

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024  
WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024

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## KPMG Professional Services

16<sup>th</sup> Floor, Al Barghash Tower  
6189 Prince Turki Road, Al Corniche  
P.O. Box 4803  
Al Khobar, 34412 - 3146  
Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخبر ٣١٤٦ - ٣٤٤١٢  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Mouwasat Medical Services Company

## Introduction

We have reviewed the accompanying September 30, 2024 condensed consolidated interim financial statements of **Mouwasat Medical Services Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at September 30, 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and nine-month periods ended September 30, 2024;
- the condensed consolidated statement of changes in equity for the nine-month period ended September 30, 2024;
- the condensed consolidated statement of cash flows for the nine-month period ended September 30, 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Mouwasat Medical Services Company (Continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2024 condensed consolidated interim financial statements of **Mouwasat Medical Services Company and its subsidiaries** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

**Nasser Ahmed Al Shutairy**  
License no. 454



Al Khobar,  
Date: November 5, 2024G  
Corresponding to: Jumada Al-Awwal 3, 1446H

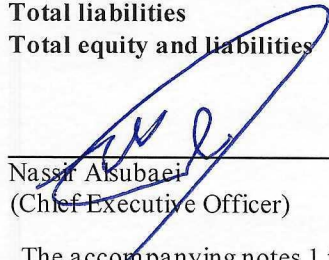
**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**


**AS AT SEPTEMBER 30, 2024**

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	3,409,799,414	3,046,129,447
Right-of-use asset	4.1	17,574,133	19,683,031
Goodwill		16,371,000	16,371,000
Intangible assets		20,003,868	20,186,569
Advances to contractors and suppliers		66,605,228	244,460,781
<b>Total non-current assets</b>		<b>3,530,353,643</b>	<b>3,346,830,828</b>
<b>Current assets</b>			
Inventories		238,047,893	197,164,786
Accounts receivable	5	1,217,370,136	1,152,656,746
Due from a related party	11	1,706,177	916,431
Advances, prepayments and other current assets		106,357,047	98,957,277
Term deposit		172,000,000	100,000,000
Cash and cash equivalents		90,960,200	49,049,506
Investment in an associate – held for sale	6	10,043,207	18,971,023
<b>Total current assets</b>		<b>1,836,484,660</b>	<b>1,617,715,769</b>
<b>Total assets</b>		<b>5,366,838,303</b>	<b>4,964,546,597</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	2,000,000,000	2,000,000,000
Statutory reserve		365,768,791	365,768,791
Retained earnings		1,035,208,268	911,287,213
<b>Equity attributable to shareholders of the Company</b>		<b>3,400,977,059</b>	<b>3,277,056,004</b>
<b>Non-controlling interest</b>		<b>136,891,282</b>	<b>149,790,712</b>
<b>Total equity</b>		<b>3,537,868,341</b>	<b>3,426,846,716</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	8.1	610,624,621	500,049,694
Employees' benefits		169,728,132	153,800,438
Lease liabilities	4.2	16,124,898	18,783,185
Retention payables		43,115,900	34,434,661
<b>Total non-current liabilities</b>		<b>839,593,551</b>	<b>707,067,978</b>
<b>Current liabilities</b>			
Accounts payable		318,570,029	231,706,734
Due to related parties	11	8,298,881	5,136,187
Accruals and other current liabilities		232,159,805	184,304,042
Refund liability	10.1	225,342,854	106,084,803
Current maturity of lease liabilities	4.2	3,612,000	3,612,000
Current portion of long-term borrowings	8.1	168,758,264	266,034,059
Provision for zakat	9	32,634,578	33,754,078
<b>Total current liabilities</b>		<b>989,376,411</b>	<b>830,631,903</b>
<b>Total liabilities</b>		<b>1,828,969,962</b>	<b>1,537,699,881</b>
<b>Total equity and liabilities</b>		<b>5,366,838,303</b>	<b>4,964,546,597</b>

  
Nassir Alsubaei  
(Chief Executive Officer)

  
Nassir Alsubaei  
(Authorized Board Representative)

  
Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 19 on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.


**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

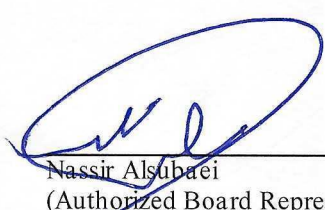
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

**FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024**

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	For the three-month period ended		For the nine-month period ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>					
Medical services revenue		604,713,083	549,928,434	1,789,279,653	1,656,064,106
Pharmaceutical sales		106,031,382	90,961,579	334,546,136	276,383,183
	10	710,744,465	640,890,013	2,123,825,789	1,932,447,289
<b>Direct cost</b>					
Cost of operations		(319,132,595)	(275,754,257)	(922,215,303)	(812,655,990)
Cost of sales		(73,678,195)	(66,871,966)	(230,416,810)	(200,110,524)
		(392,810,790)	(342,626,223)	(1,152,632,113)	(1,012,766,514)
<b>Gross profit</b>		317,933,675	298,263,790	971,193,676	919,680,775
Selling and marketing expenses		(28,380,085)	(28,090,108)	(83,516,138)	(79,575,914)
General and administration expenses		(92,728,450)	(87,577,678)	(283,596,958)	(261,108,799)
Impairment loss on accounts receivables		(32,484,450)	(197,897)	(71,727,018)	(31,340,805)
Other income		3,436,663	1,655,385	6,908,150	5,564,398
<b>Operating profit</b>		167,777,353	184,053,492	539,261,712	553,219,655
Finance income		2,727,741	1,112,417	7,889,035	4,971,413
Finance cost		(7,238,789)	(11,391,177)	(23,794,708)	(34,770,796)
Share of result of an associate	6	-	903,477	1,278,013	6,027,296
<b>Profit before zakat</b>		163,266,305	174,678,209	524,634,052	529,447,568
Zakat expense for the period	9	(9,051,807)	(11,133,527)	(34,702,427)	(33,577,091)
<b>Profit for the period</b>		154,214,498	163,544,682	489,931,625	495,870,477
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>					
Re-measurement of defined benefit obligations		-	-	-	-
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		154,214,498	163,544,682	489,931,625	495,870,477

