

**ALF MEEM YAA FOR MEDICAL SUPPLIES
AND EQUIPMENT**
(A Closed Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month and six-month periods ended 30 June 2022
with

INDEPENDENT AUDITOR'S REVIEW REPORT

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

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KPMG Professional Services

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Prince Sultan Street
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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

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

To the Shareholders of Alf Meem Yaa for Medical Supplies and Equipment

Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of Alf Meem Yaa for Medical Supplies and Equipment ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2022;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2022;
- the condensed statement of changes in equity for the six-month period ended 30 June 2022;
- the condensed statement of cash flows for the six-month period ended 30 June 2022; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed 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 interim financial statements based on our review.

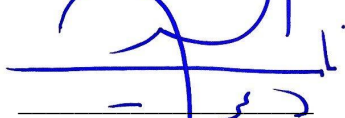
Scope of review

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 interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed interim financial statements of Alf Meem Yaa for Medical Supplies and Equipment is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Nasser Ahmed Al Shutairy
License No. 454



Jeddah, 18 August 2022
Corresponding to 20 Muharram 1444H

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كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT

(A Closed Saudi Joint Stock Company)

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<u>ASSETS</u>			
Non-current assets			
Property and equipment		1,176,874	572,279
Right-of-use assets	4	1,412,409	1,665,860
Installment sales receivables – non-current portion	5	1,290,137	790,361
		3,879,420	3,028,500
Current assets			
Inventories	6	31,863,410	25,088,885
Installment sales receivables – current portion	5	24,119,917	20,615,033
Trade receivables	7	61,324,852	48,499,189
Prepayments and other current assets	8	14,840,991	8,239,987
Cash and cash equivalents	9	7,008,262	28,416,551
		139,157,432	130,859,645
Total assets		143,036,852	133,888,145
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	10	70,000,000	70,000,000
Statutory reserve	11	2,372,282	2,372,282
Retained earnings		24,168,655	21,041,964
		96,540,937	93,414,246
<u>Liabilities</u>			
Non-current liabilities			
Employee benefits		7,176,467	7,074,857
Contract liabilities – non-current portion		81,000	370,000
Lease liabilities – non-current portion	4	772,028	1,121,625
		8,029,495	8,566,482
Current liabilities			
Trade payables		399,532	246,622
Contract liabilities – current portion		1,882,615	1,503,536
Accrued expenses and other current liabilities	12	31,376,711	25,346,431
Due to related parties	13	547,510	547,510
Lease liabilities – current portion	4	397,512	381,964
Accrued Zakat	14	3,862,540	3,881,354
		38,466,420	31,907,417
Total liabilities		46,495,915	40,473,899
Total equity and liabilities		143,036,852	133,888,145

The accompanying notes 1 through 27 form an integral part of these condensed interim financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT

(A Closed Saudi Joint Stock Company)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	Three month period ended 30 June 2022	Three month period ended 30 June 2021	Six month period ended 30 June 2022	Six month period ended 30 June 2021
Revenue	15	54,057,356	37,621,523	108,346,746	69,782,759
Cost of revenue		(27,416,725)	(20,792,474)	(59,488,178)	(37,782,236)
Gross profit		26,640,631	16,829,049	48,858,568	32,000,523
Selling and marketing expenses		(10,331,934)	(7,304,760)	(19,042,247)	(13,829,889)
General and administrative expenses		(4,396,408)	(2,887,716)	(11,299,005)	(5,686,483)
(allowance) / Reversal for expected credit loss	5 & 7	(1,628,353)	363,349	(1,262,864)	785,177
Other expenses		--	(4,319,558)	--	(4,319,558)
Operating profit		10,283,936	2,680,364	17,254,452	8,949,770
Finance cost		(29,025)	(48,346)	(58,051)	(96,692)
Profit before Zakat		10,254,911	2,632,018	17,196,401	8,853,078
Zakat charge	14	(750,000)	(711,645)	(1,819,710)	(1,355,180)
Net profit for the period		9,504,911	1,920,373	15,376,691	7,497,898
<u>Other Comprehensive Income</u>					
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Re-measurement of employee benefits		--	--	--	--
Total comprehensive income for the period		9,504,911	1,920,373	15,376,691	7,497,898
Earnings per share based on the profit attributable to the shareholders of the Company					
Basic and diluted earnings per share	16	1.36	0.27	2.20	1.15

