,630,266)
Profit for the year		**94,423,973**	98,146,131
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent period			
Re-measurement gain on employees' benefits	16	**4,220,487**	3,212,792
Other comprehensive income for the year		**4,220,487**	3,212,792
Total comprehensive income for the year		**98,644,460**	101,358,923
Earnings per share:			
Basic and diluted earnings per share	35	**2.70**	2.80

Malek Al Moosa	Abdulaziz Al Moosa	Shailesh Chander
(Chief Executive Officer)	(Chairman of Board of Directors)	(Chief Financial Officer)

The accompanying notes on pages 6 to 44 form an integral part of these financial statements.

ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	**Proposed share capital**	**Statutory reserve**	**Contribution from a shareholder** (note 14)	**Retained earnings**	**Total**
Balance at 1 January 2023	1,000,000	-	300,000	395,743,221	251,099,208	648,142,429
Total comprehensive income for the year						
Profit for the year	-	-	-	-	98,146,131	98,146,131
Other comprehensive income for the year	-	-	-	-	3,212,792	3,212,792
Total comprehensive income for the year	-	-	-	-	101,358,923	101,358,923
Issuance of share capital	-	349,000,000	-	(349,000,000)	-	-
Dividend (note 30)	-	-	-	(46,743,221)	(46,754,660)	(93,497,881)
Balance as on 31 December 2023	1,000,000	349,000,000	300,000	-	305,703,471	656,003,471
Total comprehensive income for the year						
Profit for the year	-	-	-	-	**94,423,973**	**94,423,973**
Other comprehensive income for the year	-	-	-	-	**4,220,487**	**4,220,487**
Total comprehensive income for the year	-	-	-	-	**98,644,460**	**98,644,460**
Other adjustments						
Transfer of statutory reserve	-	-	**(300,000)**	-	**300,000**	-
Transfer of proposed share capital	**349,000,000**	**(349,000,000)**	-	-	-	-
Dividend (note 30)	-	-	-	-	**(36,912,203)**	**(36,912,203)**
Balance as on 31 December 2024	**350,000,000**	-	-	-	**367,735,728**	**717,735,728**

Malek Al Moosa (Chief Executive Officer)	Abdulaziz Al Moosa (Chairman of Board of Directors)	Shailesh Chander (Chief Financial Officer)

The accompanying notes on pages 6 to 44 form an integral part of these financial statements.

ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2024	2023
Cash flows from operating activities:			
Profit before zakat		**102,851,239**	101,776,397
Adjustments for:			
Depreciation on property and equipment	6	**74,482,258**	58,032,644
Amortization on intangibles	7	**2,067,511**	1,986,155
Depreciation on right-of-use assets	21	**6,772,759**	6,067,999
Gain on disposal of property and equipment	27	**(110,054)**	(328,448)
Share of profit of equity accounted investee	22	**(1,190,066)**	-
Interest expense on long term loans	28	**78,670,706**	20,061,045
Interest expenses on lease liability	21	**841,062**	325,786
Impact of unwinding on interest free loan from government	28	**1,022,999**	2,199,022
Employees' defined benefit expense	16	**24,043,627**	21,638,925
Provision for impairment loss on accounts receivable	9	**4,406,741**	3,930,087
Inventory written off during the year	8	**-**	(58,556)
Loss on de recognition of lease agreement		**300,086**	-
		294,158,868	215,631,056
Changes in:			
Accounts receivable		**(42,295,039)**	(166,805,393)
Inventories		**(8,809,423)**	(9,293,912)
Advances, prepayments and other current assets		**(7,861,484)**	(7,784,290)
Accounts payable		**42,915,344**	3,148,125
Accruals and other current liabilities		**(58,692)**	9,441,184
Refund liabilities		**(7,460,712)**	30,966,007
Cash generated from operations		**270,588,862**	75,302,777
Interest paid		**(77,704,336)**	(23,693,825)
Interest paid on lease liability		**(841,062)**	(325,786)
Zakat paid	20	**(3,192,620)**	(4,586,090)
Employees benefits paid	16	**(5,169,322)**	(6,627,491)
Net cash from operating activities		**183,681,522**	40,069,585
Cash flows from investing activities:			
Additions to property and equipment	6	**(257,267,447)**	(415,241,803)
Additions to intangible assets	7	**(6,327,271)**	(2,164,035)
Proceeds from disposal of property and equipment		**1,359,735**	23,070,065
Advance for transfer of land		**-**	(60,050,000)
Net cash used in investing activities		**(262,234,983)**	(454,385,773)
Cash flows from financing activities:			
Proceeds from loans and borrowings		**305,589,265**	622,910,734
Repayment of loans and borrowings		**(182,843,067)**	(201,936,134)
Lease principal payment	21	**(7,821,966)**	(6,059,214)
Dividend paid		**(14,008,629)**	-
Net cash generated from financing activities		**100,915,603**	414,915,386
Increase in cash and cash equivalents		**22,362,142**	599,198
Cash and cash equivalents at beginning of the year		**15,838,943**	15,239,745
Cash and cash equivalents at end of the year	11	**38,201,085**	15,838,943

ALMOOSA HEALTH COMPANY
(CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in Saudi Riyals unless otherwise stated)

Non-cash transactions:			
Related party receivables		-	1,255,065
Prepayments and advances		-	60,050,000
Due from a shareholder		-	32,192,816
Issuance of share capital		-	349,000,000
Dividend in kind	30	**22,903,574**	-
Additions to equity accounted investee	22	**7,800,000**	-
Additions to lease liability and right of use assets	21	**17,923,615**	-
Loss on de recognition of right of use asset and lease liability		**300,086**	-

Malek Al Moosa	Abdulaziz Al Moosa	Shailesh Chander
(Chief Executive Officer)	(Chairman of Board of Directors)	(Chief Financial Officer)

The accompanying notes on pages 6 to 44 form an integral part of these financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Almoosa Health Company (the "Company") (formerly "Almoosa Specialist Hospital Company") is a listed closed joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2252022248 dated 6 Shaban 1435H (4 June 2014). The principal activities of the Company are to act as a private healthcare provider, storing medical items and selling medicine, cosmetics and disposable medical items. The Company's registered office is in Al-Ahsa, Kingdom of Saudi Arabia.

The shareholders of the Company in their extraordinary general meeting have passed a resolution on 16 Shawwal 1445H (corresponding to 25 April 2024) for the increase of Company's capital from SR 350 million to SR 443.04 million divided into 44.30 million shares of equal nominal value of SR. 10 each, by way of an offering of 9.30 million new shares to the public after the approval of the Capital Market Authority and the Saudi Stock Exchange ("Tadawul"), in accordance with the rules and procedures stipulated in the Capital Market Law ("CMA") and the Executive Regulations issued by the CMA. The shares to public were issued at premium of SR 117 per share.

The capital increase and public offering were conducted in compliance with the Capital Market Law ("CMA") and its Executive Regulations, following the approval of the Capital Market Authority and the Saudi Stock Exchange ("Tadawul"). After obtaining the necessary approvals, the Company issued the shares to the public and was successfully listed on Tadawul on 7 January 2025. Accordingly, the legal status of the Company as at the year ended 31 December 2024 is Closed Joint Stock Company.

The financial statements of the Company include activities and results of the following branches having commercial registrations, also assets and liabilities of these are included in these financial statements:

Branch Name	Commercial Registration No	Registration Date	Location
AlMoosa Medical Pharmacy	2252023498	9 Sha'aban 1415H -10 January 19	Al-Ahsa
Abdul Aziz AlMoosa Drug Store	2252053792	22 Ramadan 1434H -30 July 201	Al-Ahsa
Almoosa Hospital Medical Consumables Warehouse	2252069957	28 Rabia'l Thani 1439H - 15 January 2018	Al-Ahsa
Almoosa Specialist Hospital Company	2051241163	13 Ramadan 1443 H - 14 April 20	Al-Ahsa
Almoosa Gym	2031112804	5 Safar 1445 H - 21-Aug-2023	Al-Ahsa
Almoosa for rehabilitation and LTC	2031110416	04 Safar 1444 H - 31 August 2022	Al-Ahsa
The Leaf Kitchen	2252106494	8 Shawal 1443 H - 9 May 2022	Al-Ahsa

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for derivative financial instruments which are measured at fair value and employees' end-of-service benefits obligation which is measured at the present value of the obligations as explained in the relevant accounting policy.

