

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT**

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)****Opinion**

We have audited the consolidated financial statements of Scientific and Medical Equipment House Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Group as of and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 8 Ramadan 1444H (corresponding to 30 March 2023).

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

For each key audit matter, a description of how our audit addressed the matter is set out below:

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>During the year ended 31 December 2023, the Group recognised revenue of SR 799 million (2022: SR 714 million).</p> <p>The Group mainly recognizes revenue from the following activities:</p> <ol style="list-style-type: none"> 1) Maintenance & operating contracts related revenues are recognized over the period when services are rendered. 2) Sales of medical equipment related revenues are recognized at point in time when control over goods are transferred to customer. <p>We have identified revenues recognition as a key audit matter because:</p> <ol style="list-style-type: none"> 1) Revenue is one of the Group's performance indicators and that gives rise to an inherent risk that revenue may be overstated to meet targets or expectations. 2) There are judgements involved in estimating deductions from customers from the invoice amounts before the final amount to be paid is approved. <p><i>Refer to note 2.3 (n) for the accounting policy relating to revenue recognition, note 3 (e) for estimates and assumption used in revenue recognition and note 21 for disclosures in relation to revenue recorded in the consolidated financial statements.</i></p>	<p>In order to evaluate the revenue recorded and reported during the year, we performed, among other audit procedures, the following:</p> <ul style="list-style-type: none"> • Assessed the design and implementation and on a sample basis, tested the operating effectiveness of the Group's key internal controls over the recognition of revenue. • Performed test of details and substantive analytical procedures to ensure that revenues have been appropriately measured and recorded. • Performed testing of sales transactions on a sample basis, against customer acknowledgements received for the services rendered and goods delivery notes against sale of goods, to assess whether revenue was recognized in the correct accounting period. • Assessed the appropriateness of significant accounting judgements and estimates made by the management to determine the estimated customer deductions from the invoice amounts before the final amount to be paid is approved. On a sample basis, we also performed a review of actual deductions from the customers against the invoice amounts. • Assessed the adequacy and appropriateness of the related disclosures regarding revenue in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)
To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Assessment of the expected credit losses provision</p> <p>As at 31 December 2023, the gross value of trade receivables and contract assets amounted to SR 827 million. (2022: SR 644 million) and the allowance for expected credit losses (“ECL”) amounted to SR 28 million (2022: SR 49 million) .</p> <p>Assessment of allowance for expected credit losses is highly subjective due to the significant judgement, estimates and assumptions applied by the management in determining the expected losses. The management is required to determine an expected loss rate against its outstanding trade receivables and contract assets based on the Group's historical credit loss experience adjusted with forward-looking information.</p> <p>We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and contract assets and the potential impact on the Group's consolidated financial statements.</p> <p><i>Refer to note 2.3 (d) to the consolidated financial statements for the accounting policy related to impairment of financial assets, note 3 (f) for the critical accounting estimates and judgements and note 9 which details the disclosure of ECL against trade receivables and contract assets.</i></p>	<p>Our audit procedures related to the allowance for the ECL on trade receivables and contract assets included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the design and implementation of key controls over the process of expected credit loss calculation. • Obtained management’s model for the expected credit losses assessment and tested on sample basis key assumptions, including those used to calculate the expected loss rate. We also assessed reasonability of the incorporation of forward-looking macro-economic factors to reflect the impact of future events on expected credit losses. • On a sample basis, we tested the accuracy of the historical data of trade receivables and contract assets used as inputs to the expected credit loss model. • On a sample basis, assessed the reasonableness of the assessment of forecasted recovery from the receivables as prepared by management through checking the collections of receivables after the year end. • We also checked the arithmetical accuracy of the model and recalculated expected credit losses on a sample basis. • Assessed the adequacy and appropriateness of the related disclosures regarding expected credit losses of trade receivables and contract assets in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Other Information included in the Group's 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2023 annual report, 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 Consolidated Financial Statements

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

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)**

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)**

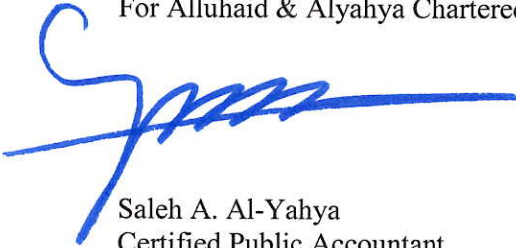
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

For Alluhaid & Alyahya Chartered Accountants



Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 15 Ramadan 1445H
(25 March 2024)




SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(SAUDI RIYAL)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property and equipment	4	38,607,557	36,698,464
Right-of-use assets	5	23,457,703	20,545,054
Investment properties	6	31,572,345	31,918,144
Intangible assets	7	2,500,259	3,693,434
Prepayments and other debit balances-non current portion	10	5,766,271	3,712,308
Total non-current assets		101,904,135	96,567,404
Current assets			
Inventories	8	105,033,060	97,679,230
Trade receivables and contract assets	9	798,863,524	594,848,337
Prepayments and other debit balances	10	66,569,497	68,613,976
Due from related parties	12(a)	14,724,912	18,766,227
Cash and cash equivalents	11	16,947,670	54,558,170
Total current assets		1,002,138,663	834,465,940
TOTAL ASSETS		1,104,042,798	931,033,344
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	300,000,000	200,000,000
Statutory reserve		36,586,165	36,586,165
Retained earnings		174,180,026	233,786,599
Equity attributable to the shareholders of the Parent Company		510,766,191	470,372,764
Non-controlling interests	28	(3,998,442)	(1,744,361)
TOTAL EQUITY		506,767,749	468,628,403
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations	15	68,079,524	63,610,909
Lease liabilities	16	11,517,789	10,606,791
Long-term borrowings	17	8,325,000	9,673,750
Total non-current liabilities		87,922,313	83,891,450
Current liabilities			
Lease liabilities – current portion	16	9,465,143	8,232,953
Long-term borrowings - current portion	17	1,250,000	163,750
Notes payable	17	12,729,229	7,841,356
Short-term borrowings	17	319,543,993	170,038,472
Trade payables	18	49,727,164	68,490,730
Accrued expenses and other credit balances	19	94,956,654	107,794,566
Due to a related party	12(b)	1,079	-
Contract liabilities	9(d)	6,221,894	3,788,673
Zakat payable	20	15,457,580	12,162,991
Total current liabilities		509,352,736	378,513,491
TOTAL LIABILITIES		597,275,049	462,404,941
TOTAL EQUITY AND LIABILITIES		1,104,042,798	931,033,344


Chairman of Board of Directors
 Mr. Basil Bin Saud Al-Arifi


Chief Executive Officer
 Mr. Barakat Bin Saud Al-Arifi


Chief Financial Officer
 Mr. Yasser Ahmed El-Safadi

The accompanying notes form an integral part of these consolidated financial statements

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	Notes	2023	2022
Revenue	21	799,275,994	713,821,099
Cost of revenue	22	(666,223,912)	(558,974,197)
Gross profit		133,052,082	154,846,902
Selling and marketing expenses	23	(18,064,393)	(10,264,703)
General and administrative expenses	24	(67,839,307)	(67,643,538)
Reversal/ (provision) for expected credit losses	9	21,505,302	(39,429,271)
Operating profit		68,653,684	37,509,390
Finance cost	25	(27,818,048)	(20,986,801)
Other income	26	12,115,460	11,216,539
Profit before zakat		52,951,096	27,739,128
Zakat	20	(15,149,773)	(12,123,195)
Net profit for the year		37,801,323	15,615,933
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gain / (loss) on employees' defined benefits obligations	15	338,023	(663,264)
Other comprehensive income/(loss) for the year		338,023	(663,264)
Total comprehensive income for the year		38,139,346	14,952,669
Net profit for the year attributable to:			
Shareholders of the parent company		40,058,545	17,566,594
Non-controlling interests		(2,257,222)	(1,950,661)
		37,801,323	15,615,933
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		40,393,427	16,915,079
Non-controlling interests	28	(2,254,081)	(1,962,410)
		38,139,346	14,952,669
Basic and diluted earnings per share	27	1.34	0.59


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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	Notes	Attributable to the shareholders of the Parent Company			Non-controlling interests	Total equity	
		Share capital	Statutory reserve	Retained earnings			Total
2022							
As at 1 January 2022		200,000,000	34,829,506	238,628,179	473,457,685	218,049	473,675,734
Net profit for the year		-	-	17,566,594	17,566,594	(1,950,661)	15,615,933
Other comprehensive loss		-	-	(651,515)	(651,515)	(11,749)	(663,264)
Total comprehensive income for the year		-	-	16,915,079	16,915,079	(1,962,410)	14,952,669
Dividends	14	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Transfer to statutory reserve		-	1,756,659	(1,756,659)	-	-	-
As at 31 December 2022		200,000,000	36,586,165	233,786,599	470,372,764	(1,744,361)	468,628,403
2023							
As at 1 January 2023		200,000,000	36,586,165	233,786,599	470,372,764	(1,744,361)	468,628,403
Net profit for the year		-	-	40,058,545	40,058,545	(2,257,222)	37,801,323
Other comprehensive income		-	-	334,882	334,882	3,141	338,023
Total comprehensive income for the year		-	-	40,393,427	40,393,427	(2,254,081)	38,139,346
Issuance of bonus shares	13	100,000,000	-	(100,000,000)	-	-	-
As at 31 December 2023		300,000,000	36,586,165	174,180,026	510,766,191	(3,998,442)	506,767,749