The accompanying notes 1 through 27 form an integral part of these condensed interim financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT

(A Closed Saudi Joint Stock Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance as at 1 January 2021 (audited)	500,000	250,000	62,797,813	63,547,813
Net profit for the period	--	--	7,497,898	7,497,898
Other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period	--	--	7,497,898	7,497,898
Transactions with shareholders				
Dividend paid	--	--	(1,600,000)	(1,600,000)
Increase in share capital	69,500,000	--	(56,876,085)	12,623,915
Balance as at 30 June 2021 (unaudited)	<u>70,000,000</u>	<u>250,000</u>	<u>11,819,626</u>	<u>82,069,626</u>
Balance as at 1 January 2022 (audited)	70,000,000	2,372,282	21,041,964	93,414,246
Net profit for the period	--	--	15,376,691	15,376,691
Other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period	--	--	15,376,691	15,376,691
Transactions with shareholders				
Dividend paid	--	--	(12,250,000)	(12,250,000)
Balance as at 30 June 2022 (unaudited)	<u>70,000,000</u>	<u>2,372,282</u>	<u>24,168,655</u>	<u>96,540,937</u>

The accompanying notes 1 through 27 form an integral part of these condensed interim financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities:</u>			
Net profit for the period		15,376,691	7,497,898
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment		121,957	56,808
Depreciation on right-of-use assets	4	253,451	88,022
Allowance for ECL – installment sales receivables	5	1,003,451	1,164,285
Related party balance written off		--	4,319,558
Provision for slow moving inventory	6	1,928,791	--
Allowance / (Reversal) for expected credit loss – trade receivables	7	259,413	(1,949,462)
Provision for employee benefits		196,897	245,500
Finance cost		58,051	96,692
Zakat charge	14	1,819,710	1,355,180
		<u>21,018,412</u>	<u>12,874,481</u>
<u>Changes in working capital:</u>			
Installment sales receivables		(5,008,111)	(5,655,960)
Inventories		(8,703,316)	5,454,413
Trade receivables		(13,085,076)	(2,592,819)
Prepayments and other current assets		(6,601,006)	(4,032,394)
Trade payables		152,910	377,837
Contract liabilities		90,079	1,757,476
Accrued expenses and other current liabilities		6,030,280	7,772,394
Cash (used in) / generated from operating activities		<u>(6,105,828)</u>	<u>15,955,428</u>
Employee benefits paid		(95,287)	(17,400)
Interest paid		--	(5,404)
Zakat paid	14	(1,838,524)	(1,209,964)
Net cash (used in) / generated from operating activities		<u>(8,039,639)</u>	<u>14,722,660</u>
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment		(726,550)	(37,015)
Net cash used in investing activities		<u>(726,550)</u>	<u>(37,015)</u>
<u>Cash flows from financing activities:</u>			
Lease liabilities paid		(392,100)	(88,346)
Dividend paid		(12,250,000)	(1,600,000)
Related party balance repaid		--	(5)
Net cash used in financing activities		<u>(12,642,100)</u>	<u>(1,688,351)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(21,408,289)</u>	<u>12,997,294</u>
Cash and cash equivalents at the beginning of the period		<u>28,416,551</u>	<u>14,699,590</u>
Cash and cash equivalents at the end of the period	9	<u>7,008,262</u>	<u>27,696,884</u>
NON-CASH SUPPLEMENTARY INFORMATION			
Increase in share capital		--	69,500,000

The accompanying notes 1 through 27 form an integral part of these condensed interim financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. REPORTING ENTITY

Alf Meem Yaa for Medical Supplies and Equipment Company ("the Company") is a Saudi Closed Joint Stock Company incorporated in Jeddah, Kingdom of Saudi Arabia. The Company was registered as a Saudi Limited liability company on Safar 14, 1430H (February 9, 2009) under commercial registration number 4030186415.

During the year ended 31 December 2021, the Company's status has changed from a Limited Liability Company to a Closed Joint Stock Company on 25 Shawwal 1442H, corresponding to 6 June 2021. All the legal formalities have been completed.

On 27 December 2021, the Capital Market Authority (CMA) has approved the registration of the Company shares for the purpose of direct listing on Nomu - Parallel Market. The Saudi Exchange (Tadawul) announced that shares of AME Company for Medical Supplies will be listed on Nomu - Parallel Market and start trading as of 18 January 2022 as a direct listing, with the symbol 9527 and ISIN Code SA15GGP4KRH1.