  
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(Chief Executive Officer)

  
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(Authorized Board Representative)


  
Yusuf Sulaiman  
(Chief Financial Officer)

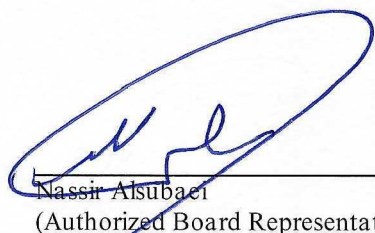
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**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024**  
(Expressed in Saudi Riyals, unless otherwise stated)

	Note	For the three-month period ended		For the nine-month period ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Profit attributable to:</b>					
- Shareholders of the Company		149,644,517	156,375,150	473,921,055	473,521,623
- Non-controlling interests		4,569,981	7,169,532	16,010,570	22,348,854
		<u>154,214,498</u>	<u>163,544,682</u>	<u>489,931,625</u>	<u>495,870,477</u>
<b>Total comprehensive income attributable to:</b>					
- Shareholders of the Company		149,644,517	156,375,150	473,921,055	473,521,623
- Non-controlling interests		4,569,981	7,169,532	16,010,570	22,348,854
		<u>154,214,498</u>	<u>163,544,682</u>	<u>489,931,625</u>	<u>495,870,477</u>
<b>Earnings per share</b>					
Basic and diluted earnings per share attributable to the shareholders of the Company					
	12	<u>0.75</u>	<u>0.78</u>	<u>2.37</u>	<u>2.37</u>

  
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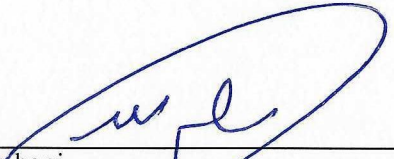
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**MOUWASAT MEDICAL SERVICES COMPANY**  
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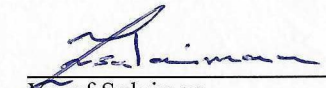
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

(Expressed in Saudi Riyals, unless otherwise stated)

	Attributable to shareholders of the Company			Non-controlling interests	Total equity	
	Share capital	Statutory reserve	Retained earnings			Total
As at January 1, 2023 (Audited)	1,000,000,000	300,000,000	1,622,846,424	2,922,846,424	153,486,781	3,076,333,205
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	473,521,623	473,521,623	22,348,854	495,870,477
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	473,521,623	473,521,623	22,348,854	495,870,477
Dividends (note 14)	-	-	(300,000,000)	(300,000,000)	-	(300,000,000)
Dividend paid to non-controlling interest	-	-	-	-	(34,300,000)	(34,300,000)
Increase in share capital	1,000,000,000	-	(1,000,000,000)	-	-	-
As at September 30, 2023 (Unaudited)	<u>2,000,000,000</u>	<u>300,000,000</u>	<u>796,368,047</u>	<u>3,096,368,047</u>	<u>141,535,635</u>	<u>3,237,903,682</u>
<b>As at January 1, 2024 (Audited)</b>	<b>2,000,000,000</b>	<b>365,768,791</b>	<b>911,287,213</b>	<b>3,277,056,004</b>	<b>149,790,712</b>	<b>3,426,846,716</b>
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	473,921,055	473,921,055	16,010,570	489,931,625
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	473,921,055	473,921,055	16,010,570	489,931,625
Dividends (note 14)	-	-	(350,000,000)	(350,000,000)	-	(350,000,000)
Dividend paid to non-controlling interest	-	-	-	-	(29,400,000)	(29,400,000)
Issue of share capital	-	-	-	-	490,000	490,000
As at September 30, 2024 (Unaudited)	<u>2,000,000,000</u>	<u>365,768,791</u>	<u>1,035,208,268</u>	<u>3,400,977,059</u>	<u>136,891,282</u>	<u>3,537,868,341</u>

  
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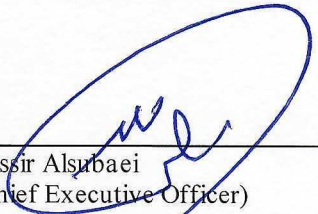
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**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**  
(Expressed in Saudi Riyals, unless otherwise stated)