(c) Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR) which is the Company's functional currency. All financial information presented in these financial statements have been rounded off to the nearest Saudi Riyals, unless otherwise stated.

3. MATERIAL ACCOUNTING POLICIES

Below are the consistently followed material accounting policies of the Company.

(a) Current and non-current assets

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

- Expected to be realized or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Fair value measurement

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

External valuers are involved for valuation of significant assets, whenever required. The involvement of external valuer is decided by the Company after discussion and approval by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Company's external valuer, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition

The Company generates its revenue from sale of pharmaceuticals and rendering of inpatient and outpatient services over time and at a point in time. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The goods and services are sold both on their own in separately identified contracts with customers and together as a bundled package of goods and/or services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Operating revenue

Revenues are measured at the transaction price which is the amount of consideration that the Company expects to be entitled to in exchange for the services provided. Revenue primarily comprises fees charged for inpatient and outpatient hospital services. For operating revenues, the revenue is recognized when the treatment is provided, and the invoice / interim invoice is generated (i.e., after satisfaction of performance obligation). Net patient services revenue is recognised at the estimated net realisable amounts from the third-party payers (insurance companies) and others for the services rendered, net of estimated retroactive revenue adjustments (rejection of claims) when the related services are rendered. Unbilled revenue is recorded for the service rendered where the patients are not discharged, and final invoice is not raised for the services.

Some contracts include variable considerations such as claims disallowed (rejection of claims) which is not paid by third-party payor, volume discount and prompt payment discount. Discounts comprise retrospective volume discounts granted to certain insurance companies on attainment of certain levels of business and constitute variable consideration. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue at the end of the arrangement to reflect actual volumes. The normal business process associated with transactions with insurers includes amount of claims disallowed (disallowance provision) which is not paid by the insurer. These disallowed claims could be for various technical or medical reasons. Accordingly, the Company expects an amount of consideration that is less than what was originally invoiced, and the revenue is recognized at an amount net of these disallowed claims. These disallowances constitute a variable consideration and are assessed based on all information (historical, current and forecast) that is reasonably available to the Company and identify a reasonable number of possible consideration amounts. Management estimates variable consideration using the single most likely amount method for prompt payment discount.

Revenue from inpatient services is recognized over a period of time and outpatient services are recognized at the point in time.

Sale of goods

Sales of goods represents the invoiced value of medicines and drugs supplied by the Company. The Company's contracts with customers for the sale of medicines and drugs generally include one performance obligation. Revenue from sale of medicines and drugs is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery/dispensing of the medicines and drugs.

(d) Property and equipment

Property and equipment excluding land and construction work in progress (CWIP) are carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Property and equipment (Continued)

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land and properties under construction are not depreciated.

The following useful lives are used in the calculation of depreciation:

	Years
Buildings	33 years
Elevators and office equipment	6.67 years
Medical equipment and tools	10 years
Furniture and fixture	6.67 years
Motor Vehicles	4 years

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

Construction work in progress (CWIP)

CWIP is recognized at cost less accumulated impairment, if any. CWIP is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for operational use.

Land is recognised at cost, less impairment, if any.

(e) Intangible assets

Intangible assets represent the software license and operating license of hospital. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives ranging between 3 to 7 years. Useful lives are reviewed at each reporting date.

Intangible assets acquired separately

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

Derecognition of intangible assets

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

Impairment of tangible and intangible assets

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

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

(f) Leases

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

i) Company as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Currently, Company has no contract which includes lease and non-lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets to restore the underlying assets or the site on which it is located less any lease incentive returned.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability mainly comprise of fixed lease payments.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Leases (Continued)

The lease liability is subsequently carried at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) Company as a lessor

The Company enters into lease agreements as a lessor with respect to some of its building properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate consideration under the contract to each component.

(g) Borrowing costs

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

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

i) Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

ii) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through OCI ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (continued)

iii) Financial assets - Business model and assessment

The Company 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. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iv) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

v) Financial assets - 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 derecognition is recognised in profit or loss.
Financial assets 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

vi) Financial liabilities - Classification, subsequent measurement and gains and losses

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

vii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ix) Derivative financial instruments

The Company holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Company designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

(i) Impairment of financial assets

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

The Company applies the general approach to provide for ECLs on all other financial instruments. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivable and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company assesses all the information available, including past due status, credit ratings, the existence of third party insurance and forward-looking economic factors in the measurement of the expected credit losses associated with its accounts receivable and contract assets.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. 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 Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and contract 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. For goodwill the recoverable amount is estimated each year at the same time. An asset's recoverable amount is the higher of an asset's or Cash Generating Units ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

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

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and calculated on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, if any.

(m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Contingencies

Contingent liabilities are not recognised in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. A contingent asset becomes a realized asset recordable on the statement of financial position when the realization of cash flows associated with it becomes virtually certain.

(o) Zakat and tax

Zakat
The Company is subject to the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is charged to the statement of profit or loss on an accruals basis. The Zakat charge is computed on the Saudi shareholders' share of the zakat base or adjusted net profit whichever is higher. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Value added tax
Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.
- The net amount of VAT recoverable from, or payable

(p) Employees' benefits

Retirement benefit costs and termination benefits
For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Curtailment gains and losses are accounted for as past service costs.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in profit or loss in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) IPO Cost

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

IPO costs directly attributable to the existing shareholders selling their shares to the public (equity transaction) are deducted from Equity when the selling shareholders agree to bear such costs. IPO costs that are directly attributable to listing of existing shares in the financial market, if any, are recognized as an expense in the period when they are incurred. Reimbursement from shareholders for expenses pertaining to listing of existing shares in the financial market shall be treated as a separate transaction and shall be recognized in equity.

IPO costs directly attributable to the issuance of new shares (equity transaction) are deducted from Equity. IPO costs that are directly attributable to the listing of new shares in the financial market, if any, are recognized as an expense in the period when they are incurred.

(r) Equity-accounted investees

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Company holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Further, the Company also considers whether:

- It has power of the investee;
- It has exposure, rights, to variable returns from the involvement with the investee entity; and
- It has ability to use the power over the investee entity to affect the amount of the Company's returns.

The joint venture is an entity over which the Company has joint control.

The Company accounts for its investments in associate and joint venture using equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets since the acquisition date.

The statement of profit or loss and other comprehensive income reflects the Company's share of the results of operations of the associate and joint venture. Any change in OCI of the associate and joint venture is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate and joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate and joint venture are eliminated to the extent of the interest in the associate and joint venture, if any.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements in conformity with IFRS, as endorsed in KSA, requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The Company 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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Provision for expected credit losses of accounts receivable

The Company uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. payor groups). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ii. Employees' end-of-service benefits

The cost of the employees' end-of-service benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii. Revenue recognition – estimating variable consideration

The Company estimates variable considerations to be included in the transaction price in respect of each of its agreement with customers. In making such estimate the Company assess the impact of any variable consideration in the contract, customers' right to volume discounts, prompt payment discounts and claims disallowance of certain services provided to the patients upon submission of invoices to the customers. The Company uses its accumulated historical experience to estimate the percentage. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected adjustments estimated by the Company.

iv. Useful lives of property and equipment

Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

v. Fair value measurement

Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities. 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 (i.e. an exit price). When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

vi. Useful lives of intangible assets

Management reviews the amortization period and the amortization method for any intangible asset with a finite useful life at least at each financial year-end. If the expected useful life of the asset is different from previous estimates, the Company changes the amortization period accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the Company changes the amortization method to reflect the changed pattern.

vii. Incremental borrowing rate for lease agreements

The Company cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company 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 Company ‘would have to pay’, which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

viii. Determining the lease term of contracts

The Company determines the lease term as 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.

5. NEW STANDARDS AND AMENDMENTS NOT YET ADOPTED

(a) New and revised standards with no material effect on the financial statements

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases, effective for annual periods beginning on or after 1 January 2024.
- Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements, effective for annual periods beginning on or after 1 January 2024.