On 15 June 2022, the General Assembly of the Company has approved to change the Company status from a Closed Joint Stock Company to Joint stock Company. All the related legal formalities have subsequently been completed on 26 Dhul Hijjah 1443H (corresponding to 25 July 2022) whereby the ministry of commerce had issued a new Commercial Registration certificate number 4030186415.

As per the By-laws, the Company engages in wholesale and retail trade of perfumes, cosmetics, medical supplies, and medical equipment other than medicines and chemicals.

The Company operates through the following branches and these condensed interim financial statements include their results as well:

<u>Branch / City</u>	<u>CR No.</u>	<u>Registration Date</u>
Riyadh	1010478367	12 Rabie Awal 1440H, corresponding to 19 November 2018
Jeddah	4030186415	14 Safar 1430H, corresponding to 09 February 2009
Dammam	2050133577	08 Ragab 1441H, corresponding to 03 March 2020

The registered address of the Company is as follows:

Prince Sultan Street
P. O. Box 11544
Jeddah 21463
Kingdom of Saudi Arabia

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2021 ("last annual Financial Statements").

These condensed interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since last annual financial statements. In addition, results for the interim period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2 Basis of measurement

The condensed interim financial statements have been prepared under the historical cost basis, except for employee benefits, which are recognized at the present value of future obligations using Projected Unit Credit Method. Further, the condensed interim financial statements are prepared using the accrual basis of accounting and the going concern assumption.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Saudi Arabian Riyals ("SR"), which is the functional currency of the Company. All numbers are rounded off to the nearest Riyal unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those described in the last annual financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 31 December 2021. A number of amendments to standards which are effective from January 1, 2022 do not have a material effect of these condensed interim financial statements disclosed on note 23.

4. LEASES

a) Right-of-use assets:

The reconciliation of right-of-use is as follows:

	For the six-month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Carrying amount at beginning of the period / year	1,665,860	365,214
Additions during the period / year	--	1,313,885
Remeasurement of lease	--	323,218
Depreciation charge for the period / year	(253,451)	(336,457)
Carrying amount at the end of the period / year	1,412,409	1,665,860

b) Lease liabilities:

The reconciliation of lease liabilities is as follows:

	For the six-month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Carrying amount at the beginning of the period / year	1,503,589	302,036
Additions during the period / year	--	1,015,535
Remeasurement of lease	--	323,218
Interest expenses for the period / year	58,051	50,300
Payments during the period / year	(392,100)	(187,500)
Carrying amount at the end of the period / year	1,169,540	1,503,589

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

4. LEASES (continued)

b) Lease liabilities (continued):

Lease liabilities are presented in the condensed interim statement of financial position as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Non-current portion of lease liabilities	772,028	1,121,625
Current portion of lease liabilities	397,512	381,964
Carrying amount at the end of the period / year	1,169,540	1,503,589

The Company leases premises for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The future lease payments have been discounted using 4.49% (31 December 2021: 4.49%).

5. INSTALLMENT SALES RECEIVABLES

5.1 Installment sales receivables comprise of receivables arising from sales of medical equipment. For the purposes of these condensed interim financial statements, installment sales receivables pertaining to sale of medical equipment are carried at amortized cost, as detailed below:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gross installment sales receivables	29,816,069	24,764,089
Less: Unearned finance income	(320,904)	(277,035)
Net installment sales receivable (before allowance for expected credit losses)	29,495,165	24,487,054
Less: Allowance for expected credit loss against installment sales receivables (note 5.2)	(4,085,111)	(3,081,660)
Installment sales receivables	25,410,054	21,405,394

5.2 The movement in allowance for expected credit loss is as follows:

	For the six- month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at beginning of the period / year	3,081,660	2,547,002
Charge for the period / year	1,003,451	534,658
Balance at end of the period / year	4,085,111	3,081,660

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

5. INSTALLMENT SALES RECEIVABLES (continued)

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on the historical trend and expected performance of the customers, the Company believes that the above expected credit loss allowance sufficiently covers the risk of default.