	Note	September 30, 2024	September 30, 2023
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
Profit for the period		489,931,625	495,870,477
<i>Adjustment for:</i>			
Depreciation of property and equipment	3.2	170,673,791	159,679,037
Depreciation of right-of-use asset	4.1	2,108,898	2,108,896
Provision for allowance for expected credit losses	5	71,727,018	31,340,805
Amortization of intangible assets		4,688,065	4,039,148
Share of result of an associate		(1,278,013)	(6,027,296)
Provision for employees' benefits		27,529,898	25,598,705
Finance cost		23,794,708	34,770,796
Interest income on term deposit		(7,889,035)	(4,971,413)
Property and equipment written off, net	3.1	64	61,281
Gain on modification of leases		-	(393,525)
Gain on disposal of property and equipment		(212,567)	(28,780)
Zakat expense for the period		34,702,427	33,577,091
		<u>815,776,879</u>	<u>775,625,222</u>
<i>Changes in:</i>			
Accounts receivable		(136,440,408)	(110,527,403)
Due from a related party		(789,746)	2,323,208
Advances, prepayments, and other current assets		(6,818,148)	(14,679,679)
Inventories		(40,883,107)	(16,937,302)
Retention payables		8,681,239	3,244,118
Accounts payable		86,863,295	20,019,134
Due to related parties		3,162,694	8,016,819
Accruals and other current liabilities		47,726,326	62,206,903
Refund liability		119,258,051	20,165,622
<b>Cash generated from operating activities</b>		<u>896,537,075</u>	<u>749,456,642</u>
Employees' benefits paid		(11,602,204)	(13,314,774)
Finance cost paid		(37,635,496)	(37,996,152)
Zakat paid		(35,821,927)	(30,922,277)
<b>Net cash generated from operating activities</b>		<u>811,477,448</u>	<u>667,223,439</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(292,340,122)	(159,396,225)
Purchase of intangible assets		(4,505,364)	(8,306,336)
Proceeds from disposal of property and equipment		406,765	93,875
Dividend received from an associate		10,205,829	-
Advances to contractors and suppliers		(49,418,407)	(209,519,057)
Interest received on term deposit		7,307,413	4,795,032
Term deposit		(72,000,000)	21,000,000
<b>Net cash used in investing activities</b>		<u>(400,343,886)</u>	<u>(351,332,711)</u>

  
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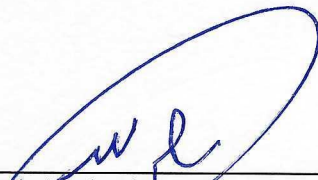
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**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)


**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

(Expressed in Saudi Riyals, unless otherwise stated)

	Note	September 30, 2024	September 30, 2023
		(Unaudited)	(Unaudited)
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings		245,000,000	180,000,000
Repayment of long-term borrowings		(231,700,868)	(195,183,991)
Payment of lease liability	4.2	(3,612,000)	(3,225,000)
Dividends paid to shareholder		(350,000,000)	(300,000,000)
Dividends paid to non-controlling interest		(29,400,000)	(34,300,000)
Proceeds from issue of share capital		490,000	-
<b>Net cash used in financing activities</b>		<b>(369,222,868)</b>	<b>(352,708,991)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>41,910,694</b>	<b>(36,818,263)</b>
Cash and cash equivalents at the beginning of the period		49,049,506	143,876,493
<b>Cash and cash equivalents at the end of the period</b>		<b>90,960,200</b>	<b>107,058,230</b>
<b>Significant non-cash transactions</b>			
Transfer from advances to contractors and suppliers to property and equipment		227,273,960	149,617,184
Finance cost capitalized		14,923,938	2,660,987
Modification of right-of-use-asset		-	(5,101,263)
Modification in lease liability		-	(5,494,788)

  
Nassir Alsubaei  
(Chief Executive Officer)

  
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Yusuf Sulaiman  
(Chief Financial Officer)

The accompanying notes 1 through 19 on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

**MOUWASAT MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2024**

(Expressed in Saudi Riyals, unless otherwise stated)

**1. ORGANIZATION AND ACTIVITIES**

Mouwasat Medical Services Company ("the Company") is registered in Saudi Arabia under Commercial Registration number 2050032029 dated Ramadan 12, 1417H (corresponding to January 21, 1997). The Company was converted into a Saudi Joint Stock Company in accordance with Ministerial Resolution No. 1880 dated Dhu-al-Hijja 4, 1426H (corresponding to January 4, 2006).

The Company through its multiple branches is engaged in the acquisition, management, operation and maintenance of hospitals, medical centers, drug stores, pharmacies and wholesale of medical equipment and drugs.

<b>Branch</b>	<b>Commercial Registration Number</b>	<b>Date</b>
Dammam	2050046891	18/09/1425H
Dammam	2050111494	20/04/1438H
Dammam	2050111780	25/05/1438H
Dammam	2050086573	27/11/1433H
Khobar	2051064380	12/09/1438H
Jubail	2055004626	09/03/1421H
Jubail	2055006727	19/09/1425H
Madinah	4650029967	06/05/1421H
Madinah	4650030759	11/11/1421H
Madinah	4650083001	18/01/1438H
Madinah	4650252425	19/05/1444H
Riyadh	1010295838	09/11/1431H
Yanbu	4700118283	04/06/1444H

Details regarding the Company's subsidiaries are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Activities</b>	<b>Percentage %</b>	
			<b>September 30, 2024</b>	<b>December 31, 2023</b>
Eastern Medical Services Company Limited	Saudi Arabia	Medical services	51%	51%
Jeddah Doctors Company	Saudi Arabia	Medical services	51%	51%
Modawaa and Rieaya Medical Company	Saudi Arabia	Medical services	51%	-

Eastern Medical Services Company Limited is a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 2051023824 dated Ramadan 10, 1420H (corresponding to December 18, 1999). This subsidiary is engaged in construction and operation of hospitals, dispensaries and special clinics.