(b) New and revised standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective for annual periods beginning on or after 1 January 2025.
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, effective for annual periods beginning on or after 1 January 2026.
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2026.
- IFRS 18 Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective for annual periods beginning on or after 1 January 2027.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, effective date to be determined.

The above-mentioned standards are not expected to have a significant impact on the financial statements of the Company.

(All amounts in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT

	Land	Buildings	Elevators	Medical equipment and tools	Office equipment	Furniture and Fixture	Motor vehicles	Construction work in Progress	Total
Cost									
1 January 2023	233,554,835	586,290,251	11,656,875	287,603,100	67,701,425	59,373,300	4,705,549	451,399,356	1,702,284,691
Additions	32,054,079	14,882,249	-	43,134,654	9,226,456	11,992,925	958,748	302,992,692	415,241,803
Transfers	-	383,959,714	-	20,650,704	1,192,862	-	884,500	(406,687,780)	-
Disposals	-	-	-	(11,285,406)	(1,240,058)	(950,139)	(30,500)	(22,300,000)	(35,806,103)
31 December 2023	265,608,914	985,132,214	11,656,875	340,103,052	76,880,685	70,416,086	6,518,297	325,404,268	2,081,720,391
Additions	**16,928,500**	**2,171,515**	**-**	**15,953,503**	**10,433,898**	**7,147,040**	**1,240,329**	**203,392,662**	**257,267,447**
Transfers	**-**	**174,819,954**	**-**	**15,071,130**	**2,730,454**	**9,352,233**	**-**	**(201,973,771)**	**-**
Transfer to equity accounted investee	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,800,000)**	**(7,800,000)**
Disposals	**-**	**-**	**-**	**(576,250)**	**(2,657,357)**	**(964,505)**	**-**		**(4,198,112)**
Dividend in kind (note 30)	**(22,903,574)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,903,574)**
31 December 2024	**259,633,840**	**1,162,123,683**	**11,656,875**	**370,551,435**	**87,387,680**	**85,950,854**	**7,758,626**	**319,023,159**	**2,304,086,152**

Construction Work in progress:
Capital work-in-progress mainly represents cost incurred and advances paid towards the construction of the building and other assets for Khobar hospital, Al Hofus hospital and other projects of the Company. Capitalised borrowing costs from conventional borrowings related to the construction work in progress amounted to SAR 21 million (2023: SR 51.65 million).

(All amounts in Saudi Riyals unless otherwise stated)

6. PROPERTY AND EQUIPMENT (CONTINUED)

	Land	Buildings	Elevators	Medical equipment and tools	Office equipment	Furniture and Fixture	Motor vehicles	Construction work in Progress	Total
Accumulated depreciation									
1 January 2023	-	70,716,498	5,258,779	138,942,739	40,739,732	33,042,471	4,449,645	-	293,149,864
Depreciation charge for the year	-	18,617,461	1,232,142	25,589,295	6,188,046	5,828,804	576,896	-	58,032,644
Disposals	-	-	-	(11,118,168)	(1,024,049)	(891,769)	(30,500)	-	(13,064,486)
31 December 2023	**-**	**89,333,959**	**6,490,921**	**153,413,866**	**45,903,729**	**37,979,506**	**4,996,041**	**-**	**338,118,022**
Depreciation charge for the year	**-**	**32,462,748**	**1,162,643**	**26,358,659**	**6,576,280**	**7,232,834**	**689,094**	**-**	**74,482,258**
Disposals	**-**	**-**	**-**	**(576,250)**	**(1,407,676)**	**(964,505)**	**-**	**-**	**(2,948,431)**
31 December 2024	**-**	**121,796,707**	**7,653,564**	**179,196,275**	**51,072,333**	**44,247,835**	**5,685,135**	**-**	**409,651,849**
Carrying amount									
As at 31 December 2024	**259,633,840**	**1,040,326,976**	**4,003,311**	**191,355,160**	**36,315,347**	**41,703,019**	**2,073,491**	**319,023,159**	**1,894,434,303**
As at 31 December 2023	265,608,914	895,798,255	5,165,954	186,689,186	30,976,956	32,436,580	1,522,256	325,404,268	1,743,602,369

Depreciation charge for the year has been allocated as follow:

	Note	2024	2023
Cost of revenues	24	**64,526,086**	28,585,498
General and administration expenses	25	**9,801,332**	29,351,794
Selling and distribution expenses	26	**154,840**	95,352
		74,482,258	58,032,644

(All amounts in Saudi Riyals unless otherwise stated)

7. INTANGIBLE ASSETS

	Software	Operating licenses	Total
Cost			
1 January 2023	9,295,909	7,389,295	16,685,204
Additions during the year	1,103,146	1,060,889	2,164,035
	-	(2,265,141)	(2,265,141)
31 December 2023	**10,399,055**	**6,185,043**	**16,584,098**
Additions during the year	**6,242,100**	**85,171**	**6,327,271**
31 December 2024	**16,641,155**	**6,270,214**	**22,911,369**
Accumulated amortization			
1 January 2023	5,859,668	4,612,424	10,472,092
Amortization charge for the year	1,329,473	656,682	1,986,155
31 December 2023	**7,189,141**	**5,269,106**	**12,458,247**
Amortization charge for the year	**1,596,444**	**471,067**	**2,067,511**
31 December 2024	**8,785,585**	**5,740,173**	**14,525,758**
Carrying amount			
31 December 2024	**7,855,570**	**530,041**	**8,385,611**
31 December 2023	3,209,914	915,937	4,125,851

The amortization of intangible assets has been allocated as follows:

	Note	2024	2023
Cost of revenues	24	**1,998,851**	1,958,762
General and administration expenses	25	**58,357**	24,851
Selling and distribution expenses	26	**10,303**	2,542
		2,067,511	1,986,155

8. INVENTORIES

	2024	2023
Surgical and consumable tools	**40,598,959**	35,299,880
Pharmaceuticals and cosmetic materials	**25,095,764**	19,936,180
Other consumables	**2,568,798**	4,138,142
	68,263,521	59,374,202
Less: write-down of inventories against expired inventories	-	-
	68,263,521	59,374,202

The movement of write-down of inventories against expired inventories is as follows:

	2024	2023
Balance at 1 January	-	58,556
Reversal during the year	-	(58,556)
Balance at 31 December	-	-

No expense or reversal has been recognized in respect of impairment for inventories as expired inventories are recalled by the suppliers before the expiry date as per terms of agreement.

No write downs of inventory to net realisable value and of the reversal of such write-downs have been recognized because sales prices of pharmaceutical inventories are regulated by ministry of health and have not significantly changed subsequent to year end.

During the year, the Company has charged raw material, spares and consumables amounting to SR 278.30 million to cost of revenue (2023: SR 229.29 million).

(All amounts in Saudi Riyals unless otherwise stated)

9. ACCOUNTS RECEIVABLE

	2024	2023
Accounts receivable	**489,488,169**	449,276,428
Less: Impairment loss	**(5,141,118)**	(6,708,353)
	484,347,051	442,568,075
Due from related parties (note 31.2)	**-**	3,970,574
	484,347,051	446,538,649

The Company's credit terms require receivables to be repaid within 60-90 days of the claim date depending on the type of customer, which is in line with healthcare industry. It is not the practice of the Company to obtain collateral over receivables and therefore are unsecured. No interest is charged on outstanding balance. As at 31 December 2024, approximately 98% of the Company's accounts receivable balance was due from various governmental and insurance entities (31 December 2023: 96%)

The Company always measures the loss allowance for accounts receivable at an amount equal to lifetime ECL. The expected credit losses are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of accounts receivable based on the Company's provision matrix. The Company's historical credit loss experience does not show significantly different loss pattern for different customer segments.