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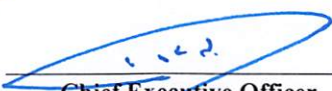
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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)


	2023	2022
CASH FLOWS FROM OPERATING		
Net profit before zakat	52,951,096	27,739,128
<i>Adjustments:</i>		
Depreciation of property and equipment	11,898,191	10,376,169
Depreciation of investment properties	345,799	345,799
Depreciation of right-of-use assets	9,661,708	6,295,527
(Reversal of)/ provision for expected credit losses	21,505,302	39,429,271
Provision of slow-moving inventories	3,012,406	4,138,536
Amortization of intangible assets	737,209	833,271
Gain on disposal of property and equipment	(13,131)	(89,077)
Gain on disposal of right-of-use assets	455,967	-
Loss on disposal of intangible assets	(463,383)	-
Finance cost	27,818,048	20,986,801
Employees' defined benefits cost	10,611,406	11,003,714
	<u>138,520,618</u>	<u>121,059,139</u>
<i>Working capital changes:</i>		
(Increase)/ decrease in trade receivables and contract	(225,520,489)	74,362,983
Increase in inventories	(10,366,236)	(4,580,097)
Decrease in prepayments and other debit balances	2,044,479	5,479,338
Decrease in capitalized contracts costs	-	12,141,128
(Decrease)/increase in trade payables	(18,763,566)	8,342,656
Decrease in accrued expenses and other credit	(12,837,912)	(35,655,676)
Increase/(decrease) in contract liabilities	2,433,221	(1,822,710)
Decrease/ (increase) due from / to related parties	4,042,394	(19,489,012)
	<u>(120,447,491)</u>	<u>159,837,749</u>
Employees' defined benefits obligations paid	(8,332,590)	(6,199,010)
Zakat paid	(11,855,184)	(6,889,887)
Net cash flow (used in)/ generated from operating activities	<u>(140,635,265)</u>	<u>146,748,852</u>



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The accompanying notes form an integral part of these consolidated financial statements

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(14,877,275)	(13,285,031)
Purchase of intangible assets	-	(4,526,705)
Proceeds from disposal of property and equipment	1,083,121	165,961
Proceeds from termination of right of use assets	463,382	-
Proceeds from disposal of intangible assets	455,966	-
Prepayments and other debit balances-non-current portion	(2,053,963)	(3,641,787)
Net cash (used in) / generated from investing activities	<u>(14,928,769)</u>	<u>(21,287,562)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts	-	(7,920,125)
Notes payable	4,887,873	639,294
Lease liabilities paid	(13,012,111)	(9,188,149)
Proceeds from short-term borrowings	1,065,780,713	1,006,447,936
(Repayment)/ proceeds from long-term borrowing	(375,000)	2,112,500
Repayment of short-term borrowings	(916,275,192)	(1,069,293,641)
Dividends paid	-	(20,000,000)
Finance costs paid	(23,052,749)	(19,023,835)
Net cash generated from / (used in) financing activities	<u>117,953,534</u>	<u>(116,226,020)</u>
Net change in cash and cash equivalents	<u>(37,610,500)</u>	9,235,270
Cash and cash equivalents at the beginning of the year	<u>54,558,170</u>	45,322,900
Cash and cash equivalents at the end of the year	<u>16,947,670</u>	54,558,170
Non-cash transactions:		
Bonus shares issued	<u>100,000,000</u>	-
Additions to right-of-use assets against lease liabilities	<u>15,465,685</u>	16,891,755
Termination of right-of-use assets against lease liabilities	<u>(2,891,328)</u>	-
Actuarial (gain)/ loss on employees' defined benefits obligations	<u>(338,022)</u>	663,264


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The accompanying notes form an integral part of these consolidated financial statements

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ORGANIZATION AND ACTIVITY

Scientific and Medical Equipment House Company (the "Company" or "Parent Company") is a Saudi joint stock company, under Commercial Registration No. 1010166664, issued in Riyadh dated Rabi' Al-Awwal 3, 1422 H (corresponding to May 26, 2001).

The Company is engaged in general contracting of buildings, roads, bridges, electrical, electronic and mechanical works, dams, roads and bridges, maintaining, cleaning, managing and operating of medical centers, cities' cleanliness, maintaining and operating of industrial, water and sewage works, maintenance of scientific and medical equipment, wholesale and retail trade in medical, laboratorial and scientific equipment and its accessories, import and export services, and catering services.

The registered Company's address is as follows: P.O. Box 1584, Riyadh 11441, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the financial information of the Company and its branches listed below, operating under the following sub-commercial registrations:

Commercial registration number	Commercial Name	City	Registration date	Activity
1010228685	Scientific and Medical Equipment House Company for Contracting	Riyadh	01/02/1428H	General contracting for buildings, roads and bridges.
1010358380	Scientific and Medical Equipment House Company	Riyadh	06/02/1434H	Operating restaurants, supplying, cooking, serving nutrition services and trading foodstuffs.
1010358386	Scientific and Medical Equipment House Company	Riyadh	06/02/1434H	Sale of safety equipment, installation and maintenance of firefighting and fire alarms equipment, filling and maintenance of fire extinguishers.
1010399879	Scientific and Medical Equipment House Company	Riyadh	27/02/1435H	Importing, selling, installation and maintenance of security surveillance cameras, security detectors, inspection and burglar alarm devices.
1010608122	Scientific and Medical Equipment House Company for Private Civil Security Guards	Riyadh	11/08/1438H	Providing a private civil security guard service.
1010613686	Scientific and Medical Equipment House Company	Riyadh	26/03/1439H	Maintenance and operation contracting.
1010636049	Al-Biruni Medical Industries Co.	Riyadh	26/09/1441H	Manufacture of ordinary radiological equipment, tubes, devices and its accessories for medical, scientific and research purposes, including (X-rays, beta rays, gamma rays).
1010653676	Scientific and Medical Equipment House Company	Riyadh	27/01/1442H	Medical operating of hospitals
1010653677	Scientific and Medical Equipment House Company	Riyadh	27/01/1442H	Repairing and maintenance of radiological, electronic, medical and therapeutic equipment, cleaning services for governmental buildings, building maintenance services activities.

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

1. ORGANIZATION AND ACTIVITY(Continued)

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”), The subsidiaries listed below are limited liability companies registered in the Kingdom of Saudi Arabia.

Company's Name	Ownership % as at 31 December		Activity
	2023	2022	
Girgas Trading Co Drug Store Co. (A)	100%	100%	A warehouse for wholesale and retail trade in medical supplies.
Protecta Visions Co.	100%	100%	Import, export, wholesale and retail trade in medical, electronical, electrical and mechanical equipment and devices, laundries, incinerator equipment and pumps.
Nabd Medical Industries Co.	51%	51%	Manufacture of pacemakers, manufacture of ECG devices, manufacture of tubes for catheterization, nutrition and liposuction, etc.
Alwateen A/C & Refrigeration Co.	100%	100%	Cooling and air conditioning systems installation, maintenance, and repair.
New Era Co., Ltd.	100%	100%	Installation and extension of television, satellite, computer and telecommunications networks. Installation and maintenance of fire alarm, security and lighting systems and equipment. Extension of electrical and communication wires.
Future Doors Contracting Co.	100%	100%	Installation and maintenance of cooling, air conditioning, electric, gas and oil heating systems. Extension and maintenance of gas, steam and fire pipes. Installation, extension and maintenance of air conditioning and irrigation pipes.
The House of Food Supplies Company.	100%	100%	Refrigerated food warehouses, wholesale of food and drinks

(A) Girgas Trading Co. Drug Store owns the following subsidiaries:

Company's name	Ownership % as at 31 December		Activity
	2023	2022	
United Purity Pharmaceutical Company	99%	99%	Sales agent for drugs, wholesale of medical devices, equipment and supplies and scientific devices, pharmacies', pharmaceutical warehouse, retail of medical devices, equipment and supplies.
First Purity Pharmaceutical Company *	-	99%	Retail sale of pharmaceutical, medical, cosmetic and toiletry products in specialized stores.

* First Purity Pharmaceutical Company has not conducted any activity since the date of its establishment, and the commercial registration has been cancelled on 17 Jamada Al Thani 1444H (corresponding to 10 January 2023).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

A) Statement of compliance

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

B) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the employees' defined benefits obligations, which are measured using the projected unit credit method as described in the accounting policies.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and companies controlled by the Group (its subsidiaries) which listed in Note (1). Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure or rights to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls the investee, if facts and circumstances indicate that there is a change to one or more of the control's elements mentioned above.

In general, there is an assumption that a majority of voting rights results in control. To support this presumption, when the Group has less than a majority of voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements .
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Saudi Riyals (SAR), which is the Group's functional currency, all amounts are rounded to the nearest Saudi Riyal, unless otherwise indicated.

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2. ACCOUNTING POLICIES (Continued)

2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

During the year, the Company has applied some amendments to the International Financial Reporting Standards issued by the International Accounting Standards Board, which are mandatorily and effective for an accounting period beginning on or after January 1, 2023. Their application did not have any significant impact on the disclosures or on the amounts contained in these consolidated financial statements.