Jeddah Doctors Company Limited ("JDC") (Saudi Closed Joint Stock Company) is registered in Kingdom of Saudi Arabia under commercial registration number 4030278617 dated Muharram 13, 1436H (corresponding to 6 November 2014). The subsidiary is engaged in general construction of non-residential buildings including (schools, hospitals, hotels etc.), demolition of buildings; purchase, sale and division of land and real estate, and off-plan sales activities; colleges and university institutes, hospitals, medical operation of hospitals.

Mouwasat Medical Services Company in partnership with Al Dawaa Medical Services Company, has established Modawaa and Rieaya Medical Company Limited ("Modawaa") a limited liability company within Kingdom of Saudi Arabia under commercial registration number 2051256627 dated Dhu'al Qadah 29, 1445H (corresponding to 6 June 2024) for the purpose of medical clinics activities. Modawaa's capital has been set at SR 1 million, with contributions divided as 51% for Mouwasat Medical Services Company and 49% for Al Dawaa Medical Services Company. The Company has control over Modawaa and classified it as a subsidiary. The operation of Modawaa has not yet commenced.

These condensed consolidated interim financial statements as at and for the nine-month period ended September 30, 2024 include all financial information of the branches of the Company and above mentioned subsidiaries (together referred to as 'the Group').

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**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2023 (“Last Annual Financial Statements”). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

**2.2 Basis of preparation**

These condensed consolidated interim financial statements are prepared using historical cost convention using the accrual basis of accounting except for employees benefit obligation which is measured at present value of the defined benefit obligation, financial assets at fair value through profit or loss which are measured at fair value and financial assets at fair value through other comprehensive income which are measured at fair value.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “the Law”) came into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management had assessed the impact of the New Companies Law, accordingly amended its By-Laws and obtained approval in Extra Ordinary General Assembly Meeting.

**2.3 Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals (“SR”) which is also the functional and presentation currency of the Group. All values are rounded to the nearest one Riyal except where otherwise indicated.

**2.4 Use of judgements and estimates**

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**2.5 Material accounting policies**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended December 31, 2023. A number of amendments to existing standards, as detailed in note 2.6 below, became effective from January 1, 2024 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**2.6 New standards and amendments to existing standards**

*New and amended standards adopted by the Group*

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective for annual periods beginning on or after 1 January 2024;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16, effective for annual periods beginning on or after 1 January 2024;

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**2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**2.6 New standards and amendments to existing standards (continued)**

*New and amended standards adopted by the Group (continued)*

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7, effective for annual periods beginning on or after 1 January 2024;
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, effective for annual periods beginning on or after 1 January 2024, subject to local regulation.

*Amendments to existing standards issued but not yet effective*

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Lack of Exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025;
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 ‘Financial Instruments’ and IFRS 7 ‘Financial Instruments: Disclosures’, effective for annual periods beginning on or after 1 January 2026;
- Annual improvements to IFRS Accounting Standards – Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash flows, effective for annual periods beginning on or after 1 January 2026;
- IFRS 18 Presentation and Disclosure in Financial Statements, effective for annual periods beginning on or after 1 January 2027;
- IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’, effective for annual periods beginning on or after 1 January 2027.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28, effective date deferred indefinitely.

The forthcoming amendments listed above are not expected to have a significant or material impact on the Group’s financial statements when they become effective.

**3. PROPERTY AND EQUIPMENT**

**3.1 Property and equipment comprise of the following:**

	<b>September 30, 2024</b>	December 31,
	<b>(Unaudited)</b>	2023
		(Audited)
Land	<b>715,308,894</b>	517,131,144
Buildings	<b>1,139,749,463</b>	1,156,155,536
Building system and improvements	<b>450,561,734</b>	478,337,855
Medical equipment and tools	<b>463,462,022</b>	476,716,592
Furniture and fixture	<b>92,697,768</b>	93,193,793
Motor vehicle	<b>10,473,482</b>	12,618,722
Construction work in progress	<b>537,546,051</b>	311,975,805
	<b><u>3,409,799,414</u></b>	<u>3,046,129,447</u>

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**3. PROPERTY AND EQUIPMENT (CONTINUED)**

**3.2 The movement of property and equipment is as follows:**

	<b>September 30, 2024</b>	September 30,
	<b>(Unaudited)</b>	2023 (Unaudited)
Carrying value at the beginning of the period	<b>3,046,129,447</b>	2,808,394,204
Additions	<b>534,538,020</b>	311,674,396
Property and equipment written off	<b>(64)</b>	(61,281)
Disposals, net of accumulated depreciation	<b>(194,198)</b>	(65,095)
Depreciation	<b>(170,673,791)</b>	(159,679,037)
Carrying value at the end of the period	<b><u>3,409,799,414</u></b>	<u>2,960,263,187</u>

As of September 30, 2024, plots of land amounting to SR 52.92 million (December 31, 2023: SR 52.92 million) have been pledged as security against term loans from Ministry of Finance.

Finance costs capitalized during the nine-month period ended September 30, 2024 amounted to SR 14.92 million (September 30, 2023: SR 2.66 million).