The ageing analysis of gross to net accounts receivable is as follows:

31 December 2024	**Not past due**	**1-90**	**91 -180**	**181-360**	**>361**	**Total**
Expected credit loss %	**-**	**0.16%**	**0.36%**	**0.92%**	**12.74%**	
Gross carrying amount	**121,114,192**	**150,959,449**	**104,456,993**	**83,511,739**	**29,445,796**	**489,488,169**
Lifetime ECL	**-**	**(245,250)**	**(376,325)**	**(769,161)**	**(3,750,382)**	**(5,141,118)**
31 December 2024	**121,114,192**	**150,714,199**	**104,080,668**	**82,742,578**	**25,695,414**	**484,347,051**

31 December 2023	Not past due	1-90	91 -180	181-360	>361	Total
Expected credit loss %	-	0.32%	0.71%	1.28%	4.00%	
Gross carrying amount	80,767,823	98,793,751	68,955,425	78,326,035	122,433,394	449,276,428
Lifetime ECL	-	(320,014)	(491,045)	(1,003,634)	(4,893,660)	(6,708,353)
31 December 2023	80,767,823	98,473,737	68,464,380	77,322,401	117,539,734	442,568,075

9.1 Following is the movement of allowance for expected credit losses:

	2024	2023
Balance at 1 January	**6,708,353**	2,778,266
Provision for expected credit loss during the year	**4,406,741**	3,930,087
Written off during the year	**(5,973,976)**	-
Balance at 31 December	**5,141,118**	6,708,353

(All amounts in Saudi Riyals unless otherwise stated)

10. ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

	2024	2023
Prepaid expenses	**24,142,105**	16,908,852
Advances to suppliers	**4,551,946**	8,472,469
Due from related parties (note 31.2)	**3,868,176**	-
Employees' advances	**1,606,031**	778,288
Others	**37,600**	184,765
	34,205,858	26,344,374

11. CASH AND CASH EQUIVALENTS

	2024	2023
Bank balances	**37,296,751**	15,299,811
Cash in hand	**904,334**	539,132
	38,201,085	15,838,943

Cash and cash equivalents comprise cash at banks and cash on hand, which are subject to an insignificant risk of changes in value.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

12. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company is divided into 35 million shares (31 December 2023: 100,000 shares) of SR 10 each.

The Company's board of directors recommended in its meeting held on 14 September 2023 to increase share capital by way of issuance of 34.9 million new shares (SR 10 per share) which was approved by the shareholders of the Company in an Extra Ordinary General Meeting held on 24 December 2023. The share capital increase was proposed by way of transferring of SR 349 million from contribution from a shareholder to proposed share capital. The proposed increase of share capital was approved by the Ministry of Commerce on 10 January 2024.

Pursuant to shareholder's resolution dated 14 February 2024, the shareholder of the Company Abdulaziz Abdullah Al Moosa transferred 1.75 million of his shares in the Company with total nominal value of SR 17.5 million to Abdulaziz Abdullah Al Moosa Charity Company.

Further, pursuant to share transfer resolutions issued by each of the shareholders dated 26 March 2024, the shareholders of the company transferred all of their shares in the Company amounting to 33,250,000 shares to Abdulaziz Abdullah Al Moosa Investment Company, in exchange of obtaining shares in Abdulaziz Abdullah Al Moosa Investment Company.

During the year, the shareholders of the Company in their extraordinary general meeting dated 25 April 2024, approved the increase of Company's capital from SR 350 million to SR 443.04 million divided into 44.30 million shares of equal nominal value of SR. 10 each and premium of SR 117 each, by way of an offering of 9,303,580 new shares to the public. The proposed capital has increased after approval of CMA for the Initial public Offering (IPO). Subsequent to the yearend these shares have been issued to the public on 7 January 2025.

(All amounts in Saudi Riyals unless otherwise stated)

12. SHARE CAPITAL (CONTINUED)

The details of the shareholders of the Company along with their shareholding are as under:

Name	Ownership percentage	No. of shares	SR	Ownership percentage	No. of shares	SR
	31 December 2024			31 December 2023		
Abdulaziz bin Abdullah Al Moosa Investment Company	**95%**	**33,250,000**	**332,500,000**	-	-	-
Abdulaziz Almoosa Charity Company	**5%**	**1,750,000**	**17,500,000**	-	-	-
Abdulaziz Abdullah AlMoosa	-	-	-	80%	80,000	800,000
Habiba Abdulrahman AlMoosa	-	-	-	2.5%	2,500	25,000
Mohammad Abdulaziz AlMoosa	-	-	-	2.5%	2,500	25,000
Sara Abdulaziz AlMoosa	-	-	-	1.25%	1,250	12,500
Zainab Abdulaziz AlMoosa	-	-	-	1.25%	1,250	12,500
Omaima Abdulaziz AlMoosa	-	-	-	1.25%	1,250	12,500
Malik Abdulaziz AlMoosa	-	-	-	2.5%	2,500	25,000
Yaser Abdulaziz AlMoosa	-	-	-	2.5%	2,500	25,000
Lama Abdulaziz AlMoosa	-	-	-	1.25%	1,250	12,500
Yousef Abdulaziz AlMoosa	-	-	-	2.5%	2,500	25,000
Ahmed Abdulaziz AlMoosa	-	-	-	2.5%	2,500	25,000
	100%	**35,000,000**	**350,000,000**	100%	100,000	1,000,000

13. STATUTORY RESERVE

The shareholders of the Company in an Extra Ordinary General Meeting held on 24 December 2023 approved the transfer of statutory reserve balance amounting to SR 300,000 to retained earnings. The updated By-laws of the Company was approved by the Ministry of Commerce on 10 January 2024 and accordingly retained earnings and statutory reserves balances were adjusted during the current period.

14. CONTRIBUTION FROM A SHAREHOLDER

During the last year, the Company has proposed to issue new shares to the existing shareholders of the Company, accordingly, the balance has been adjusted against the issuance of new shares. In addition, the remaining balance has been settled against the outstanding receivable from the shareholders.

15. LONG TERM LOANS

	2024	2023
Long term loans		
Loans from commercial banks – 1	**261,000,000**	175,000,000
Loans from commercial banks – 2	**366,666,667**	356,959,840
Loans from commercial banks – 3	**62,500,000**	112,500,000
Loans from commercial banks – 4	**449,500,000**	399,500,000
Loan from Ministry of Finance (MoF)	**11,372,265**	14,215,330
Less: deferred income on loan from MoF	**(1,449,883)**	(2,472,882)
Less: amortization of transaction cost	**(592,941)**	(749,464)
	1,148,996,108	1,054,952,824
Current portion of long term loans		
Loan from MoF	**2,843,067**	2,843,067
Loans from commercial banks	**112,333,331**	82,450,893
Accrued interest expense	**8,617,826**	7,807,963
	123,794,224	93,101,923

(All amounts in Saudi Riyals unless otherwise stated)

15. LONG TERM LOANS (CONTINUED)

Terms and conditions of outstanding loans were as follows:

31 December 2024

	Currency	Year of Maturity	Face Value	Carrying Amount
Loans from commercial banks – 1	**SAR**	**2030**	**290,000,000**	**290,000,000**
Loans from commercial banks – 2	**SAR**	**2030**	**400,000,000**	**399,907,057**
Loans from commercial banks – 3	**SAR**	**2027**	**112,500,000**	**112,500,000**
Loans from commercial banks – 4	**SAR**	**2030**	**449,500,000**	**449,000,000**
Loan from Ministry of Finance (MoF)	**SAR**	**2030**	**14,215,332**	**12,765,449**

31 December 2023

	Currency	Year of Maturity	Face Value	Carrying Amount
Loans from commercial banks – 1	SAR	2030	175,000,000	175,000,000
Loans from commercial banks – 2	SAR	2030	389,410,735	389,410,735
Loans from commercial banks – 3	SAR	2027	162,500,000	161,750,536
Loans from commercial banks – 4	SAR	2030	399,500,000	399,500,000
Loan from Ministry of Finance (MoF)	SAR	2030	17,058,397	14,585,515

Loans from commercial banks – 1

During the year 2023, the Company entered into a long-term loan agreement for SR 350 million through a local bank to finance the construction and Medical Equipment supply of the Hospital and utilized SR 290 million as at 31 December 2024. The loan is repayable in 10 equal semi-annual instalments commencing from 31 July 2025. The loan carries interest rate of 3 months SAIBOR + agreed margin.