- Amendments to IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Standards, interpretations and amendments	Effective for annual periods beginning on or after
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments relating to disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.	1 January 2024
Amendments to IFRS 16 Leases relating to the treatment of sale and leaseback transactions.	1 January 2024
Amendments to IAS 21 - Lack of exchangeability	1 January 2025
The following are the new IFRSs for sustainability disclosure, which are effective for annual periods beginning on or after 1 January 2024, and subject to the approval of the Saudi Organization for Chartered and Professional Accountants ("SOCPA").	
IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information"	
This includes the basic framework for disclosing material information about all of the significant sustainability-related risks and opportunities through the enterprise value chain of an entity.	1 January 2024
IFRS S2 Climate-related Disclosures	
It is the first objective standard issued that specifies requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements for the period of initial application. Adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION

a) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line basis over the estimated useful life of the assets as follows:

Asset	Years
Tools and surveying devices	5
Vehicles	4-10
Furniture	3-5
Computers	3
Heavy equipment	10
Prefab homes	4
Woods	4
Metal wrenches and clamps	2-5
Leasehold improvement	5-10, or shorter of lease term

Projects in progress are stated at cost less accumulated impairment losses, if any.

b) INVESTMENT PROPERTIES

Investment properties comprise of property held for capital appreciation, long-term rental yields or both, and are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties also include property that is being constructed or developed for future use as investment properties. In addition, land, if any held for undetermined use is classified as investment properties and is not depreciated. When the development of investment properties commences, it is classified as "Assets under construction" until development is complete, at which time it is transferred to the respective category, and depreciated using straight-line method at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives of 33.3 years.

c) FINANCIAL INSTRUMENTS

Financial instruments are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that results in a financial asset for one entity and a financial liability or debt instrument for another entity.

(i). Financial assets

The Group classifies its financial assets at initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Classification

Financial assets are classified into the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), or
- b) Those to be measured subsequently at amortized cost.

Measurement

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss when incurred.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) FINANCIAL INSTRUMENTS (Continued)

(i). Financial assets (Continued)

Debt instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flows' characteristics of the asset. The group classifies debt instruments at amortized cost based on the following:

- (a) The asset is held within a business model in order to collect contractual cash flows, and
- (b) The contractual terms give rise to specified cash flow dates that are only principal payments and commission on the outstanding principal amount.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Derecognition of financial assets

The Group derecognizes financial assets when the contractual cash flows from the asset expire or when they transfer the assets and the significant risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the associated assets and liabilities for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial assets and records secured financing against the proceeds received.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) FINANCIAL INSTRUMENTS (Continued)

(ii). Financial liabilities

The Group classifies its financial liabilities at initial recognition.

Classification

Financial liabilities are classified into the following measurement categories:

- (a) Those that are subsequently measured at fair value through profit or loss, and
- (b) Those that are subsequently measured at amortized cost.

Measurement

At initial recognition, the Group measures financial liabilities at its fair value less transaction's costs that are directly attributable to the issuance of the financial liability. Subsequent to initial recognition, financial liabilities not measured at fair value through profit or loss (like borrowings and accounts payable) are measured at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of the debt instrument and of allocating the commission over the relevant effective interest period. The effective interest rate is the discounts rate of the estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction's costs and other premiums or discounts) through the expected life of the debt instrument or a shorter period where appropriate, to net book value on initial recognition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, the difference in respective carrying amounts is recognised in the profit and loss.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(d) Trade receivables

Trade receivables are classified as financial assets and are initially recognized at the amount of consideration/ transaction price unless they contain significant financing components when they are recognized at fair value. The Group do not charge interest on trade receivable and holds the principal outstanding of the trade receivables with the objective to collect the contractual cash flows therefore measures them subsequently at amortized cost using the effective interest method less any provision for impairment for expected credit loss. The Group assesses receivables that are individually significant, and receivables included in a group of financial assets with similar credit risk characteristics for impairment. This assessment of impairment requires judgment. In making this judgment, the Group evaluates credit risk characteristics that consider past default experience of the customer and analyze the general economic conditions of the industry in which the customers operate and current financial position specific to the customers and an assessment of both the current as well as the forecast direction of past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms at the reporting date.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Trade receivable (Continued)

A provision for credit loss is made where there is objective evidence, including customers with financial difficulties or in default on payments, that amounts will not be recovered in accordance with original terms of the agreement and the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced with the provision for expected credit loss and any impairment loss is recognized in the consolidated profit or loss.

Management applies the simplified approach in calculating ECLs, Therefore, management does not track changes in credit risk, but instead recognized a loss allowance base on lifetime ECL's at each reporting date.

(e) Inventories

Inventory is valued at cost price or net realizable value, whichever is the lower. The cost of inventory is determined on the basis of the weighted average price method and includes the expenses incurred in acquiring inventory of finished stock and raw materials, costs of production or transfer and other costs incurred in bringing the inventory to the site in its current condition.

The net realizable value is the estimated selling price in the normal activity of the Group after deducting the estimated costs to complete the sale. The inventory movement is reviewed at the end of the year and a provision for slow or expired inventories is made if necessary.

(f) Employees' defined benefits obligations

The group provides end of service benefits to its employees in accordance with the labor law provisions of Kingdom of Saudi Arabia. The entitlement of these indemnities is based upon the employee's final salary, length of services and the completion of minimum service period, The costs of these indemnities are accrued over the period of employment, based on the estimated ultimate payment.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in the subsequent periods.

(g) Borrowings

Borrowings are initially recognized at fair value less transactions' costs directly attributable to the borrowings. Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date, accordingly, liability is recognized at amortized cost using the effective interest rate method.

(h) Trade payables and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Provisions

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the Group expects to recover some or all of the provision, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense related to the provision is presented in the consolidated profit and loss after deducting any recoveries.

If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate, which reflects the risks specific to the obligation, when appropriate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(j) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term and leases of low value assets as follows:

Right-of-use assets

The Group recognizes the right to use the assets on the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated impairment and depreciation losses and adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets includes the amount of lease commitments recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right to use the recognized assets is depreciated on a straight-line basis over the estimated useful life and the lease term, whichever is shorter. Right-of-use assets is subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the term of the lease. Lease payments consist of fixed payments (including embedded fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option that the company is certain to exercise and the payment of lease termination penalties, if the lease term reflects that the company is exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses the incremental borrowing rate at the inception date of the lease if the interest rate implicit in the lease is not readily identifiable. After the inception date, the amount of the lease liabilities is increased; to reflect the interest accumulation and a reduction in the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in guaranteed fixed lease payments or a change in the assessment to purchase the underlying asset.

Short term leases contracts

The Group applies the short-term leases recognition exemption to short-term leases of land and buildings (i.e. leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expenses on a straight-line basis over the term of the lease.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Leases (Continued)

The Group as a lessor

The Group has entered into lease contracts in relation to its investment properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the risks and benefits of ownership of these properties, and therefore the Group records these contracts as operating leases. Income from lease contracts is recognized in the profit or loss using the straight-line method over the term of the lease contracts.

(k) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset and which requires a substantial period of time to be ready for its intended use or sale, are capitalized as part of the cost of that underlying asset. All other finance costs are charged to expenses in the period in which they are incurred. Finance costs include commission and other costs that the Group incurs in connection with the borrowing.

(l) Zakat

The Group provides a provision for zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). The provision is charged to the profit and loss.

(m) Value Added Tax (“VAT”)

Revenues, expenses and assets are recognized net of the value added tax except in the following cases:

- If the value added tax on a purchase of assets or services is not recoverable from the relevant tax authority, in this case, the value added tax is recognized as part of the cost of acquisition of the relevant assets or part of the expense item, as applicable.

- Trade receivables and payables are stated with the amount of value added tax.

The net amount of value added tax that can be recovered from or paid to the relevant tax authority is included as part of other debit or credit balances in the consolidated statement of financial position.

(n) Revenue

Revenue from contracts with customers

Sales of Goods

Revenue is recognized when the significant risks and rewards are transferred to the customer, and it is highly probable to recover the consideration, the related costs and the likelihood of returning the goods can be estimated reliably, and there is no longer any continuous interference from management in the matter of the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, rebates and other discounts.

Sales are recognized when the goods are delivered to customers, it is stated net of any rebates or other discounts.

Revenue from long-term contracts is recognized when it is possible to arrive at reliable estimates of results using the percentage of completion method, with reference to the completed stage of the contract work. The percentage of completion is measured by calculating the costs incurred to date to the total estimated costs of the contract. Revenue is recognized to the extent of contract costs incurred when there is no reliable estimate of the results that are likely to be recoverable. When the financial estimates of the total contract costs and revenue indicate a loss, a provision is made for the total contract loss, regardless of the percentage of work performed.

Finance income

Finance income is measured using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through expected life of the financial asset or, as appropriate, a shorter period, to the net carrying amount of the financial assets.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(o) Contract Balances

(i) Contract assets

The contract assets represented in the right to consideration for the goods or services provided to the customer. Where the Group provided goods or services to a customer before the customer pays the consideration or before the amount becomes due, the contract asset is recognized for the conditionally realized consideration.

(ii) Capitalized contract costs

These represented in cost incurred in fulfilling a contract with customers that relate directly to a contract or contract expected to be awarded and which are expected to achieve those costs or improve the Company's resources and will be used to fulfill (or continue to fulfill) performance obligations in the future and are expected to be covered. These costs are amortized on a regular basis and consistent with the transfer of goods or services to the customer.

(iii) Contract liabilities

Contract liabilities represent the liability to transfer goods or services to a customer in exchange for the Group receiving consideration (or is entitled to an amount of consideration) from the customer. If the customer pays the consideration before the group transfers the goods or services to him, he recognizes the contract obligations as revenue when the group performs under the contract.