**3.3 Construction work-in-progress**

The carrying value in note 3.1 includes construction work-in-progress amounting to SR 537.55 million (September 30, 2023: SR 250.8 million). It represents costs incurred to construct new hospitals and expansion of existing hospitals, which is currently in work-in-progress.

**4. RIGHT-OF-USE-ASSET & LEASE LIABILITIES**

The Group has contracted for lease of building having lease period of 11 years from the date of agreement with an option to renew thereafter on mutual consent. Lease payments agreed at the time of inception of lease, may change during the tenure of agreement based on mutual consent of both parties.

During the year ended 31 December 2023, lease rentals were reduced as Company returned certain portion of the leased asset to the lessor, accordingly the right of use assets and lease liabilities were modified as per the requirement of IFRS 16 Leases and resulted gain on modification was recorded in the consolidated statement of profit or loss and other comprehensive income.

**4.1 Right-of-use-assets**

	<b>September 30, 2024</b>	September 30,
	<b>(Unaudited)</b>	2023 (Unaudited)
Carrying value at the beginning of the period	<b>19,683,031</b>	27,596,156
Effect of modification	<b>-</b>	(5,101,263)
Depreciation expense	<b>(2,108,898)</b>	(2,108,896)
Carrying value at the end of the period	<b><u>17,574,133</u></b>	<u>20,385,997</u>

**4.2 Lease liabilities**

	<b>September 30, 2024</b>	September 30,
	<b>(Unaudited)</b>	2023 (Unaudited)
Carrying value at the beginning of the period	<b>22,395,185</b>	29,694,954
Effect of modification	<b>-</b>	(5,494,788)
Interest expense	<b>953,713</b>	1,065,014
Payments	<b>(3,612,000)</b>	(3,225,000)
Carrying value at the end of the period	<b><u>19,736,898</u></b>	<u>22,040,180</u>

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**4. RIGHT-OF-USE-ASSET & LEASE LIABILITIES (CONTINUED)**

	<b>September 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
Current portion	<b>3,612,000</b>	3,612,000
Non-current portion	<b>16,124,898</b>	18,783,185
	<b><u>19,736,898</u></b>	<u>22,395,185</u>

**5. ACCOUNTS RECEIVABLE**

	<b>September 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
Accounts receivable – trade	<b>1,447,177,700</b>	1,316,142,867
Less: allowance for expected credit losses	<b>(229,807,564)</b>	(163,486,121)
	<b><u>1,217,370,136</u></b>	<u>1,152,656,746</u>

Movement in the allowance for expected credit losses is as follows:

	<b>September 30, 2024</b>	September 30, 2023
	<b>(Unaudited)</b>	(Unaudited)
Balance at the beginning of the period	<b>163,486,121</b>	72,501,282
Allowance for expected credit losses during the period	<b>71,727,018</b>	31,340,805
Written off	<b>(5,405,575)</b>	(25,868,610)
Balance at the end of the period	<b><u>229,807,564</u></b>	<u>77,973,477</u>

**6. INVESTMENT IN AN ASSOCIATE – HELD FOR SALE**

The Group has 50% share in Advance Medical Project Company ("AMPC"), a limited liability company registered in the Kingdom of Saudi Arabia. AMPC is engaged in operating ophthalmology, ears, noses and throats clinics. This investment is accounted for under the equity method and share of result of associate has been recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

During the period, the Group has formally announced its decision to exit its investment in Advanced Medical Projects Co ("AMPC"). Earlier it was agreed to extend the memorandum of association ending on 31 December 2022 to the end of 2025. Subsequently, an amendment was made, and services continued until the end of 31 January 2024. Started from 1 February 2024, Mouwasat hospital in Dammam provides services through their Mouwasat Eye Center. Pursuant to exit, Group does not have significant influence over AMPC.

Consequently, as of 31 December 2023, the Group has classified investments in associates as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. During the period ended 30 September 2024, share of result of associate has been recorded for the month of January 2024 amounting to SR 1.28 million. Further, during the period dividend amounting to SR 10.21 million is received. This investment is carried at lower of fair value and carrying amount as management consider the fair value of investment approximate to the carrying value.

Additionally, during the period, the Group and the other shareholder in AMPC have signed an agreement, based on which the Group will exit its investment in AMPC at the investment book value.

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**7. SHARE CAPITAL**

The authorized, issued and fully paid share capital of the Company is divided into 200 million shares (September 30, 2023: 200 million shares) of SR 10 each.

During the year 2022, the Company's board of directors recommended in its meeting held on 22 December 2022 for capital increase by granting free shares to the Company's shareholders, with one share for each of the shares owned on the day of the extra ordinary general meeting and registered in the Company's shareholder register. The share capital increase was proposed by way of capitalization of SR 1 billion from retained earnings. The proposed bonus shares issuance was approved by the Company's shareholders in an Extraordinary General Assembly Meeting held on 7 August 2023. During the year ended 31 December 2023, bonus shares were distributed, share capital was increased and accordingly all the legal formalities have been finalised.