Loans from commercial banks – 2

In 2019, the Company entered into long term murabaha liquidity financing agreement for SR 100 million through a local bank to finance the construction of new medical tower and rehabilitation centre. During the 2021 year, an additional limit was obtained amounting to SR 300 million through a revised facility letter and the total utilized facility was SR 400 million as at 31 December 2024. The loan is repayable in 24 equal quarterly installments commencing from 28 September 2025. The loan carries interest rate of 3 months SAIBOR + agreed margin.

Loans from commercial banks – 3

In 2020, the Company entered into an additional term loan agreement for SR 200 million with a local bank to finance the expansion of the hospital through the construction of new medical tower and utilized SR 200 million. The loan is repayable in 16 equal quarterly instalments starting 1 May 2023. The outstanding balance as of December 2024 SR 112.5 million. The loan carries interest rate of 3 months SAIBOR + agreed margin.

Loans from commercial banks – 4

During the year 2022, the Company entered into a long-term loan agreement for SR 480 million through a local bank to finance the construction of rehabilitation centre and utilized SR 449.5 million as at 31 December 2024. The loan is repayable in 20 equal quarterly instalments commencing from 1 June 2026. The loan carries interest rate of 3 months SAIBOR + agreed margin.

Loans from Ministry of Finance

In 2010, the Company entered into a loan agreement for SR 42.6 million with Ministry of Finance to finance the construction of hospital building. The loan is repayable in equal annual instalments of SR 2.8 million each which commenced from 2015 and will continue up to 2030. The loan provided is interest free and does not require any collaterals and securities from the Company.

The Company is required to comply with certain covenants under the loan facility agreements mentioned above. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. As of 31 December 2024, there is no non-compliance of loan covenants from banks, and accordingly these loans were not reclassified to current liabilities.

(All amounts in Saudi Riyals unless otherwise stated)

15. LONG TERM LOANS (CONTINUED)

Following are the combined aggregate amounts of future maturities representing principal amounts of the term loans as at 31 December:

	2024	2023
Within one year	**115,176,400**	85,293,962
Later than one year but not later than five years	**909,663,930**	837,761,358
Later than five years	**241,375,000**	220,413,810
	1,266,215,330	1,143,469,130

15.1 SHORT TERM BORROWINGS

It comprises of short-term borrowings availed by the Company with the local commercial banks to meet working capital requirements of the Company. The short-term loans carry interest rate of 3 months SAIBOR + agreed margin with respective banks. The terms of the loans are three months.

	2024	2023
Short term borrowings	**65,000,000**	65,000,000
	65,000,000	65,000,000

16. EMPLOYEES' BENEFITS

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The Company has recognised the benefits in the statement of profit or loss and other comprehensive income. The benefit is based on employees' salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The amounts recognised in the statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

Total amount recognized in profit or loss:

	2024	2023
Current service cost	**19,247,272**	17,848,892
Interest cost on defined benefit obligation	**4,796,355**	3,790,033
	24,043,627	21,638,925

Total amount recognised in other comprehensive income

Remeasurement loss arising from:	**2024**	2023
Actuarial loss / (gain) due to change in experience adjustments	**1,703,845**	(508,866)
Actuarial gain due to change in financial assumptions	**(5,924,332)**	(2,703,926)
	(4,220,487)	(3,212,792)

Movement in the present value of defined benefit obligation:

	2024	2023
Balance at 1 January	**100,975,886**	89,177,244
Current service cost	**19,247,272**	17,848,892
Interest cost	**4,796,355**	3,790,033
Re-measurement gain on employees' benefits	**(4,220,487)**	(3,212,792)
Benefits paid during the year	**(5,169,322)**	(6,627,491)
Balance at 31 December	**115,629,704**	100,975,886

(All amounts in Saudi Riyals unless otherwise stated)

16. EMPLOYEES' BENEFITS (CONTINUED)

Significant assumptions used in determining the post-employment defined benefit obligation includes the following:

	2024	2023
Discount rate	**5.25%**	4.75%
Future salary increases	**4.25%**	4.75%
Mortality rates	**Age wise mortality rate**	Age wise mortality rate
Rates of employee turnover	**15%**	15%

Assumptions regarding future mortality have been based on published statistics and mortality tables. For current year World Health Organization "WHO" 16 mortality table has been used (2023: World Health Organization "WHO" 16 mortality table was used) for Kingdom of Saudi Arabia. There is no major deviation in the mortality tables used.

A quantitative sensitivity analysis for discount rate and future salary assumption on the defined benefit obligation as at 31 December is shown below:

Assumptions	**Discount rate**	
Sensitivity analysis	**1% increase**	**1% decrease**
Defined benefit obligation as at 2024	**110,272,560**	**(121,554,036)**
Defined benefit obligation as at 2023	95,972,359	(106,532,252)
	Future salary	
	1% increase	**1% decrease**
Defined benefit obligation as at 2024	**(121,554,036)**	**110,173,882**
Defined benefit obligation as at 2023	(106,476,858)	95,926,751

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following payments are expected against the defined benefit liability in future years:

	2024	2023
Year 1	**29,671,542**	24,416,963
Year 2	**20,861,989**	16,560,439
Year 3	**20,142,864**	18,423,582
Year 4	**21,559,473**	17,574,131
Year 5	**21,106,336**	18,759,384
Beyond 5 years	**268,337,893**	236,069,752
	381,680,097	331,804,251

(All amounts in Saudi Riyals unless otherwise stated)

17. ACCOUNTS PAYABLE

	2024	2023
Accounts payable	**209,622,603**	159,078,631
Payable to contractors	**44,014,667**	51,643,295
	253,637,270	210,721,926

The average credit period on purchases of goods is 3 months. No interest is charged on the accounts payable outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. ACCRUALS AND OTHER CURRENT LIABILITIES

	2024	2023
Accrued employees' benefits	**8,065,312**	11,466,663
Goods received but not invoiced	**8,109,541**	6,031,466
Advances from patients	**550,907**	7,274
Value added tax (VAT) payable	**22,743,130**	22,705,306
Others	**4,538,449**	3,803,514
	44,007,339	44,014,223

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Company has entered into interest rate swap contracts with the various commercial banks. The total notional amount of contract is SR 1.18 billion (31 December 2023: SR 1.18 billion). The Company has recognized liability for the derivative financial instruments at the year-end amounting to SR 0.22 million (31 December 2023: SR 0.27 million). In addition, the Company has recognized loss of SR 12.19 million (2023: gain of SR 1.96 million) in statement of profit or loss for derivative financial instruments.

Details of derivatives with respect to interest rate swaps is as under:

	2024	2023
Balance at 1 January	**270,572**	2,233,546
Change in fair value	**(51,826)**	(1,962,974)
Balance at 31 December	**218,746**	270,572

20. ZAKAT

Zakat is charged at the higher of net adjusted income or zakat base as required by the ZATCA. The key elements of zakat base primarily include equity components, net income and liabilities adjusted for zakat purpose.

Movement of zakat provision is as follow:

	2024	2023
Balance at 1 January	**3,630,266**	4,586,090
Provision during the year	**8,427,266**	3,630,266
Payments during the year	**(3,192,620)**	(4,586,090)
Balance at 31 December	**8,864,912**	3,630,266

The Company has submitted its zakat returns up to year 2023 and has obtained the required certificates and official receipts. The final assessment for the year 2019 has been received from ZATCA, however, the remaining returns are still under ZATCA review.

(All amounts in Saudi Riyals unless otherwise stated)

21. LEASES

The Company leases buildings and apartment rooms for its employees. The leases typically run for a period of 3 to 10 years, without an option to renew the lease after that date for which the Company recognises these leases under IFRS-16.

In addition to the above, the Company has elected not to recognise right-of-use assets and lease liabilities for the short-term and / or leases of low-value items.

Information about leases for which the Company is a lessee is presented below.