The ageing of installment sales receivables is as follows:

5.3 The ageing of installment sales receivables is as follows:

	30 June 2022	Expected credit loss	31 December 2021	Expected credit loss
Not due yet	16,745,453	400,744	15,105,655	363,593
01-90	4,079,630	761,190	2,985,367	607,127
91-180	2,572,129	563,091	2,022,166	459,606
181-270	1,507,260	402,880	1,344,922	356,080
271-360	874,056	267,091	1,135,190	331,309
Above 360	4,037,541	1,690,115	2,170,789	963,945
	29,816,069	4,085,111	24,764,089	3,081,660

5.4 Installments sales receivables are presented in the condensed interim statement of financial position as follows:

	30 June 2022 (unaudited)			
	Gross receivables	Unearned finance income	Allowance for expected credit loss	Net receivables
Current portion	28,423,942	(252,230)	(4,051,795)	24,119,917
Non-current portion	1,392,127	(68,674)	(33,316)	1,290,137
Total	29,816,069	(320,904)	(4,085,111)	25,410,054
	31 December 2021 (audited)			
Current portion	23,707,306	(222,422)	(2,869,851)	20,615,033
Non-current portion	1,056,783	(54,613)	(211,809)	790,361
Total	24,764,089	(277,035)	(3,081,660)	21,405,394

For the Company's exposure to credit risk and impairment loss in installment receivables see note 21.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

5. INVENTORIES

Inventories as at 30 June comprises of following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Medical equipment	14,189,948	12,701,118
Medical supplies	21,054,306	11,944,262
Stock in transit	--	1,895,558
	35,244,254	26,540,938
Less: provision for slow moving inventories (note 6.1)	(3,380,844)	(1,452,053)
	31,863,410	25,088,885

6.1 Movement in the provision for slow moving inventories is as follows:

	For the six- month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at beginning of the period / year	1,452,053	1,860,601
Charge / (reversal) for the period / year	1,928,791	(408,548)
Balance at end of the period / year	3,380,844	1,452,053

7. TRADE RECEIVABLES

The reconciliation of trade receivable is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Trade receivables	71,005,236	57,920,160
Less: allowance for expected credit losses (note 7.1)	(9,680,384)	(9,420,971)
	61,324,852	48,499,189

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

	For the six-month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Balance at beginning of the period / year	9,420,971	9,671,041
Charge / (reversal) for the period / year	259,413	(250,070)
Balance at end of the period / year	9,680,384	9,420,971

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
(A Closed Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month period's ended 30 June 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

7. TRADE RECEIVABLES (continued)

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on the historical trend and expected performance of the customers, the Company believes that the above expected credit loss allowance sufficiently covers the risk of default.

For the Company's exposure to credit risk and impairment loss in trade receivables see note 20.

7.2 The aging analysis of trade receivables is as follows:

	30 June 2022	Expected credit loss	31 December 2021	Expected credit loss
Not due yet	945,900	18,634	--	--
01-90	33,134,868	674,790	27,473,733	706,898
91-180	12,022,024	513,733	8,254,207	419,357
181-270	4,326,404	399,050	3,057,336	321,214
271-360	1,857,746	238,710	1,756,898	256,756
Above 360	18,718,293	7,835,461	17,377,986	7,716,746
	71,005,236	9,680,384	57,920,160	9,420,971

8. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments & other current assets comprises of following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Advances to suppliers	11,260,270	3,899,303
Return asset	1,394,939	3,272,641
Prepaid insurance	375,791	178,354
Prepaid rent	71,279	139,730
Employees' loans (note 8.1)	347,268	164,903
Output VAT	1,361,609	555,221
Others	29,835	29,835
	14,840,991	8,239,987

8.1 This represents interest free loan with maturity of less than one year.

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9. CASH AND CASH EQUIVALENTS

Cash & cash equivalents comprises of following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash in hand	12,747	18,940
Cash at bank - current accounts	6,995,515	28,397,611
	<u>7,008,262</u>	<u>28,416,551</u>

10. SHARE CAPITAL

The authorized, issued and paid-up capital of the Company is SR 70,000,000 (31 December 2021: SR 70,000,000) divided into 7,000,000 shares (31 December 2021: 7,000,000 shares) of SR 10 (31 December 2021: SR 10) each.

11. STATUTORY RESERVE

In accordance with the Companies regulation and Articles of Association, the Company sets aside 10% of its net total comprehensive income in each year to a statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for distribution.