(p) Dividends

Annual dividends are recorded in the consolidated financial statements in the period in which they are approved by the General Assembly of the shareholders.

(q) Contingent liabilities

Obligations that are likely to arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, and within the Group's full non-control, or a present obligation that is not recognized because it is unlikely that an outflow of resources will be required to settle Commitment. In the event of the inability to measure the amount of the obligation with sufficient reliability, it is not included in the contingent liabilities but is disclosed in the consolidated financial statements.

(r) Segments reports

An operating segment is a component of a Group that engages in business activities from which it can earn revenues and incur expenses and includes revenues and expenses related to transactions with any of the other components of the company. All operating segments' operating results are reviewed by the Group's operating decision-makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) 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 advanced market for the asset or liability.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which information is available to measure fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (eg prices) or indirectly (eg derived from prices).
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (the unobservable input).

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

At each reporting date, the Group analyzes changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing with the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset or liability with relevant external sources to determine whether the change is reasonable, for fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions at the date of preparing the consolidated financial statements that may affect the amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of assets or liabilities that will be affected in future periods.

Other disclosures relating to the risks and uncertainties to which the Group is exposed include the following:

- Provision for slow-moving inventories - note (8)
- Provision for expected credit losses - note (9)
- Disclosures about sensitivity analysis - note (15)
- Financial risk management objectives and policies - note (32)

These estimates and assumptions are based on experience and other various factors that are believed to be reasonable in the circumstances and are used to measure the carrying amounts of assets and liabilities that are difficult to obtain from other sources. The underlying estimates and assumptions are reviewed on an ongoing basis. Revision on accounting estimates is recognized during the period in which the estimates are revised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on the data available when the consolidated financial statements were prepared. However, current conditions and assumptions about future developments may change due to market changes or circumstances arising beyond the Group's control. These changes are reflected in the assumptions when they occur.

A. Uncertain zakat positions

The Group's current zakat payable relates to the management's assessment of the amount of zakat payable on the open zakat positions, as the Group still has to wait for the review by the ZATCA for those zakat returns submitted and the agreement and acceptance of the final obligation amounts. Due to the uncertainty associated with these zakat items, it is possible that the final result will differ significantly when the final assessment is issued by the ZATCA in future periods. The status of the zakat assessments is disclosed in note 20.

B. Long-term assumptions of employees' defined benefits obligations

Employee' termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables like discount factor, salary increase rate, mortality rates and employees' turnover. The Company's management periodically takes advice from external actuarial experts on these assumptions. Changes in key assumptions could materially affect the provision for employees' termination benefits.

C. Determine the leases' term that include renewal and termination options

The Group defines the lease term as the non-cancellable lease term plus any periods covered by an option to extend the lease if that option is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has a number of lease contracts that contain extension or termination clauses. The Group applies judgments when assessing whether it is reasonably certain to exercise the option to renew or terminate a lease as it considers all relevant factors that would create an economic benefit to exercise the renewal or termination option. The Group reassesses the lease term if a significant event occurs that may affect its ability to exercise or not to exercise the option to renew or terminate the lease.

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3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Estimates and assumptions (Continued)

D. Provisions

Provisions, based on its nature, depend on estimates and evaluations as to whether the recognition criteria are met, including an estimate of the amounts likely to be settled. Provisions for notes are based on an estimate of likely costs to be incurred based on management's estimates and other available information. Provisions for uncertain obligations include management's best estimate of whether the cash outflows are probable.

E. The cost to complete and the percentage of completion of ongoing contracts

The process of estimating the cost to complete and percentage of completion of ongoing contracts requires significant estimates by management. These estimates are necessarily based on assumptions about several factors involving varying degrees of judgments and uncertainty, and actual results may differ from management's estimates which might result in future changes in revenue from contracts with customers.

F. Provision for impairment of financial assets

Loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward looking estimates at the end of each reporting period.

G. Leases - Estimate the assumption borrowing rate

The Group cannot easily determine the interest rate implicit in the lease agreement, so it uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the rate of interest that a Group would have to pay to borrow, over a similar period and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate is what the Group "has to pay", which requires an estimate when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available.

H. Useful lives of property and equipment

Management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected use of the asset. Management annually reviews the residual value and useful lives of these assets and future depreciation is considered when management believes that there is a difference between the useful lives and previous estimates.

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4. PROPERTY AND EQUIPMENT

	Tools and surveying devices	Vehicles	Furniture	Computers	Heavy equipment	Prefab homes	Woods	Metal wrenches and clamps	Leasehold improvement	Total
Cost										
Balance at the beginning of the year	20,079,488	41,572,711	9,707,522	2,984,264	7,765,919	675,958	976,531	5,484,075	9,562,365	98,808,833
Additions during the year	2,258,190	7,719,771	3,481,676	479,080	148,920	12,200	-	-	777,438	14,877,275
Disposals during the year	(574,053)	(1,385,037)	(1,150,857)	(5,042)	(299,237)	(100,400)	(239,095)	(68,868)	(688,038)	(4,510,627)
Balance at the end of the year	21,763,625	47,907,445	12,038,341	3,458,302	7,615,602	587,758	737,436	5,415,207	9,651,765	109,175,481
Accumulated depreciation										
Balance at the beginning of the year	8,555,121	28,243,828	4,941,721	2,377,574	6,448,007	675,907	870,303	5,286,320	4,711,588	62,110,369
Depreciation charged for the year	2,248,934	5,743,352	1,841,572	435,489	572,848	508	61,683	67	993,738	11,898,191
Disposal during the year	(574,053)	(1,354,066)	(656,908)	(2,574)	(262,686)	(100,390)	(237,457)	(66,744)	(185,758)	(3,440,636)
Balance at the end of the year	10,230,002	32,633,114	6,126,385	2,810,489	6,758,169	576,025	694,529	5,219,643	5,519,568	70,567,924
Net book value										
31 December 2023	11,533,623	15,274,331	5,911,956	647,813	857,433	11,733	42,907	195,564	4,132,197	38,607,557

The value of fully depreciated property and equipment as of 31 December 2023, amounted to SAR 42.2 million (2022: 35.9 SAR million).

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4. PROPERTY AND EQUIPMENT (Continued)

	Tools and surveying devices	Vehicles	Furniture	Computers	Heavy equipment	Prefab homes	Woods	Metal wrenches and clamps	Leasehold improvement	Total
Cost										
Balance at the beginning of the year	17,334,531	36,421,069	7,456,497	2,546,379	7,108,919	675,958	976,531	5,484,075	8,006,960	86,010,919
Additions during the year	2,744,957	5,611,946	2,253,120	442,515	657,000	-	-	-	1,575,493	13,285,031
Disposals during the year	-	(460,304)	(2,095)	(4,630)	-	-	-	-	(20,088)	(487,117)
Balance at the end of the year	20,079,488	41,572,711	9,707,522	2,984,264	7,765,919	675,958	976,531	5,484,075	9,562,365	98,808,833
Accumulated depreciation										
Balance at the beginning of the year	6,769,403	23,806,523	3,283,438	1,914,361	5,916,055	675,825	792,462	5,283,640	3,702,726	52,144,433
Depreciation charged for the year	1,785,718	4,838,640	1,659,016	467,360	531,952	82	77,841	2,680	1,012,880	10,376,169
Disposal during the year	-	(401,335)	(733)	(4,147)	-	-	-	-	(4,018)	(410,233)
Balance at the end of the year	8,555,121	28,243,828	4,941,721	2,377,574	6,448,007	675,907	870,303	5,286,320	4,711,588	62,110,369
Net book value										
31 December 2022	11,524,367	13,328,883	4,765,801	606,690	1,317,912	51	106,228	197,755	4,850,777	36,698,464

The following is the distribution of depreciation expenses based on the nature of the expense:

	(SAUDI RIYAL)	
	2023	2022
Cost of revenue (note 22)	7,769,178	6,114,009
Selling and marketing expenses (note 23)	441,808	262,945
General and administrative expenses (note 24)	3,687,205	3,999,215
	11,898,191	10,376,169

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5. RIGHT -OF -USE ASSETS

The right-of-use assets are buildings leased for periods ranging between 3-5 years, and the following is the movement during the year:

	(SAUDI RIYAL)	
	2023	2022
Cost		
Balance at the beginning of the year	37,630,634	20,738,879
Additions during the year	15,465,685	16,891,755
Termination of lease contract	(4,784,622)	-
Balance at the end of the year	48,311,697	37,630,634
Accumulated depreciation		
Balance at the beginning of the year	17,085,580	10,790,053
Depreciation charged for the year	9,661,708	6,295,527
Termination of lease contract	(1,893,294)	-
Balance at the end of the year	24,853,994	17,085,580
Net book value		
31 December	23,457,703	20,545,054

6. INVESTMENT PROPERTIES

	(SAUDI RIYAL)		
	Land	Buildings	Total
Cost			
Balance at the beginning of the year	27,855,000	11,525,605	39,380,605
Balance at the end of the year	27,855,000	11,525,605	39,380,605
Accumulated depreciation			
Balance at the beginning of the year	-	7,462,461	7,462,461
Depreciation charged for the year	-	345,799	345,799
Balance at the end of the year	-	7,808,260	7,808,260
Net book value			
31 December 2023	27,855,000	3,717,345	31,572,345
31 December 2022	27,855,000	4,063,144	31,918,144

Fair value disclosures

The following compares the carrying value and fair value of the Group's investment properties:

	31 December 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
Investment properties	31,572,345	35,679,512	31,918,144	34,722,467

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6. INVESTMENT PROPERTIES (Continued)

The fair value of the investment properties has been determined by TAQEEM accredited and independent external real estate valuers with appropriate and recognized professional qualifications and with recent experience in the location and category of the property being valued according to the geographical location. They are Olat and Partner Real Estate Company (License No. 1210000397), Value Assets Company for Real Estate (License No. 1210000223) and Saudi Evaluation House (License No. 2050116805). There has been no change in the valuation technique during the year.