Right-of-use-assets	**1 January 2024**	**Additions/ charged for the year**	**Derecognition**	**31 December 2024**
Cost	**25,762,875**	**17,923,615**	**(1,152,883)**	**42,533,607**
Accumulated depreciation	**(19,788,661)**	**(6,772,759)**	**640,490**	**(25,920,930)**
Carrying amount	**5,974,214**	**11,150,856**	**(512,393)**	**16,612,677**
	1 January 2023	Additions/ charged for the year	Derecognition	31 December 2023
Cost	25,762,875	-	-	25,762,875
Accumulated depreciation	(13,720,662)	(6,067,999)	-	(19,788,661)
Carrying amount	12,042,213	(6,067,999)	-	5,974,214

Lease Liabilities

	2024	2023
Balance at 1 January	**5,386,080**	11,445,294
Additions during the year	**17,923,615**	-
Derecognized	**(212,307)**	-
Interest charge for the year	**841,062**	325,786
Payments during the year	**(8,663,028)**	(6,385,000)
Balance at 31 December	**15,275,422**	5,386,080
Non-current portion	**8,252,166**	2,196,080
Current portion	**7,023,256**	3,190,000
Balance as at end of the year	**15,275,422**	5,386,080

The incremental borrowing rate applied by the Company for the recognition of lease liabilities and interest thereon is 3.49% to 6.42% (2023: 3.49%).

Amount recognised in statement of profit or loss and other comprehensive income:

	2024	2023
Interest on lease liabilities	**841,062**	325,786
Expenses relating to short term leases	**3,139,374**	5,449,126
Depreciation	**6,772,759**	6,067,999

Amount recognised in statement of cash flows:

	31 December 2024	31 December 2023
Total cash outflow for leases		
Payment of principal	**7,821,966**	6,059,214
Interest on lease liabilities	**841,062**	325,786
Short term leases	**3,139,374**	5,449,126

(All amounts in Saudi Riyals unless otherwise stated)

22. EQUITY ACCOUNTED INVESTEE

The investment in equity-accounted investee represents a 25% ownership in Oryx Isotopes Company ("the associate"), a Limited Liability Company registered on 13/1/1442H corresponding to 1 September 2020G in Dammam, Kingdom of Saudi Arabia with a share capital of SR 500,000. The principal activities of the Company are manufacturing of pharmaceuticals for human use and the production of radioactive isotopes. The Company has recognized share of profit for the year ended 31 December 2024 of SR 1.19 million (2023: nil).

The movement of the investment balance of the associate company during the year was as follows:

	31 December 2024	31 December 2023
Addition during the year (note 6)	**7,800,000**	-
Share of profit	**1,190,066**	-
Closing balance	**8,990,066**	-

The financial statement of the associate are as follows;

	31 December 2024	31 December 2023
Percentage of ownership	**25%**	-
Non-current assets	**24,641,070**	-
Current assets	**10,193,657**	-
Non-current liabilities	**43,978**	-
Current liabilities	**4,109,481**	-
Net Assets	**30,681,268**	-
Company's share of net assets	**7,670,317**	-
Adjustment (note 22.1)	**1,319,749**	-
Carrying amount	**8,990,066**	-
Revenue	**10,542,243**	-
Profit for the year	**4,760,266**	-
Company's share of profit	**1,190,066**	-

22.1 The adjustment relates to the additional contribution made by the Company to associate.**e**

23. REVENUE

The Company primarily generates revenue from contract with customers from:

- Services relating to inpatient and outpatient; and
- Sale of pharmaceutical goods.

Disaggregation of revenue
In the following table, revenue from contracts with customers is disaggregated by service lines and timing of revenue recognition.

All revenues are generated within the Kingdom of Saudi Arabia.

	2024	2023
Revenue by service lines		
Medical services	**944,096,705**	792,263,329
Pharmaceuticals	**258,239,732**	186,711,366
	1,202,336,437	978,974,695

(All amounts in Saudi Riyals unless otherwise stated)

23. REVENUE (CONTINUED)

Timing of revenue recognition	**2024**	2023
Medical services and pharmaceuticals sales transferred at a point in time	**563,037,106**	453,671,100
Medical services transferred over time	**639,299,331**	525,303,595
	1,202,336,437	978,974,695

As at 31 December	**2024**	2023
Refund liability (note 23.1)	**60,280,719**	67,741,431

23.1 Refund liability:

Certain contracts provide for discounts comprise retrospective volume discounts granted to insurance companies on attainment of certain admission levels / certain levels of patient visits. The retrospective volume discounts give rise to variable consideration. Variable consideration is recognised as a revenue to the extent that it is highly probable that it will not reverse. Discounts are accrued over the course of the period based on the estimates of the level of business expected using single most likely amount method. This is adjusted at the end of the period to reflect actual volumes. Volume discounts are recorded as a reduction in revenue and liabilities are created based on these estimates.

	2024	2023
Balance at 1 January	**67,741,431**	36,775,424
Addition during the year	**39,238,667**	30,966,007
Adjusted during the year	**(46,699,379)**	-
Balance at 31 December	**60,280,719**	67,741,431

24. COST OF REVENUES

	2024	2023
Employees' cost	**428,280,407**	361,840,541
Material consumption	**278,295,160**	229,286,418
Depreciation (note 6)	**64,526,086**	28,585,498
Repair and maintenance	**26,422,242**	27,152,513
Support services	**16,776,584**	9,188,020
Utilities	**10,530,612**	7,981,904
Amortization (note 7)	**1,998,851**	1,958,762
Others	**3,783,576**	5,983,310
	830,613,518	671,976,966

The employee's cost includes depreciation on right-of-use assets amounting to SR 6.77 million (2023: 6.07 million) pertaining to the buildings and apartment rooms leased by the Company for its employees.

(All amounts in Saudi Riyals unless otherwise stated)

25. GENERAL AND ADMINISTRATION EXPENSES

	2024	2023
Employees' cost	**132,423,929**	124,143,484
Support services	**11,283,537**	6,903,251
Depreciation (note 6)	**9,801,332**	29,351,794
Utilities	**3,955,620**	3,554,142
Repair and maintenance	**3,402,688**	2,523,490
Training and development	**2,847,255**	2,053,625
Bank charges	**1,702,582**	1,516,339
Withholding tax expense	**790,609**	1,148,635
Printing and Stationery	**748,957**	159,420
Amortization (note 7)	**58,357**	24,851
Others	**6,707,215**	4,928,737
	173,722,081	176,307,768

26. SELLING AND DISTRIBUTION EXPENSES

	2024	2023
Advertisement and promotion	**19,166,984**	8,964,285
Employees' cost	**4,505,827**	3,168,857
Depreciation (note 6)	**154,840**	95,352
Amortization (note 7)	**10,303**	2,542
Others	**1,095,947**	524,187
	24,933,901	12,755,223

27. OTHER INCOME

	2024	2023
Human Resource Development Fund (HRDF) income	**12,698,494**	8,840,078
Training courses income	**2,376,278**	1,470,792
Scientific support income	**788,644**	1,787,819
Cafeteria income	**517,162**	1,153,375
Gain on disposal of property and equipment	**110,054**	328,448
Others	**1,841,467**	567,120
	18,332,099	14,147,632

28. FINANCE COST

	2024	2023
Interest cost on long term loans (note 28.1)	**78,670,706**	20,061,045
Interest cost on defined benefit obligation	**4,796,355**	3,790,033
Unwinding of deferred income on MoF loan	**1,022,999**	2,199,022
Interest cost on lease liabilities	**841,062**	325,786
	85,331,122	26,375,886

28.1 Finance cost include amount of SR 12 million (2023: SR 1.9 million) relates to the derivative financial instrument.

29. CONTINGENT LIABILITIES AND COMMITMENTS

Letter of Guarantees

As of 31 December 2024, the Company's bankers have given letter of guarantees, on behalf of the Company, amounting to SR Nil million (2023: SR 10.93 million) mainly in respect of performance guarantees to customers and others.

Letter of Credits

As of 31 December 2024, the Company's bankers have given letter of credits, on behalf of the Company, amounting to SR 5.59 million (2023: SR 17.80 million).

Capital commitments

As of 31 December 2024, the Company's capital commitments amounted to SR 370 million (2023: SR 106.28 million) relating to certain expansion projects.

(All amounts in Saudi Riyals unless otherwise stated)

30. DIVIDEND

During the year, the Company have distributed dividend in kind amounting to SR 22.90 million by transferring the non-operational lands of the Company to the shareholders (31 December 2023: SR 93.50 million). In addition, the Company has distributed a cash dividend to the shareholders of the Company amounting to SR 14.01 million (31 December 2023: Nil).

31. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Company's ultimate controlling person (Abdulaziz Abdullah AlMoosa), other shareholders, associated companies and their shareholders, key management personnel, Board of Directors, and entities controlled, jointly controlled or significantly influenced by such parties. Terms and conditions of these transactions are approved by the Company's management. The following are the nature and transactions with the related parties during the period and its related balances as at end of the year.

31.1 The following significant transactions were carried out with related parties during the year:

	Relationship	**2024**	2023
Expenses paid	Under common ownership of the Company's shareholder	**698,682**	-
Supply of services		**1,195,443**	-
Purchase of goods and services		**1,785,145**	
IPO cost	Existing shareholders	**3,868,176**	-

The breakdown of the amounts due from related parties are as follows:

31.2 Due from related parties

		2024	2023
AlMoosa Automatic Doors Factory		-	3,724,769
AlMoosa College of Health Sciences		-	245,805
Abdulaziz bin Abdullah Al Moosa Investment Company	Under common ownership of the Company's shareholder	**3,868,176**	-

Prices and terms of payments for the above transactions are approved by the management. Due from related parties is unsecured in nature and bears no interest. There is no provision held against amount due from related parties.

31.3 Compensation of key management personnel

Key management includes the Board of Directors (executive and non-executive) and all members of Company's management. The compensation paid or payable to key management for employee services is shown below:

	2024	2023
Short-term benefits	**10,854,567**	9,708,400
End of service benefits	**651,217**	613,050
	11,505,784	10,321,450

31.4 Transfer pricing

On 20 March 2023, the Board of Directors of the Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) approved amendments to the Transfer Pricing (TP) Bylaws extending the applicability of TP provisions to Zakat-paying entities. These amendments were subsequently endorsed by Ummul Qura on 14 April 2023 and are applicable to Financial Years (FYs) starting on or after 1 January 2024. Under the revised requirements, Zakat-paying entities must ensure their transactions with related parties comply with the arm's length principle. These zakat-paying entities are required to submit a TP Disclosure Form and a TP Affidavit with their Zakat returns. There are certain other compliance obligations applicable to these entities as outlined in the TP Bylaws i.e. local file, master file, and country-by-country reporting depending on the monetary threshold as defined under the TP bylaws. Currently, the management is in process of submitting the applicable requirements

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

32.1 Financial instruments risk management objectives and policies

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established Committees responsible for developing and monitoring the Company's risk management policies. The committees report regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, 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 Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's principal financial liabilities comprise long term loans, lease liability, accounts payable, accrual and other payables and derivative financial instruments. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include accounts receivable, due from a shareholder and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

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

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by Company. The Company does not apply hedge accounting in order to manage volatility in profit or loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Management monitors the changes in interest rates and believes that fair value and cash flow interest rate risks to the Company are not significant.

(All amounts in Saudi Riyals unless otherwise stated)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

Management 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:

	2024	2023
Variable rate instruments		
Financial liabilities	**1,337,790,332**	1,213,054,747

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of long term loans. With all other variables held constant, the Company's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	2024	2023
Increase by 50 basis points	**6,688,952**	6,065,274
Decrease by 50 basis points	**(6,688,952)**	(6,065,274)

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. Since Saudi Riyal is on a fixed parity with the US Dollar, the management believes that the Company does not have any significant exposure to currency risk.

Commodity price risk

The Company is exposed to the impact of market fluctuations of the prices of various inputs to cost of revenues including pharmaceuticals supplies. The Company prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of such materials to manage the risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities.

The Company is exposed to credit risk from its operating activities (primarily for accounts receivable) and from its investing activities, including deposits with banks and financial institutions with sound credit rating of A-.

	2024	2023
Cash and cash equivalents	**37,296,751**	15,838,943
Accounts receivable	**489,488,169**	453,247,002
Other current assets	**5,511,807**	963,053
	532,296,727	470,048,998

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Accounts receivable

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Accounts receivable of the Company are spread across large number of customers comprising of Ministries, insurance companies, semi-government companies and individual patients. The Company holds the accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups. The management has established a credit policy under which each new insurance company is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual historical data. The Company evaluates the concentration of risk with respect to accounts receivable as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Accounts receivable and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, management has fully exhausted recoveries through legal means and a failure to make contractual payments.

The details of the Company's credit risk with respect loss allowance for accounts receivable has been disclosed in note 9.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The Company seeks to manage its credit risk with respect to banks by only dealing with reputable banks. At the reporting date, no significant concentration of credit risk was identified by the management. The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings of A-.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Company manages its liquidity risk by ensuring that bank facilities are available. The Company's term of sales and services require amounts to be paid within 30 to 60 days of the date of submitting the invoice. Accounts payable are normally settled within 60 to 120 days of the date of purchase.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

(All amounts in Saudi Riyals unless otherwise stated)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

		Contractual undiscounted cash flows			
As at 31 December 2024	**Carrying amount**	**Within 12 months**	**2 to 5 years**	**> 5 years**	**Total**
Accounts payable	**253,637,270**	**253,637,270**	**-**	**-**	**253,637,270**
Accruals and other payable	**12,647,990**	**12,647,990**	**-**	**-**	**12,647,990**
Long term loans	**1,272,790,332**	**157,611,720**	**1,108,506,015**	**253,381,844**	**1,519,499,579**
Short term borrowings	**65,000,000**	**69,211,090**	**-**	**-**	**69,211,090**
Derivative financial instruments	**218,746**	**218,746**	**-**	**-**	**218,746**
Lease liabilities	**15,275,422**	**7,023,256**	**8,612,376**	**2,400,000**	**18,035,632**
	1,619,569,760	**500,350,072**	**1,117,118,391**	**255,781,844**	**1,873,250,307**

		Contractual undiscounted cash flows			
As at 31 December 2023	Carrying amount	Within 12 months	2 to 5 years	> 5 years	Total
Accounts payable	210,721,926	210,721,926	-	-	210,721,926
Accruals and other payable	9,834,980	9,834,980	-	-	9,834,980
Long term loans	1,148,054,747	156,160,766	835,001,731	214,556,462	1,205,718,959
Short term loans	65,000,000	66,087,171	-	-	66,087,171
Derivative financial instruments	270,572	270,572	-	-	270,572
Lease liabilities	5,386,080	3,190,000	2,380,000	-	5,570,000
	1,439,268,305	446,265,415	837,381,731	214,556,462	1,498,203,608

32.2 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the long term loans that define capital structure requirements. Breaches in meeting the financial covenants may lead to call-back of facilities. There have been no breaches of the financial covenants of any long term loans in the current period. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024 and 31 December 2023.

The Company's adjusted net debt to equity ratio at 31 December was as follows:

	2024	2023
Total liabilities	**1,835,704,444**	1,645,795,131
Less: cash and cash equivalents	**(38,201,085)**	(15,838,943)
Net debt	**1,797,503,359**	1,629,956,188
Total equity	**717,735,728**	656,003,471
Net debt to equity ratio at 31 December	**2.50**	2.48

(All amounts in Saudi Riyals unless otherwise stated)

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

32.3 Accounting classifications and fair values

The following table shows the carrying value of financial assets and financial liabilities measured at either at amortised cost or fair value.

Financial assets

	2024	2023
Cash and cash equivalent	**38,201,085**	15,838,943
Accounts receivable	**489,488,169**	453,247,002
Other current assets	**5,511,807**	963,053
Total financial assets not measured at fair value	**533,201,061**	470,048,998

Financial liabilities

	2024	2023
Financial liabilities measured at fair value		
Derivative financial instruments	**218,746**	270,572
Financial liabilities not measured at fair value		
Long term loans (note 15)	**1,272,790,332**	1,148,054,747
Short term borrowings (note 15.1)	**65,000,000**	65,000,000
Lease liabilities (note 21)	**15,275,422**	5,386,080
Accounts payable (note 17)	**253,637,270**	210,721,926
Other current liabilities	**12,647,990**	9,834,980
Total financial liabilities not measured at fair value	**1,619,351,014**	1,438,997,733
Total financial liabilities	**1,619,569,760**	1,439,268,305

32.4 Measurement of fair values

The Company's principal financial assets include cash and cash equivalents, accounts receivable and certain other receivables that arise directly from its operations. The Company's principal financial liabilities comprise long-term borrowings and accounts payable and other payables. The main purpose of these financial liabilities is to finance the Company's operations. Due to the short-term nature of the financial assets and financial liabilities classified as current assets and current liabilities, their carrying amounts are approximate to be the same as their fair values. For non-current financial liabilities, management consider that the fair values not significantly different from their carrying amounts.