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Commissions payable	27,634,968	19,396,762
Refund liabilities	2,097,782	4,913,834
Employees' related accruals	257,532	602,727
Board & committee Remuneration	1,042,000	--
Others	344,429	433,108
	<u>31,376,711</u>	<u>25,346,431</u>

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13. RELATED PARTY TRANSACTIONS AND BALANCES

13.1 Related parties include the Company's shareholders and their close family members, affiliated entities controlled by the shareholders and key management personnel including directors of the Company. Details of shareholder and affiliated entities are disclosed below.

13.2 Transactions with related parties are carried out at mutually agreed terms and primarily include sales and purchase of goods and services with the following:

<u>Name of related party</u>	<u>Relationship</u>
Dr. Ali Mohammed Deeb Ali Eid	Shareholder
Izdhar first medical	Shareholder
Almawada Alhadetha Co, for Medical Tools Limited	Affiliated companies

(a) Due from related parties - significant transactions and balances under trade receivables:

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions for the six-month period ended</u>		<u>Closing balances</u>	
		<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Almawada Alhadetha Co, for Medical Tools Limited	Write off	--	(4,466,020)	--	--
Less: Allowance for expected credit loss		--	146,461	--	--
				<u>--</u>	<u>--</u>

(b) Due to related parties - significant transactions and balances:

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions for the six-month period ended</u>		<u>Closing balances</u>	
		<u>30 June 2022</u>	<u>30 June 2021</u>	<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Dr. Ali Mohammed Deeb Ali Eid	Additional capital contribution	--	4,292,132	547,510	547,510
Izdhar first medical (Izdhar Aloula Altobbia)	Additional Capital contribution	--	8,331,784	--	--
				<u>547,510</u>	<u>547,510</u>

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Remuneration of key management personnel:

<u>Name</u>	<u>Nature of transactions</u>	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Reviewed)
Key management personnel	Short-term employee benefits	<u>3,523,898</u>	<u>1,621,286</u>
	Post-employment benefits liabilities	<u>3,791,514</u>	<u>1,637,333</u>

14. ZAKAT

a) Charge for the period

Zakat for the period ended comprise the following:

	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Reviewed)
Charge for the period	<u>1,819,710</u>	<u>1,355,180</u>

Zakat is payable at the rate of 2.54% of higher of Zakat base and adjusted net income for the period.

b) Accrued Zakat

The movement in the accrued Zakat during the period / year is analysed as under:

	Six-month period ended 30 June 2022 (Unaudited)	Year ended 31 December 2021 (Audited)
Balance at the beginning of the period / year	3,881,354	2,104,632
Charge for the period / year	1,819,710	2,986,686
Payments during the period / year	<u>(1,838,524)</u>	<u>(1,209,964)</u>
Balance at the end of the period / year	<u>3,862,540</u>	<u>3,881,354</u>

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14. ZAKAT (continued)

c) Status of Zakat

The Company filed its Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") up to the end of the year 31 December 2021, and paid the accrued Zakat according to these returns, and obtained Zakat certificate valid until 30 April 2023. Further, during the year ended 31 December 2020, the ZATCA has issued final assessments for the years from 2015 to 2019.

15. REVENUE

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines and timing of revenue recognition (which is point in time except for finance income which is recognized based on effective interest rate).

	For the six- month period ended 30 June <u>2022</u> (Unaudited)	For the six-month period ended 30 June <u>2021</u> (Reviewed)
Medical supplies	83,972,557	51,039,579
Medical equipment sales with significant financing component	21,458,671	15,328,734
Rendering of services	2,761,329	3,237,131
	108,192,557	69,605,444
Finance income on sales made with significant financing component	154,189	177,315
	108,346,746	69,782,759

The contract liabilities primarily relate to the advance consideration received from customers for services to be provided after two years of delivery of related equipment, for which revenue is recognised at point in time i.e., when the service is provided. The amount of unsatisfied performance obligation amounts to SR 597,000 (unaudited) as of 30 June 2022 (31 December 2021: SR 620,000). This will be recognised as revenue when the service is received by customers, which is expected to occur after the next two years.

The transaction price allocated to the performance obligation that is unsatisfied as of 30 June 2022 amounts to SR 597,000 (unaudited) (31 December 2021: SR 620,000).