Evaluation methods	Observable inputs and valuation assumptions	The relationship between observable inputs and the fair value measurement
Market approach Comparisons method - Income method (Discounted cash flow method)	For valuations at market comparable approach, it was assumed that the real estate is within an open competitive market and accordingly relevant transaction rates for comparable properties were used as a comparable. For valuations at discounted cashflow method, the major assumptions were discount rate of 10%, growth rate of 10% for every 3 years, Operational expenses at 10% of income, exit cap for terminal value 8% and Occupancy rate of 100%.	The estimated fair value may increase / decrease in the event of: a change in the sale prices of land in the neighborhood, a difference in the level of services (infrastructure services and superstructure services, such as schools, hospitals, gardens, etc.), the completion of urbanization in the surrounding area and/or the building system in the area.

Rental revenues for the year ended at 31 December 2023 amounted to SR 1.5 million Saudi riyals (2022: SR 1.5 million), as disclosed in note 26

7. INTANGIBLE ASSETS

Intangible assets represented medicine licenses held by the Group, which are amortized over 5 years as follows:

	(SAUDI RIYAL)	
	2023	2022
Cost		
Balance at the beginning of the year	4,526,705	-
Additions during the year	-	4,526,705
Disposal during the year	(727,503)	-
Balance at the end of the year	3,799,202	4,526,705
Accumulated amortization		
Balance at the beginning of the year	833,271	-
Amortization charged for the year	737,209	833,271
Disposal during the year	(271,537)	-
Balance at the end of the year	1,298,943	833,271
Net book value		
31 December	2,500,259	3,693,434

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8. INVENTORIES

	(SAUDI RIYAL)	
	2023	2022
Medical and non-medical equipment inventory*	108,644,967	100,406,437
Construction inventory	5,268,833	6,126,655
Operation inventory	7,501,968	4,999,705
	121,415,768	111,532,797
Provision of slow-moving inventories	(16,382,708)	(13,853,567)
	105,033,060	97,679,230

The movement in the provision of slow-moving inventories is as follows:

	(SAUDI RIYAL)	
	2023	2022
Balance at the beginning of the year	13,853,567	9,825,226
Additions during the year (note 22)	3,012,406	4,138,536
Written off during the year	(483,265)	(110,195)
Balance at the end of the year	16,382,708	13,853,567

*The Company's subsidiary Protecta Visions Company had filed a lawsuit against National Unified Procurement company (NUPCO) to claim the amounts paid for 10,000 air purifiers purchased for delivery to NUPCO against contract awarded on 22 Shaban 1441 AH (corresponding to April 15, 2020). The Company's legal counsel had evaluated the outcome of the legal case to be 90% favorable for Protecta Visions Company. The management of the Protecta Visions Company believes that the Company will recover the total cost incurred for the purchase of the said inventory. The Company received final ruling in its favor on 26 Rabi' al-awwal 1445H corresponding to 11 October 2023 from the Fourth Appellate Circuit of the Riyadh Commercial Court which reaffirmed the initial ruling made in favor of the Company on 26 Muharram 1445H corresponding to 13 August 2023. The decision received in favor of the Company from the Appellate Court is final and cannot be appealed.

NUPCO failed to deposit the above amounts within the given deadline, therefore, the legal representatives of the subsidiary approached the Execution Court under Article 34 of the Saudi Execution Law which directed SAMA (Central Bank of Kingdom of Saudi Arabia) to deduct the funds directly from NUPCO bank accounts and deposit the same in an escrow account under custody of the Execution Court in accordance with the applicable rules and regulations. NUPCO has filed an objection against the authority of the Execution Court.

As of the approval date of these consolidated financial statements the group has not yet received any funds.

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9. TRADE RECEIVABLES AND CONTRACT ASSETS

	(SAUDI RIYAL)	
	2023	2022
Trade receivables (a)	637,516,367	480,975,041
Contract assets (b)	189,292,382	163,323,823
	826,808,749	644,298,864
Provision for expected credit losses (c)	(27,945,225)	(49,450,527)
	798,863,524	594,848,337

a) Trade receivables

	(SAUDI RIYAL)	
	2023	2022
Trade receivables – government and semi government sector	602,787,142	454,281,979
Trade receivables – private sector	34,689,056	26,693,062
Retentions	40,169	-
	637,516,367	480,975,041

b) Contract assets

This represents balances related to the performance completed against operation and maintenance contracts and constructions projects that were not billed as at 31 December.

	(SAUDI RIYAL)	
	2023	2022
Operation and maintenance contracts	184,037,434	163,089,885
Construction projects	5,254,948	233,938
	189,292,382	163,323,823

c) Provision for expected credit losses

The movement in the provision of impairment in trade receivables is as follows:

	(SAUDI RIYAL)					
	2023			2022		
	Government and semi-government	Private	Total	Government and semi-government	Private	Total
Balance at the beginning of the year	40,990,610	8,459,917	49,450,527	3,961,339	5,274,329	9,235,668
(Reversal)/Additions during the year	(22,454,273)	948,971	(21,505,302)	37,029,271	3,185,588	40,214,859
Balance at the end of the year	18,536,337	9,408,888	27,945,225	40,990,610	8,459,917	49,450,527

Expected credit loss percentage against the total trade receivables and contract assets as at 31 December is as follows:

	2023	2022
Receivables -government and semi government sector	2%	7%
Receivables – private sector	27%	28%
Total	9%	8%

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9. TRADE RECEIVABLES AND CONTRACT ASSETS (Continued)

The ageing analysis of trade receivables as at 31 December is as follows:

	SAUDI RIYAL					
	2023			2022		
	Government and Semi-Government	Private	Total	Government and Semi-Government	Private	Total
Not due	111,313,852	8,161,510	119,475,362	201,875,956	1,428,261	203,304,217
0 – 90 days	296,641,071	11,183,726	307,824,797	108,305,157	8,281,954	116,587,111
91 – 180 days	114,567,473	3,547,025	118,114,497	56,786,616	7,272,288	64,058,904
181 – 270 days	25,065,888	1,161,779	26,227,667	50,884,991	2,427,436	53,312,427
271 – 360 days	151,460,862	2,871,850	154,332,712	46,462,060	1,818,664	48,280,724
361 – 720 days	53,958,315	3,074,851	57,033,166	113,463,815	9,066,227	122,530,042
More than 720 days	39,023,142	4,777,405	43,800,547	36,225,439	-	36,225,439
	792,030,603	34,778,146	826,808,749	614,004,034	30,294,830	644,298,864

d) Contract liabilities

Contract liabilities are advance payments received for the value of contracts signed with customers, and their value as of 31 December 2023 amounted to SAR 6,221,894 (31 December 2022: SAR 3,788,673).

10. PREPAYMENTS AND OTHER DEBIT BALANCES

a) Current portion

	(SAUDI RIYAL)	
	2023	2022
Prepaid visas fees	30,744,312	32,083,749
Advances to sub-contractors and suppliers	19,902,547	25,932,396
Prepaid insurance	4,831,791	3,950,828
Employee receivables	4,152,950	4,243,941
Prepaid rent	1,351,993	756,667
Value added tax	1,291,785	-
Prepaid projects expenses	1,106,652	1,059,266
Refundable deposits	428,136	35,153
Others	2,759,331	551,976
	66,569,497	68,613,976

b) Non-current portion

	(SAUDI RIYAL)	
	2023	2022
Advances to sub-contractors and suppliers	3,833,460	3,219,334
Refundable deposits	1,932,811	492,974
	5,766,271	3,712,308

11. CASH AND CASH EQUIVALENTS

	(SAUDI RIYAL)	
	2023	2022
Cash at bank	15,470,928	53,437,994
Time deposits*	-	1,000,000
Cash on hand	1,476,742	120,176
	16,947,670	54,558,170

*As at 31 December 2022, the Group had a time deposit with a local bank for a period of 60 days from the date of placement at prevailing market commission rate. There was no such deposit as at 31 December 2023.

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12. RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent the Group's shareholders, key management personnel and the entities owned or managed by these parties, as well as the entities that have control or joint control or has significant influence over these parties. Transactions with related parties are carried out on the basis of terms agreed upon between the two parties and approved by management during the normal course of business.