(All amounts in Saudi Riyals unless otherwise stated)

33. NET DEBT RECONCILIATION

Reconciliation of movements of liabilities to cash flows arising from financing activities

This note sets out an analysis of liabilities and the movements in liabilities to cash flows arising from financing activities for each of the periods presented.

	Cash and cash equivalent	Loans and borrowings	Lease liabilities	Total
Balance at 1 January 2023	15,239,745	786,735,134	11,445,294	813,420,173
Cash flows movements				
Net movement in cash and cash equivalents	599,198	-	-	599,198
Proceeds from long term loans	-	622,910,734	-	622,910,734
Repayment of long term loans	-	(201,936,134)	-	(201,936,134)
Lease principal payment	-	-	(6,059,214)	(6,059,214)
Total changes from financing cashflows	599,198	420,974,600	(6,059,214)	415,514,584
Non-cash changes				
Unwinding of interest free loan from MoF	-	2,199,022	-	2,199,022
Net finance cost	-	3,145,991	-	3,145,991
Total non-cash changes	-	5,345,013	-	5,345,013
Balance as at 31 December 2023	**15,838,943**	**1,213,054,747**	**5,386,080**	**1,234,279,770**
Cash flows movements				
Net movement in cash and cash equivalents	**22,362,142**	-	-	**22,362,142**
Proceeds from long term loans	-	**305,589,265**	-	**305,589,265**
Repayment of long-term loans	-	**(182,843,067)**	-	**(182,843,067)**
Lease principal payment	-	-	**(7,821,966)**	**(7,821,966)**
Total changes from financing cashflows	**22,362,142**	**122,746,198**	**(7,821,966)**	**137,286,374**
Non-cash changes				
Unwinding of interest free loan from MoF	-	**1,022,999**	-	**1,022,999**
Net finance cost	-	**966,388**	-	**966,388**
Additions to lease liabilities	-	-	**17,923,615**	**17,923,615**
Derecognised	-	-	**(512,393)**	**(512,393)**
Loss on de recognition	-	-	**300,086**	**300,086**
Total non-cash changes	-	**1,989,387**	**17,711,308**	**19,700,695**
Balance as at 31 December 2024	**38,201,085**	**1,337,790,332**	**15,275,422**	**1,391,266,839**

34. SEGMENT REPORTING

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenue or incur expenses. An operating segments operating results are reviewed regularly by the chief executive officer of the Company to make the decision about the resources allocated to the segment and assess its performance, and for which discrete financial information is available.

The segment results presented to the Board of Directors include both items directly attributable to each segment and those that can be reasonably allocated. The business segments operate in distinct areas, each facing unique risks and rewards. The reported segments are:

- Medical Services - Hospital: Focused on delivering medical care and treatment.
- Rehabilitation Centre: Specializing in rehabilitation-related services.
- Pharmacy: Engaged in the sale of medicines.

(All amounts in Saudi Riyals unless otherwise stated)

34. SEGMENT REPORTING (CONTINUE)

	Medical Services Hospital	**Rehabilitation Centre**	**Pharmacy**	**Total**
For the year ended 31 December 2024				
Revenues	**825,552,554**	**118,544,150**	**258,239,733**	**1,202,336,437**
Cost of revenues	**(511,983,166)**	**(89,010,388)**	**(229,619,964)**	**(830,613,518)**
Gross profit	**313,569,388**	**29,533,762**	**28,619,769**	**371,722,919**
General and administrative expenses	**(143,470,105)**	**(23,265,586)**	**(6,986,390)**	**(173,722,081)**
Selling and distribution expenses	**(16,900,549)**	**(6,630,453)**	**(1,402,899)**	**(24,933,901)**
Impairment loss on accounts receivable	**(3,026,400)**	**(434,572)**	**(945,769)**	**(4,406,741)**
Other income, net	**14,872,104**	**2,379,173**	**1,080,822**	**18,332,099**
Operating profit	**165,044,438**	**1,582,324**	**20,365,533**	**186,992,295**
Share of profit from equity accounted investee	**1,190,066**	**-**	**-**	**1,190,066**
Finance charges	**(45,316,336)**	**(39,671,381)**	**(343,405)**	**(85,331,122)**
Profit / (loss) before zakat	**120,918,168**	**(38,089,057)**	**20,022,128**	**102,851,239**
Zakat	**(5,786,359)**	**(830,885)**	**(1,810,022)**	**(8,427,266)**
Profit for the year	**115,131,809**	**(38,919,942)**	**18,212,106**	**94,423,973**
Other comprehensive loss for the year	**3,569,966**	**476,965**	**173,556**	**4,220,487**
Total comprehensive income for the year	**118,701,775**	**(38,442,977)**	**18,385,662**	**98,644,460**

	Medical Services Hospital	Rehabilitation Centre	Pharmacy	Total
For the year ended 31 December 2023				
Revenues	735,445,019	56,818,310	186,711,366	978,974,695
Cost of revenues	(495,118,968)	(20,863,827)	(155,994,171)	(671,976,966)
Gross profit	240,326,051	35,954,483	30,717,195	306,997,729
General and administrative expenses	(157,373,486)	(10,235,771)	(8,698,511)	(176,307,768)
Selling and distribution expenses	(7,891,813)	(3,738,857)	(1,124,553)	(12,755,223)
Impairment loss on accounts receivable	(2,952,438)	(228,096)	(749,553)	(3,930,087)
Other income, net	14,147,632	-	-	14,147,632
Operating profit	86,255,946	21,751,759	20,144,578	128,152,283
Finance charges	(24,661,384)	(1,431,112)	(283,390)	(26,375,886)
Profit / (loss) before zakat	61,594,562	20,320,647	19,861,188	101,776,397
Zakat	(2,727,201)	(210,695)	(692,370)	(3,630,266)
Profit for the year	58,867,361	20,109,952	19,168,818	98,146,131
Other comprehensive loss for the year	2,940,120	97,794	174,878	3,212,792
Total comprehensive income for the year	61,807,481	20,207,746	19,343,696	101,358,923

(All amounts in Saudi Riyals unless otherwise stated)

34. SEGMENT REPORTING (CONTINUE)

	Medical Services Hospital	Rehabilitation Centre	Pharmacy	Total
As at 31 December 2024				
Segment assets	**1,683,310,030**	**38,787,444**	**831,342,698**	**2,553,440,172**
Segment liabilities	**1,134,184,699**	**66,162,453**	**635,357,292**	**1,835,704,444**
As at 31 December 2023				
Segment assets	1,670,855,796	25,091,834	605,850,972	2,301,798,602
Segment liabilities	1,062,946,774	44,951,586	537,896,771	1,645,795,131

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment profit represents the profit earned by each segment without allocation of the central administration costs including directors' salaries, non-operating gains in respect of financial instruments and finance costs. This is the measure reported to the Company's Board of Directors for the purpose of resource allocation and assessment of segment performance.

35. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period as follows:

	2024	2023
Profit for the year attributable to the shareholders of the Compar	**94,423,973**	98,146,131
Weighted average number of outstanding shares during the year	**35,000,000**	35,000,000
Basic and diluted earnings per share attributable to the shareholders Company	**2.70**	2.80

36. SUBSEQUENT EVENTS

Subsequent to the year-end, the Company was listed on Tadawul on January 7, 2025. Consequently, the Company's share capital increased to SAR 443.04 million, with 9,303,580 shares issued to the general public at a nominal value of SAR 10 and a premium of SAR 117 per share.

The Board of Directors have proposed, for shareholders' approval at the General Assembly Meeting, dividends of SAR 44.3 million (SAR 1 per share) for the year ended 31 December 2024.

No other significant subsequent events have occurred subsequent to 31 December 2024 that would have a material impact on the financial position or financial performance of the Company.

37. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 26 Shaban 1446H, corresponding to 25 February 2025G.