**8. BORROWINGS**

**8.1 Long term loan**

	<b>September 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
<b>Current</b>		
Loans from commercial banks	<b>162,811,324</b>	259,443,829
Loans from Ministry of Finance	<b>5,946,940</b>	6,590,230
	<b><u>168,758,264</u></b>	<u>266,034,059</u>
<b>Non- current</b>		
Loans from commercial banks	<b>546,337,533</b>	430,458,956
Loans from Ministry of Finance	<b>64,287,088</b>	69,590,738
	<b><u>610,624,621</u></b>	<u>500,049,694</u>

During the period, the Group obtained loan amounting to SR 245 million (30 September 2023: SR 180 million) and repaid loan amounting to SR 231.7 million (30 September 2023: SR 195.18 million).

**Loans from Commercial Banks**

The Group obtained Islamic loan facilities from various local commercial banks. These loans are secured by promissory notes and assignment of insurance and contract proceeds. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SIBOR" plus an agreed margin.

**Loans from Ministry of Finance**

The Group obtained loan facilities of SR 147.3 million from Ministry of Finance for expansions and building of new hospitals and purchase of medical equipment. The loans are secured by mortgage on the Group's plots of land and are repayable on equal annual installments. These loans do not carry any financial charges.

The Group is required to comply with certain covenant under the loan facility agreements. The covenants are monitored on a monthly basis by management, in case of potential breach, actions are taken by management to ensure compliance. The Group was in compliance with financial covenants as of September 30, 2024 and December 31, 2023. Aggregate maturities are as follows:

	<b>September 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>168,758,264</b>	266,034,059
Later than one year but not later than five years	<b>500,695,423</b>	417,547,612
Later than five years	<b>109,929,198</b>	82,502,082
	<b><u>779,382,885</u></b>	<u>766,083,753</u>



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**9. ZAKAT**

The movement in zakat provision is:

	<b>September 30, 2024</b>	September 30, 2023
	<b>(Unaudited)</b>	(Unaudited)
Balance at the beginning of the period	<b>33,754,078</b>	25,977,290
<i>Charge:</i>		
Current period	<b>32,634,578</b>	28,632,104
Prior years	<b>2,067,849</b>	4,944,987
	<b>34,702,427</b>	33,577,091
Paid during the period	<b>(35,821,927)</b>	(30,922,277)
Balance at the end of the period	<b>32,634,578</b>	28,632,104

**Mouwasat Medical Services Company**

The Company has submitted its zakat returns up to year ended 31 December 2023, settled zakat as per the return and obtained the required certificates and official receipts. The assessments for the years up to 2016 were finalized and settled in 2018. Zakat, Tax and Custom Authority ("ZATCA") raised queries for years 2017 and 2018 and the Company has provided the relevant information. According to ZATCA portal, the inquiry case for these years were closed and ZATCA did not raise any Zakat differences. ZATCA raised assessments for years 2019 and 2020 with a total liability of SR 7.3 million. Company has submitted an objection against ZATCA's assessment for the year 2019 and 2020 and subsequent to the objection, ZATCA issued a revised assessment with a total liability of SR 5.2 million, on which the Company filed an appeal against the rejection with the Committee for Resolution of Tax Violations and Disputes "CRTVD" through the General Secretariat of Tax Committees "GSTC" portal. The CRTVD has issued its decision where it has rejected the Company appeal. Subsequently, the Company has appeal the CRTVD's decision with the Appellate Committee of Tax Violations and Dispute Resolution (ACTVDR), and the lawsuit is still under study by the ACTVDR. The management is confident that the outcome of the claim when finally determined by ACTVDR will not be significant. During the period, the Company received an assessment for the years 2021 and 2022 amounting to SR 2.4 million which has been finalized and paid. The assessment for the year 2023 is still under review by the ZATCA.

**Eastern Medical Services Company Limited**

The subsidiary has submitted its zakat returns up to year ended 31 December 2023, settled zakat as per the returns and obtained the required certificates and official receipts. The assessments for the years from 2013 to 2016 and for the year 2018 were finalized and settled in 2018. ZATCA raised an assessment for the year 2019 amounting to SR 0.663 million and the Company has submitted an objection against ZATCA's assessment for the year 2019. ZATCA issued a revised assessment rejecting the Company appeal; the Company filed an appeal against the rejection with the Committee for Resolution of Tax Violations and Disputes "CRTVD" through the General Secretariat of Tax Committees "GSTC" portal. During the period, the CRTVD issued its decision regarding the Company's appeal and partially accepted certain contentions of the Company. Subsequently, the Company has appeal the CRTVD's decision with the Appellate Committee of Tax Violations and Dispute Resolution (ACTVDR), and the case is still under study by the ACTVDR. The management is confident that the outcome of the claim will not be significant. The assessment for the years 2020 to 2023 are still under review by the ZATCA.

**Jeddah Doctor Company**

The subsidiary has submitted the zakat return up to year ended 31 December 2023, settled zakat as per the returns and obtained the required certificates and official receipts. The subsidiary has not received any assessments from Zakat, Tax and Customs Authority ("ZATCA") since inception.

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**10. REVENUE**

The Group generates revenue primarily from:

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

**Disaggregation of revenue**

In the following table, revenue from contracts with customers is disaggregated by service lines and timing of revenue recognition. All revenues are generated within Kingdom of Saudi Arabia.