Following is a summary of the significant transactions took place between the Group and its related parties during the year:

			(SAUDI RIYAL)	
Related party name	Relationship	Nature of transactions	2023	2022
Rawabi Marketing International Co.	Affiliate	Payments on behalf of related parties	207,755	2,251,650
		Rental income (note 26)	864,000	864,000
		Revenue from maintenance and operating contracts	5,890,400	6,656,625
		Revenue from construction	4,012,726	-
		Purchases	80,129	2,260,005
Rawabi for Smart Services & Devices Co.	Affiliate	Purchases	3,585,750	3,088,478
The National of Sulfur Products Co.	Affiliate	Payments on behalf of company / related parties	(1,674,167)	3,474,085
		Revenue from Construction contract	1,723,281	5,499,076
		Rental income (note 26)	384,000	384,000
		Revenue from maintenance and operating contracts	5,675,511	5,985,269
German Metal Surface Treatment Chemicals Co.	Affiliate	Payments on behalf of related parties	494,219	299,200
		Revenue from maintenance and operating contracts	842,274	845,484
		Rental income (note 26)	264,000	264,000
		Purchase	265,493	287,191
Dirat Al Amar Real Estate Co.	Affiliate	Payments on behalf of related parties	2,088,561	2,696,494
		Revenue from Construction contract	4,602,461	7,216,396
		Purchases	-	887,675
		Rent expenses	3,182,543	2,108,544
Uni Land for Trading Est.	Affiliate	Payments on behalf of related parties	1,582,313	3,054,557
		Purchases	1,160,221	3,596,924
Barakat Al Khair for Trading Est.	Affiliate	Payments on behalf of related parties	922,005	5,453,679
		Purchases	2,387,875	4,915,470

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12. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

A- DUE FROM RELATED PARTIES

	(SAUDI RIYAL)	
	2023	2022
Dirat Al Amar Real Estate Company	6,345,362	8,902,813
Rawabi Marketing International Company	5,662,990	7,388,152
Uni Land for Trading Establishment	2,716,560	1,010,469
Barakat Al Khair for Trading Establishment	-	1,464,793
	14,724,912	18,766,227

B- DUE TO A RELATED PARTY

	(SAUDI RIYAL)	
	2023	2022
Barakat Al Khair for Trading Establishment	1,079	-
	1,079	-

KEY MANAGEMENT PERSONNEL REMUNERATIONS:

Key management personnel are those members having authority and responsibility for planning, directing, and controlling the Group's activities.

	(SAUDI RIYAL)	
	2023	2022
Salaries, compensation, and allowances - short term	3,706,500	3,390,000
Salaries, compensation, and allowances - long term	215,375	176,250
Total	3,921,875	3,566,250

13. AUTHORIZED SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 30 million shares of SR 10 each (31 December 2022: 20 million shares of SR 10 each).

On 3 September 2023, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SR 100 million and the commensurate increase of the number of the Company's issued ordinary shares by 10 million. Such an increase was affected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every two (2) shares owned. The Company's share capital after the increase is SR 300 million divided into 30 million fully paid ordinary shares with equal voting rights.

14. DIVIDEND

During the prior year, the shareholders approved in the meeting held on 30 Thul Qi'dah 1443H corresponding to 29 June 2022 to distribute dividend of 1 SR per share amounting to SR 20 million, which was paid in 2022.

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15. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The Group is required to pay end of service benefits to all employees in accordance with Saudi Labor and Employment Regulations upon termination of their services. The cost of employees' defined benefits obligations is measured using the projected unit credit method.

a) Reconciliation of the present value of employees' defined benefits obligations

	(SAUDI RIYAL)	
	2023	2022
Balance at the beginning of the year	63,610,909	56,804,434
Service costs	10,611,407	11,003,714
Finance costs (note 25)	2,527,821	1,338,507
Total recognized in profit and loss	13,139,228	12,342,221
Actuarial re-measurement (gains) / losses	(338,023)	663,264
Total recognized in other comprehensive income	(338,023)	663,264
Paid during the year	(8,332,590)	(6,199,010)
Balance at the end of the year	68,079,524	63,610,909

b) Key actuarial assumptions

	2023	2022
Discount rate	4.50%	4.25%
Future salary growth rate	3%	3%

c) Sensitivity analysis of key actuarial assumptions

The effect of changes in key actuarial assumptions on the present value of the employees' defined benefits obligations is as follows:

		(SAUDI RIYAL)	
		2023	2022
Discount rate	+1%	68,521,575	60,303,986
	-1%	62,335,217	66,608,085
Future salary growth rate	+1%	68,538,119	66,616,190
	-1%	62,267,197	60,241,833

- The sensitivity analysis described above has been determined based on a method that infers the impact on employees' final benefit obligations as a result of reasonable changes in key assumptions that occurred as at 31 December 2023.
- Sensitivity analysis is based on a change in significant assumptions, while keeping all other assumptions constant.
- The sensitivity analysis may not be representative of any actual change in the defined benefits obligation because it is unlikely that changes in the assumptions will occur in isolation from one another.

The following payments are expected to be made against the defined benefit obligation to future years:

	(SAUDI RIYAL)	
	2023	2022
Within the next twelve months	12,686,496	13,697,508
Between 2 to 5 years	42,283,966	27,557,660
More than 5 years but less than 10 years	59,422,994	39,535,625

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16. LEASE LIABILITIES

Following table shows the movement of lease liabilities during the year end 31 December:

	(SAUDI RIYAL)	
	2023	2022
Balance at the beginning of the year	18,839,744	10,511,679
Additions during the year	15,465,685	16,891,755
Finance cost (note 25)	1,501,862	624,459
Termination of lease	(1,812,248)	-
Paid during the year	(13,012,111)	(9,188,149)
Balance at the end of the year	20,982,932	18,839,744
Non-current lease liabilities	11,517,789	10,606,791
Current lease liabilities	9,465,143	8,232,953
	20,982,932	18,839,744

The following is an analysis of the lease liabilities maturities:

Within one year	10,736,374	7,568,733
More than one year and less than five years	12,105,434	12,064,676
	22,841,809	19,633,409
Deferred finance costs	(1,858,876)	(793,665)
	20,982,932	18,839,744

Operating leases

Operating leases represent expenses for short-term leases (the lease term is 12 months or less) for which the Group has elected to recognize the lease expenses in profit or loss on a straight-line basis.

The breakdown of the operating leases charged for the year is as follows:

	(SAUDI RIYAL)	
	2023	2022
Cost of revenue (note 22)	4,140,585	6,665,707
Selling and marketing expenses (note 23)	689,328	782,546
General and administrative expenses (note 24)	1,422,908	1,577,815
	6,252,821	9,028,090

17. BANK FACILITIES

The Group has obtained Islamic bank facilities from local banks in the form of letters of credit, term loans (Murabaha and Tawarruq), and notes payable amounting to SR 341.8 million (2022: SR 187.7 million). These facilities were obtained in accordance with the conditions stated in the bank facilities' agreements. Following are the facilities' details as of 31 December:

	(SAUDI RIYAL)	
	2023	2022
Short-term borrowings (a)	319,543,993	170,038,472
Notes payable	12,729,229	7,841,356
Long-term borrowings (b)	9,575,000	9,837,500
	341,848,222	187,717,328

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17. BANK FACILITIES (Continued)

a) The movement of short-term borrowings is as follows:

	(SAUDI RIYAL)	
	2023	2022
Balance at the beginning of the year	170,038,472	232,884,177
Additions during the year	1,065,780,713	1,006,447,936
Paid during the year	(916,275,192)	(1,069,293,641)
Balance at the end of the year	<u>319,543,993</u>	<u>170,038,472</u>

b) This represents the amount withdrawn from a long-term loan which has been obtained by a subsidiary from the Saudi Industrial Development Fund with a total value of SR 6,200,000 as well as long-term loan amounting to SR 3,375,000 obtained from Saudi Aramco Entrepreneurship “Waed” in order to finance projects in progress. The movement of the long-term borrowings is as follows:

	(SAUDI RIYAL)	
	2023	2022
Balance at the beginning of the year	9,837,500	7,725,000
Additions during the year	-	2,112,500
Adjustment	112,500	-
Paid during the year	(375,000)	-
Balance at the end of the year	<u>9,575,000</u>	<u>9,837,500</u>
Current portion	<u>1,250,000</u>	163,750
Non-current portion	<u>8,325,000</u>	9,673,750

18. TRADE PAYABLES

	(SAUDI RIYAL)	
	2023	2022
Suppliers of maintenance contracts, medical equipment, spare parts, and others	15,186,785	40,562,861
Project services suppliers	19,137,650	14,284,571
Contracting suppliers	11,318,280	4,826,437
Suppliers of medicine and medical supplies	4,084,449	8,816,861
	<u>49,727,164</u>	<u>68,490,730</u>

19. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	(SAUDI RIYAL)	
	2023	2022
Accrued projects expenses	23,540,744	35,219,717
Accrued tickets and vacations	29,623,974	27,066,449
Goods received but not invoiced	17,709,112	23,957,844
Accrued salaries	9,939,165	3,012,349
Advances from customers	2,184,799	6,176,946
Value Added Tax payable	442,006	2,251,004
Accrued maintenance expenses	17,501	3,215,435
Accrued rent	4,183,444	2,317,570
Others	7,315,909	4,577,252
	<u>94,956,654</u>	<u>107,794,566</u>

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20. ZAKAT PAYABLE

The Company and its subsidiaries submit their financial statements and zakat declarations to the Zakat, Tax and Customs Authority through separate declarations. Zakat is payable at 2.5% of the approximate zakat base or adjusted net profit, whichever is greater.

The movement in zakat provision is as follows:

	(SAUDI RIYAL)	
	2023	2022
Balance at the beginning of the year	12,162,991	6,929,683
Zakat charged for current year	15,149,773	12,123,195
Paid during the year	(11,855,184)	(6,889,887)
Balance at the end of the year	<u>15,457,580</u>	<u>12,162,991</u>

Zakat status

The Company and its subsidiaries submitted their zakat declarations until 2022 and obtained zakat certificates accordingly.