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16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is as follows:

	For the three- month period ended 30 June <u>2022</u> (Unaudited)	For the six- month period ended 30 June <u>2022</u> (Unaudited)	For the three- month period ended 30 June <u>2021</u> (Reviewed)	For the six- month period ended 30 June <u>2021</u> (Reviewed)
Profit for the period attributable to the shareholders of the Company	<u>9,504,911</u>	<u>15,376,691</u>	<u>1,920,373</u>	<u>7,497,898</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>	<u>6,498,056</u>
Basic and diluted earnings per share based on profit for the period attributable to shareholders of the Company	<u>1.36</u>	<u>2.20</u>	<u>0.27</u>	<u>1.15</u>

Basic earnings per share have been computed by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding.

Diluted earnings per share have been computed by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, in the absence of any convertible liability, the diluted earnings per share do not differ from the basic earnings per share.

17. DIVIDEND

The shareholders in their board resolution on 14 April 2022 approved the distribution of SR 12.25 million (2021: SR 1.6 million). No zakat adjustment has been made against the dividend approved for distribution on 14 April 2022.

18. OPERATING SEGMENTS

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. The Company's Chief Operating Decision Maker (CODM) i.e. the Chief Executive Officer considers for management reporting and decision-making purposes, the activities of the Company are organised into one operating segment. The Company operates in the said reportable operating segment. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

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18. OPERATING SEGMENTS (continued)

	<u>30 June 2022(unaudited)</u>				
	<u>Medical supplies</u>	<u>Medical equipment</u>	<u>Maintenance service</u>	<u>Others</u>	<u>Total</u>
Revenue	83,972,557	21,458,671	2,761,329	154,189	108,346,746
Cost of revenue	(47,467,579)	(11,046,446)	(974,153)	--	(59,488,178)
Gross profit	36,504,978	10,412,225	1,787,176	154,189	48,858,568
Selling and marketing expenses					(19,042,247)
General and administrative expenses					(11,299,005)
Allowance for expected credit loss					(1,262,864)
Finance cost					(58,051)
Profit before zakat					17,196,401
Zakat					(1,819,710)
Net profit					15,376,691

	<u>30 June 2021 (Unaudited)</u>				
	<u>Medical supplies</u>	<u>Medical equipment</u>	<u>Maintenance service</u>	<u>Others</u>	<u>Total</u>
Revenue	51,039,579	15,328,734	3,237,131	177,315	69,782,759
Cost of revenue	(27,469,135)	(9,273,635)	(1,039,466)	--	(37,782,236)
Gross profit	23,570,444	6,055,099	2,197,665	177,315	32,000,523
Selling and marketing expenses					(13,829,889)
General and administrative expenses					(5,686,483)
Reversal of expected credit loss					785,177
Other expenses					(4,319,558)
Finance cost					(96,692)
Profit before zakat					8,853,078
Zakat					(1,355,180)
Net profit					7,497,898

The Company carries out its activities entirely in the Kingdom of Saudi Arabia and is mainly engaged in selling medical equipment on instalments and medical supplies and providing services. Further, there are no customers to whom sales have been made that exceed ten percent of the total sales.

19. CONTINGENT LIABILITIES AND COMMITMENTS

The Company has no contingencies and commitments as of 30 June 2022 and 31 December 2021.

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20. FINANCIAL INSTRUMENTS

Following are the categories of financial assets as per statement of financial position

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<u>Measured at amortized cost</u>		
Installment sales receivables, net	25,410,054	21,405,394
Trade receivables, net	61,324,852	48,499,189
Employees' loans	347,268	164,903
Cash & cash equivalents	7,008,262	28,416,551
	<u>94,090,436</u>	<u>98,486,037</u>

Following are the categories of financial Liabilities as per statement of financial position

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<u>Measured at amortized cost</u>		
Trade payables	399,532	246,622
Accrued expenses and other current liabilities	29,268,891	20,422,559
Due to related parties	547,510	547,510
Lease liabilities	1,169,540	1,503,589
	<u>31,385,473</u>	<u>22,720,280</u>

21. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk credit risk and liquidity risk. The Company's overall risk management program focuses on the robust liquidity management as well as monitoring of various relevant markets variables, thereby consistently seeks to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby constantly seeking to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units

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

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

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21. FINANCIAL RISK MANAGEMENT (continued)

Market risk

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

Interest rate risk

Commission / (interest) rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's receivables and payables are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, as at the reporting date, the Company is not exposed to any fair value interest risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is Saudi Riyal. The Company's transactions are principally in Saudi Riyals, US Dollars, Euros and GBP. Management monitors the fluctuations in currency exchange rates. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SR 3.75: USD 1 therefore, the Company is not exposed to any significant foreign currency risk from Saudi Riyal and US Dollars denominated financial instruments. However, the Company is exposed to foreign currency risk due to supplier balances in EURO and GBP. As at the reporting date, the Company is not exposed to any significant foreign currency risk.