	<b>September 30, 2024</b>	September 30, 2023
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue by service lines</b>		
Medical services	<b>1,789,279,653</b>	1,656,064,106
Pharmaceuticals	<b>334,546,136</b>	276,383,183
	<b><u>2,123,825,789</u></b>	<u>1,932,447,289</u>
<b>Timing of revenue recognition</b>		
Medical services and pharmaceuticals sales transferred at a point in time	<b>1,292,877,934</b>	1,163,136,585
Medical services transferred over time	<b>830,947,855</b>	769,310,704
	<b><u>2,123,825,789</u></b>	<u>1,932,447,289</u>

The following table provides information about contract assets and refund liability from contracts with customers:

	<b>September 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
Refund liability (note 10.1)	<b>225,342,854</b>	106,084,803
Contract assets (note 10.2)	<b><u>10,210,960</u></b>	<u>8,610,772</u>

**10.1 Refund liability**

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

**10.2 Contract assets**

Contract assets are related to in-patients who were provided services during the reporting period but were not discharged or billed as of the reporting date. Contract assets are included as part of Advances, prepayments and other current assets.

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties include Company's shareholders, associated companies and their shareholders, key management personnel, Board of Directors and entities controlled, jointly controlled or significantly influenced by such parties. Terms and conditions of these transactions are approved by the Group's management. During the period, the Group transacted with the following related parties:

<b><u>Related Party</u></b>	<b><u>Relationship</u></b>
Advance Medical Project Company ("AMPC")	Associate (note 6)
Al-Mouwasat International Company	Other related party - Owned by shareholder
AdVision Media Solution	Other related party - Entity with significant influence

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**11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Related Party	Nature of transaction	For the nine-month period ended September 30,	
		2024	2023
Advance Medical Project Company ("AMPC")	- Revenue	(460,008)	(2,327,879)
	- Share of result	(1,278,013)	(6,027,296)
	- Purchase of services	1,738	4,988,749
	- Other services	(6,476)	(204,756)
Al-Mouwasat International Company	- Purchases	29,972,615	24,677,762
	- Rent	2,163,500	1,733,862
	- Other services	(224,155)	(154,895)
AdVision Media Solution	- Advertisement services	15,544,749	26,660,021

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

*a) Due to related parties*

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Al-Mouwasat International Company	6,898,471	5,094,362
AdVision Media Solution	1,400,410	41,825
	<b>8,298,881</b>	<b>5,136,187</b>

*b) Due from a related party*

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advance Medical Project Company ("AMPC")	1,706,177	916,431

Amounts due to and due from related parties principally include balances related to above mentioned transactions. Outstanding balances at the reporting date are unsecured, interest free and payable within 12 months in ordinary course of business. Prices and terms of payment of the above transactions are approved by the Group's management.

*c) Compensation to key management personnel*

The remuneration of directors and other key management personnel during the period was as follows:

	Nine-month period ended September 30, 2024 (Unaudited)	Nine-month period ended September 30, 2023 (Unaudited)
Salary and allowances	23,250,000	14,805,000
Incentives and other benefits	13,677,663	13,728,017
	<b>36,927,663</b>	<b>28,533,017</b>

The remuneration of directors and key executives is determined by the remuneration committee considering the performance of individuals and market trends. Board of Directors' fee of SR 7.76 million (September 30, 2023: SR 2.96 million) have been included as part of key management personnel remuneration.

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**12. EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as basic earnings per share.

	<b>Nine-month period ended September 30, 2024</b>	Nine-month period ended September 30, 2023
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period attributable to the shareholders of the Company	<b>473,921,055</b>	473,521,623
Weighted average number of outstanding shares during the period	<b>200,000,000</b>	200,000,000
Basic and diluted earnings per share attributable to the shareholders of the Company	<b>2.37</b>	2.37

The weighted average number of outstanding shares have been retrospectively adjusted for prior period to reflect the distribution of 100 million bonus shares.

**13. CONTINGENCIES AND COMMITMENTS**

**13.1** The Group's bankers have given guarantees, on behalf of the Group, amounting to SR 6.2 million as of September 30, 2024, (December 31, 2023: SR 0.5 million) mainly in respect of performance guarantees to customers.

**13.2** The capital expenditure contracted by the Group but not yet incurred until September 30, 2024 was approximately SR 342.7 million (December 31, 2023: SR 484.24 million) relating to certain expansion projects.

**13.3** The Group has outstanding letter of credits amounting to SR 0.03 million as of September 30, 2024 (December 31, 2023: SR 7.88 million).

**14. DIVIDENDS**

The Board of Directors at their meeting held on 12 Jumada Al-Akhirah 1445H (corresponding to 25 December 2023G) proposed a cash dividend of SR 1.75 per share amounting to SR 350 million for the year ended 31 December 2023G which was subsequently approved by shareholders in General Assembly Meeting held on Dhual Qa'dah 19, 1445H (corresponding to May 27, 2024G).

The Board of Directors at their meeting held on 28 Jumada Al-Awwal 1444H (corresponding to 22 December 2022G) proposed a cash dividend of SR 3 per share amounting to SR 300 million for the year ended 31 December 2022G which was subsequently approved by shareholders in General Assembly Meeting held on Sha'wwal 17, 1444H (corresponding to May 7, 2023G).

**15. SEGMENT INFORMATION**

The Board of Directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and gross profit and is measured consistently in the interim condensed consolidated financial statements.

The Group's operations consist mainly of medical services and pharmaceuticals products segment.

***Operating segments:***

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments:

- Medical Services segment: Fees for inpatient and outpatient services.
- Pharmaceuticals products segment.