Scientific and Medical Equipment House Company

The Company received during 2022 final assessments for the year 2016 which showed additional zakat differences amounted to SR 323,628, which was paid during the year 2022.

Protecta Visions Company

Protecta Visions Company received final assessments from Zakat, Tax, and Customs Authority till the year 2018. During the year 2021, the company received final assessments for the years 2016, 2017 and 2018 from the Authority, which showed additional zakat differences amounting to SR 382,222 which has been objected to by the company during the statutory period. During the year 2022, the company obtained a zakat assessment for the year 2020, which showed zakat differences amounted to SR12,457 Saudi riyals, and it was settled with the ZATCA during the year 2022.

Other subsidiaries

The other subsidiaries have submitted their zakat declarations for the year 2022, and there are no zakat assessments during the current year.

21. REVENUE

	Recognized over	(SAUDI RIYAL)	
		2023	2022
Revenues from maintenance and operating contracts	Over time	648,063,654	558,699,183
Medical equipment sales and post-sale maintenance	Point in time	69,628,139	48,648,616
Construction contract revenues	Over time	45,000,722	65,120,106
Medicine and medical supplies sales	Point in time	28,464,356	33,757,554
Meat and food sales	Point in time	8,119,123	7,595,640
		<u>799,275,994</u>	<u>713,821,099</u>

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21. REVENUE (Continued)

The above revenue gives rise to following balances as at 31 December:

	(SAUDI RIYAL)	
	2023	2022
Trade receivables (note 9a)	637,516,367	480,189,453
Contract assets (note 9b)	189,292,382	163,323,823
Capitalized contract costs (33)	-	12,241,632
Contract liabilities (note 9d)	6,221,894	3,788,673

Contract assets are initially recognized for the revenues generated from contracts with customers, provided that the obligations mentioned in the contracts are successfully fulfilled and accepted by the customer in the form of approval of the works and services provided. When the contract obligation is fulfilled and accepted by the customer, the amounts recognized as contract assets are reclassified to a trade receivable account.

The contract liabilities include the payments submitted by the customer and excess invoices for the value of the work executed for long-term contracts.

22. COST OF REVENUE

	(SAUDI RIYAL)	
	2023	2022
Salaries, wages and other benefits	278,411,091	233,678,014
Cost of materials	201,896,732	167,907,599
Visas fees	68,670,652	61,301,497
Sub-contractors' cost	46,578,669	41,352,036
Social insurance	15,563,317	11,365,445
Insurance	8,075,548	8,010,440
Depreciation of property and equipment (note 4)	7,769,178	6,114,009
Depreciation of right-of-use assets (note 5)	5,818,704	2,554,055
Rent expenses (note 16)	4,140,585	6,665,707
Maintenance expenses	3,505,988	3,912,162
Provision of slow-moving inventories (note 8)	3,012,406	4,138,536
Amortization intangible assets (note 7)	-	228,295
Others	22,781,042	11,746,402
	666,223,912	558,974,197

23. SELLING AND MARKETING EXPENSES

	(SAUDI RIYAL)	
	2023	2022
Salaries, wages, and other benefits	10,016,925	5,043,270
Cost of tenders and assignments	2,286,528	2,160,148
Sales commission	1,509,363	-
Visas fees	786,057	639,203
Rent expenses (note 16)	689,328	782,546
Insurance	525,366	220,177
Depreciation of property and equipment (note 4)	441,808	262,945
Social insurance	298,103	193,599
Advertising expenses	140,739	274,886
Depreciation of right of use assets (note 5)	118,980	-
Telecommunication expenses	57,405	124,157
Others	1,193,791	563,772
	18,064,393	10,264,703

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24. GENERAL AND ADMINISTRATIVE EXPENSES

	(SAUDI RIYAL)	
	2023	2022
Salaries, wages, and other benefits	35,706,105	37,630,538
Depreciation of right-of-use assets (note 5)	3,724,024	3,741,472
Depreciation of property and equipment (note 4)	3,687,205	3,999,215
Visas fees	3,339,039	3,881,949
Cost of tenders and assignments	2,136,750	1,550,655
Insurance	2,124,009	2,203,249
Social insurance	1,635,781	1,405,252
Subscriptions and service expenses	1,631,284	795,000
Rent expenses (note 16)	1,422,908	1,577,815
Professional and consultancy fees	1,207,506	1,563,522
Hospitality expenses	889,857	531,239
Telecommunication expenses	738,443	837,775
Amortization intangible assets (note 7)	737,209	604,976
Stationery expenses	690,611	655,334
Electricity and water	647,696	569,738
Maintenance and repair expenses	542,695	1,067,651
Depreciation of investment properties (note 6)	345,799	345,799
Bank charges	226,566	87,897
Others	6,405,820	4,594,462
	<u>67,839,307</u>	<u>67,643,538</u>

25. FINANCE COST

	(SAUDI RIYAL)	
	2023	2022
Finance cost on short-term borrowings	21,274,293	15,530,379
Finance cost on employees' defined benefits obligation (note 15)	2,527,821	1,338,507
Finance cost on bank facilities	2,474,272	3,493,456
Finance cost on lease liabilities (note 16)	1,501,862	624,459
Interest charge from related party	39,800	-
	<u>27,818,048</u>	<u>20,986,801</u>

26. OTHER INCOME

	(SAUDI RIYAL)	
	2023	2022
Compensation from HRDF Fund	10,390,438	9,564,067
Rental income (note 12)	1,512,000	1,512,000
Dividend income	-	51,395
Gain on disposal property and equipment	20,547	89,077
Others	192,475	-
	<u>12,115,460</u>	<u>11,216,539</u>

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27. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per share is calculated based on the net profit for the year attributable to the Company's shareholders on the basis of the weighted average number of outstanding shares during that year, which is 30 million shares. Earnings per share for the year ended 31 December 2022 has been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of the bonus shares. The diluted earnings per share is the same as the basic earnings per share as the Group does not have any issued dilutive instruments.

	2023	2022
Net profit for the year (Saudi Riyal)	40,058,545	17,566,594
The weighted average number of shares (Shares)	30,000,000	30,000,000
Basic and diluted earnings per share (Saudi Riyal)	1.34	0.59

28. NON-CONTROLLING INTERESTS (NCI)

Following is the summarized financial information of the significant subsidiaries with non-controlling interests. Amounts were disclosed for each subsidiary before elimination of intercompany transactions and balances:

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	(SAUDI RIYAL)		
31 December 2023	Nabd Medical Industries Company	United Purity Pharmaceutical Company	Total
Current assets	4,546,485	9,377,236	13,923,721
Current liabilities	(1,658,322)	(40,579,083)	(42,237,405)
Non-current assets	7,925,618	8,547,178	16,472,796
Non-current liabilities	(18,465,212)	(2,269,404)	(20,734,616)
Net assets (liabilities)	(7,651,431)	(24,924,073)	(32,575,504)
NCI	(3,749,201)	(249,241)	(3,998,442)
	(SAUDI RIYAL)		
31 December 2022	Nabd Medical Industries Company	United Purity Pharmaceutical Company	Total
Current assets	5,220,808	13,167,261	18,388,069
Current liabilities	(469,027)	(37,426,560)	(37,895,587)
Non-current assets	9,210,140	15,472,465	24,682,605
Non-current liabilities	(17,234,789)	(5,278,737)	(22,513,526)
Net assets (liabilities)	(3,272,868)	(14,065,571)	(17,338,439)
NCI	(1,603,705)	(140,656)	(1,744,361)

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28. NON-CONTROLLING INTEREST (NCI) (Continued)
SUMMARIZED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	(SAUDI RIYAL)		
<u>31 December 2023</u>	<u>Nabd Medical Industries Company</u>	<u>United Purity Pharmaceutical Company</u>	<u>Total</u>
Revenues	<u>8,100</u>	<u>22,609,832</u>	<u>22,617,932</u>
Loss for the year	<u>(4,384,360)</u>	<u>(10,888,504)</u>	<u>(15,272,864)</u>
Other comprehensive income/ loss	<u>5,797</u>	<u>30,003</u>	<u>35,800</u>
Total comprehensive loss	<u>(4,378,563)</u>	<u>(10,858,501)</u>	<u>(15,237,064)</u>
Net comprehensive loss attributable to NCI	<u>(2,145,496)</u>	<u>(108,585)</u>	<u>(2,254,081)</u>

	(SAUDI RIYAL)		
<u>31 December 2022</u>	<u>Nabd Medical Industries Company</u>	<u>United Purity Pharmaceutical Company</u>	<u>Total</u>
Revenues	<u>164,767</u>	<u>26,757,995</u>	<u>26,922,762</u>
Loss for the year	<u>(3,828,859)</u>	<u>(7,452,022)</u>	<u>(11,280,881)</u>
Other comprehensive loss	<u>(22,986)</u>	<u>(48,532)</u>	<u>(71,518)</u>
Total comprehensive loss	<u>(3,851,845)</u>	<u>(7,500,554)</u>	<u>(11,352,399)</u>
Net comprehensive loss attributable to NCI	<u>(1,887,404)</u>	<u>(75,006)</u>	<u>(1,962,410)</u>

29. COMMITMENTS AND CONTINGENCIES

The Group has commitments in the form of letters of credit as of 31 December 2023 amounting to SR 25.8 million (31 December 2022: SR 38.5 million) and contingent liabilities against the letters of guarantee as of 31 December 2023 amounting to SR 289 million (31 December 2022: SR 270.6 million).