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As at the reporting date, the Company is not exposed to price risk as it does not have any investment in any financial instruments which are exposed to market prices.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. To reduce exposure to credit risk, the Company has an approval process whereby credit limits are applied to its customers and counter parties. With respect to credit risk arising from the other financial assets of the Company, including cash at bank, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position. The credit risk in respect of cash at bank is considered by management to be insignificant, as the balances are mainly held with reputable banks having sound credit ratings.

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21. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The management considers receivables from related parties and shareholders to be fully recoverable.

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Installment sales receivables	29,816,069	24,764,089
Trade receivables	71,005,236	57,920,160
Employees' loans	347,268	164,903
Cash at banks	6,995,515	28,397,611
	<u>108,164,088</u>	<u>111,246,763</u>

Trade and installment sales receivables are carried net of provision for expected credit losses. The Company assessed the concentration of risk with respect to these receivables and concluded it to be low. The receivables are shown net of allowance for impairment of trade and installment sales receivables and sales returns. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (refer note 5 and 7).

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Company's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose, assets are managed with liquidity in perspective, maintaining a healthy balance of cash and cash equivalents. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

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21. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

		Gross	<u>Contractual cash flows</u>		
	Carrying	undiscounted	Less than 1	1 year to 5	More than 5
30 June 2022	value	value	year	year	years
<i>Non-derivative financial liabilities</i>					
Trade payables	399,532	399,532	399,532	--	--
Accrued expenses and other					--
current liabilities	29,268,891	29,268,891	29,268,891	--	--
Due to related parties	547,510	547,510	547,510	--	--
Lease liabilities	1,169,540	1,335,885	485,850	850,035	--
	<u>31,385,473</u>	<u>31,551,818</u>	<u>30,701,783</u>	<u>850,035</u>	<u>--</u>

		Gross	<u>Contractual cash flows</u>		
	Carrying	undiscounted	Less than 1	1 year to 5	More than 5
31 December 2021	value	value	year	year	years
<i>Non-derivative financial liabilities</i>					
Trade payables	246,622	246,622	246,622	--	--
Accrued expenses and other					--
current liabilities	20,422,559	20,422,559	20,422,559	--	--
Due to related parties	547,510	547,510	547,510	--	--
Lease liabilities	1,503,589	1,727,985	485,850	1,242,135	--
	<u>22,720,280</u>	<u>22,944,676</u>	<u>21,702,541</u>	<u>1,242,135</u>	<u>--</u>

Capital risk management

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

The Company manages its capital structure by monitoring return on net assets and makes required adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Company also monitors capital using gearing ratio, which is net debt, interest bearing loans including finance cost thereon, trade and other payable less cash and bank balances.

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21. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management (continued)

The gearing ratio as at 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Total Liabilities	46,495,915	40,473,899
Less: Cash and cash equivalents	(7,008,262)	(28,416,551)
Adjusted net debt	39,487,653	12,057,348
Total Equity	96,540,937	93,414,246
Adjusted net debt to equity ratio	0.41	0.13

22. 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. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value hierarchy

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

As at the reporting date, the carrying values of the financial assets and financial liabilities is a reasonable approximation of their fair value

During the period ended 30 June 2022 there were no transfers between levels of fair value measurements.

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23. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant financial impact on the condensed interim financial statements of the Company on the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;

24. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company accounting year beginning on or after January 1, 2022 are listed below. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the condensed interim financial statements of the Company.

IFRS 17 Insurance Contracts and its Amendments;

Definition of Accounting Estimate - Amendments to IAS 8;

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

Amendment to IAS 1- Classification of liabilities as current or non-current; and

Amendment to IAS -12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

25. SUBSEQUENT EVENTS

There have been no significant subsequent events since the period-end, that would require disclosures or adjustments in these financial statements.

26. IMPACT OF COVID-19 PANDEMIC

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

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

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27. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 18 August 2022, corresponding to 20 Muharram 1444H.