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**15. SEGMENT INFORMATION (CONTINUED)**

	<u>Medical Services</u>	<u>Pharmaceuticals</u>	<u>Total</u>
<b>For the nine-month period ended September 30, 2024 (unaudited)</b>			
Revenues	<u>1,789,279,653</u>	<u>334,546,136</u>	<u>2,123,825,789</u>
<b>Gross profit</b>	<b>867,064,350</b>	<b>104,129,326</b>	<b>971,193,676</b>
<b>Unallocated income / (expenses)</b>			
Selling and marketing expenses			(83,516,138)
General and administration expenses			(283,596,958)
Impairment loss on accounts receivables			(71,727,018)
Other income			6,908,150
Share of result of an associate			1,278,013
Finance income			7,889,035
Finance costs			(23,794,708)
<b>Profit before zakat</b>			<u>524,634,052</u>
Zakat expense for the period			(34,702,427)
<b>Profit for the period</b>			<u><u>489,931,625</u></u>
	<u>Medical Services</u>	<u>Pharmaceuticals</u>	<u>Total</u>
<b>For the nine-month period ended September 30, 2023 (unaudited)</b>			
Revenues	<u>1,656,064,106</u>	<u>276,383,183</u>	<u>1,932,447,289</u>
<b>Gross profit</b>	<b>843,408,116</b>	<b>76,272,659</b>	<b>919,680,775</b>
<b>Unallocated income / (expenses)</b>			
Selling and marketing expenses			(79,575,914)
General and administration expenses			(261,108,799)
Impairment loss on accounts receivables			(31,340,805)
Other income			5,564,398
Share of result of an associate			6,027,296
Finance income			4,971,413
Finance costs			(34,770,796)
<b>Profit before zakat</b>			<u>529,447,568</u>
Zakat expense for the period			(33,577,091)
<b>Profit for the period</b>			<u><u>495,870,477</u></u>
	<u>Medical Services</u>	<u>Pharmaceuticals</u>	<u>Total</u>
<b>As at September 30, 2024 (unaudited)</b>			
<b>Total assets</b>	<u>5,098,496,388</u>	<u>268,341,915</u>	<u>5,366,838,303</u>
<b>Total liabilities</b>	<u>1,655,217,816</u>	<u>173,752,146</u>	<u>1,828,969,962</u>
<b>As at December 31, 2023 (audited)</b>			
Total assets	<u>4,716,319,267</u>	<u>248,227,330</u>	<u>4,964,546,597</u>
Total liabilities	<u>1,391,618,392</u>	<u>146,081,489</u>	<u>1,537,699,881</u>

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**15. SEGMENT INFORMATION (CONTINUED)**

**Geographical segments:**

All of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

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

**16. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT**

The Group's principal financial assets include cash and cash equivalents, accounts receivable and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise long-term borrowings and accounts payable, due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

**Fair values hierarchy**

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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

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

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

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

**Accounting classifications and fair values**

The following table shows the carrying value of financial assets and financial liabilities. All financial assets and financial liabilities of the Group are categorized as held at amortized cost. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

<b>Particulars</b>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<b>Carrying value (Amortized cost)</b>	<b>Carrying value (Amortized cost)</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Financial assets not measured at fair value</b>		
Accounts receivable	<b>1,217,370,136</b>	1,152,656,746
Due from a related party	<b>1,706,177</b>	916,431
Contract asset	<b>10,210,960</b>	8,610,772
Cash and cash equivalents	<b>90,960,200</b>	49,049,506
Other current assets	<b>18,921,439</b>	16,368,542
Term deposit	<b>172,000,000</b>	100,000,000
<b>Total</b>	<b><u>1,511,168,912</u></b>	<b><u>1,327,601,997</u></b>

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**16. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)**

**Accounting classifications and fair values (continued)**

<b>Particulars</b>	<b>September 30, 2024</b>	December 31, 2023
	<b>Carrying value (Amortized cost) (Unaudited)</b>	Carrying value (Amortized cost) (Audited)
<b>Financial liabilities not measured at fair value</b>		
Long-term borrowings	<b>779,382,885</b>	766,083,753
Lease liabilities	<b>19,736,898</b>	22,395,185
Accounts payable	<b>318,570,029</b>	231,706,734
Due to related parties	<b>8,298,881</b>	5,136,187
Retention payable	<b>43,115,900</b>	34,434,661
Refund liability	<b>225,342,854</b>	106,084,803
Other current liabilities	<b>134,197,462</b>	88,918,486
<b>Total</b>	<b><u>1,528,644,909</u></b>	<b><u>1,254,759,809</u></b>

As at the reporting date all financial assets and financial liabilities are measured at amortized cost. The carrying value of the financial assets and financial liabilities of the Group approximate their fair value.

**Risk management activities**

The Group's financial risk management objectives and policies are consistent with those disclosed in the last annual consolidated financial statements as at and for the year ended December 31, 2023.

**17. SUBSEQUENT EVENTS**

There were no significant events occurred subsequent to September 30, 2024, except as mentioned otherwise in these condensed interim consolidated financial statements, that would have a material impact on the financial position and financial performance of the Group.

**18. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to comply with the current period presentation of the condensed consolidated interim financial statements.

**19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements have been approved on behalf of Board of Directors on Jumada Al-Awwal 2, 1446H, corresponding to November 4, 2024G.