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30. SEGMENT INFORMATION

The operating segments are recorded in a manner consistent with the internal reporting structure. The Management monitors the operating results of its segments independently for the purpose of performance evaluation. For management purposes, the Group is organized into business units based on its products and services and has five reportable segments, as follows:

- **Operation and maintenance:** Deals with supply of medical and non-medical staff and medical equipment maintenance services
- **Medical equipment sales and post-sale maintenance services revenue:** Supplier of medical equipment and related spare parts
- **Construction segment:** Deals in general contracting of buildings, roads, electrical, electronic and mechanical works.
- **Meat and food segment:** Supplies refrigerated food warehouses, wholesale of food and drinks.
- **Medicine and medical supplies:** Supplies segment is involved in wholesale and retail trade in medical supplies through pharmacies.

No operating segments have been aggregated to form the above reportable operating segments.

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	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External customer	648,063,654	69,628,139	45,000,722	8,119,123	28,464,356	-	799,275,994
Inter-segment	14,420,778	1,678,247	-	-	-	(16,099,025)	-
Total revenue	662,484,432	71,306,386	45,000,722	8,119,123	28,464,356	(16,099,025)	799,275,994
Cost of revenue	(571,750,032)	(47,370,920)	(29,444,931)	(10,883,306)	(22,873,748)	16,099,025	(666,223,912)
Gross profit/ (loss)	90,734,400	23,935,468	15,555,790	(2,764,184)	5,590,608	-	133,052,082
Net profit/ (loss) for the year	19,323,829	(1,271,580)	9,138,224	(8,636,478)	(13,055,624)	32,302,952	37,801,323

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30. SEGMENT INFORMATION (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External customer	558,699,183	48,648,616	65,120,106	7,595,640	33,757,554	-	713,821,099
Inter-segment	2,132,171	4,244,921				(6,377,092)	-
Total revenue	560,831,354	52,893,537	65,120,106	7,595,640	33,757,554	(6,377,092)	713,821,099
Cost of revenue	(448,598,932)	(33,588,479)	(49,731,230)	(8,300,493)	(25,132,155)	6,377,092	(558,974,197)
Gross profit/ (loss)	112,232,422	19,305,058	15,388,876	(704,853)	8,625,399	-	154,846,902
Net profit/ (loss) for the year	1,886,755	1,350,094	7,910,088	(4,368,563)	(21,005,667)	29,843,226	15,615,933

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31. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Financial assets carried at amortized cost

	(SAUDI RIYAL)	
	2023	2022
Trade receivables and contract assets	798,863,524	594,848,337
Cash and cash equivalents	16,947,670	54,558,170
Due from related parties	14,724,912	18,766,227
Total financial assets carried at amortized cost	830,536,106	668,172,734

b) Financial liabilities carried at amortized cost

	(SAUDI RIYAL)	
	2023	2022
Trade payables	49,727,164	68,490,730
Loans	329,118,993	179,875,972
Notes payable	12,729,229	7,841,356
Lease liabilities	20,982,932	18,839,744
Total financial liabilities carried at amortized cost	412,558,318	275,047,802

c) Fair value measurement

Financial assets consist of cash and cash equivalents, trade receivables, amounts due from related parties. Financial liabilities consist of trade payables, loans, notes payable, lease liabilities and amount due to related parties. The fair values of financial assets and financial liabilities approximate their carrying values at the reporting date mainly due to the short-term maturities and frequent repricing of these instruments and are classified as level 2.

As at 31 December 2023 and 2022, there were no financial instruments measured at fair value.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial assets included trade receivables, cash equivalents, and due from related parties. Financial liabilities included short and long-term borrowings, notes payable, trade payables, accrued expenses, and due to related parties.

The Group is exposed to market risk, credit risk, and liquidity risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures, and financial risks are identified, measured, and managed in accordance with the Group's policies and risk appetite. It is the Group's policy not to conduct any trading in derivatives for speculative purposes.

Management reviews and agrees on policies for managing each of these risks, which are summarized below.

a) Market risk

Currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The management monitors the fluctuations in foreign exchange rates and believes that the Group is not exposed to significant currency risks because it does not conduct any significant transactions in currencies other than the Saudi riyal and the US dollar. The exchange rate of the Saudi riyal is pegged to the US dollar, and therefore balances and transactions denominated in US dollars do not represent significant risks.

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b) Credit risks

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to discharge obligations. The Group's policy states that all customers who wish to deal on a credit basis are subject to credit checks. The financial instruments that are subject to the concentration of credit risk mainly consist of trade receivables and contract assets. The Group deposits bank balances with a number of financial institutions with good credit ratings, and has a policy based on setting limits for its balances deposited with each financial institution. The Group does not see significant risks from the inefficiency of these institutions.

The book value of the financial assets represents the maximum value to which the financial assets can be exposed to credit risk as at the date of the statement of financial position on 31 December which is as follows:

	(SAUDI RIYAL)	
	2023	2022
Cash at bank (note 11)	15,470,928	53,437,994
Trade receivables and contract assets (note 9)	798,863,524	594,848,337
Due from related parties (note 12)	14,724,912	18,766,227
	829,059,364	667,052,558

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer contract. However, management also takes into account the factors that may have an impact on the credit risk of the customer base, including default risk in the business sector in which customers operate.

The management has established a credit policy under which the creditworthiness of each new customer contract is analyzed before the Group offers its terms and conditions for payment and supply. Due to the nature of the sector in which the Group operates, there is a certain concentration of risks.

c) Liquidity risks

This is the risk that the Group will not be able to secure the necessary liquidity to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through periodic monitoring to ensure that sufficient liquidity is available to meet any future commitments.

The table below summarizes the maturity's dates of the Group's financial liabilities based on undiscounted contractual payments:

	(SAUDI RIYAL)			
31 December 2023	<u>Carrying</u>	<u>Contractual</u>	<u>less than</u>	<u>More</u>
	<u>value</u>	<u>cash flows</u>	<u>one year</u>	<u>than one</u>
				<u>year</u>
Long-term borrowings	9,575,000	9,575,000	3,050,000	6,525,000
Short-term borrowings	319,543,993	319,543,993	319,543,993	-
Notes Payable	12,729,229	12,729,229	12,729,229	-
Trade payables	49,727,164	49,727,164	49,727,164	-
Lease liabilities	20,982,932	20,982,932	9,465,143	11,517,789
	412,558,318	412,558,318	394,515,529	18,042,789

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

	(SAUDI RIYAL)			
	<u>Carrying</u> <u>value</u>	<u>Contractual</u> <u>cash flows</u>	<u>less than</u> <u>one year</u>	<u>More</u> <u>than one</u> <u>year</u>
31 December 2022				
Long-term borrowings	9,837,500	9,837,500	163,750	9,673,750
Short-term borrowings	170,038,472	170,038,472	170,038,472	-
Notes Payable	7,841,356	7,841,356	7,841,356	-
Trade payables	68,490,730	68,490,730	68,490,730	-
Lease liabilities	18,839,744	19,633,409	7,568,733	12,064,676
	275,047,802	275,841,467	254,103,041	21,738,426

Approximately 98% of the Group's debt will mature in less than one year at 31 December 2023 (2022: 95%) based on the carrying value of borrowings reflected in the consolidated financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

d) Commission rate risks

The group is not exposed to commission rate risks as all their loans are fixed-rate loans.

e) Capital management

The Group's objectives when managing capital are:

- i- Ensuring the Group's ability to continue as a going concern.
- ii- Provide an adequate return to shareholders by pricing services in a manner that reflects the level of risk involved in providing these services.

The Group's capital objective is to maintain a high capital to the total leverage ratio.

Management estimates the Group's capital requirements in order to maintain an effective overall funding structure and avoid material impact, taking into account the levels involved in the Group's various classes of indebtedness. The Group manages its capital structure and makes adjustments to it in line with changes in economic conditions and risk characteristics of the underlying assets in order to maintain or adjust the capital structure. The Group may adjust the dividends paid to shareholders, return equity capital, issue new shares, or sell assets to reduce debt.

The following is the net gearing ratio of the Group at the end of the year:

	(SAUDI RIYAL)	
	2023	2022
Long-term borrowings	8,325,000	9,575,000
Short term borrowings	320,793,993	170,038,472
Notes payable	12,729,229	7,841,356
Trade payables	49,727,164	68,490,730
	391,575,386	255,945,558
Less:		
Cash and cash equivalents	16,947,670	54,558,170
Net gearing	374,627,716	201,387,388
Equity attributable to the shareholders of the Parent Company	510,766,191	470,372,764
Net gearing ratio to Equity	73%	43%

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33. COMPARATIVE FIGURES

Certain comparative figures from annual financial statements for 31 December 2022 have been reclassified to conform with the current period presentation as follows:

<i>Reclassified from</i>	<i>Reclassified to</i>	(SAUDI RIYAL)
Capitalized contract costs	Prepayments and other debit balances-current portion	12,241,632
Prepayments and other debit balances-current portion	Trade receivables	785,588
Prepayments and other debit balances-current portion	Prepayments and other debit balances-non-current portion	3,712,308
Accrued project cost	Goods received but not invoiced	23,935,611

34. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events since the end of the financial year that require disclosure or adjustment to these consolidated financial statements.

35. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's Board of Directors on 15 Ramadan 1445H corresponding to 25 March 2024.