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

FINANCIAL STATEMENTS
For the year ended December 31, 2021
with
INDEPENDENT AUDITOR'S REPORT

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
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
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Alf Meem Yaa for Medical Supplies and Equipment Company (A Closed Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Alf Meem Yaa for Medical Supplies and Equipment Company ("the Company"), which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

Refer to note 4 for the accounting policy and note 19 of the financial statements.

Key audit matter	How the matter was addressed in our audit
As at December 31, 2021, the Company recognized total revenue of SR 151.4 million (December 31, 2020: SR 121.6 million). There continues to be pressure on the Company to meet expectations and targets, which may result in a misstatement of revenue.	Our audit procedures included the following: ▪ Assessed the appropriateness of the Company's revenue recognition accounting policies by considering the requirements of IFRS - 15 "Revenue from Contracts with Customers";

Revenue Recognition (continued)

Key audit matter

Revenue is a key performance indicator for the Company and there is a risk that it might be overstated to increase profitability, accordingly Revenue recognition is considered a key audit matter.

How the matter was addressed in our audit

- Assessed the design and implementation, and tested the operating effectiveness of the Company's controls, over the recognition of revenue as per the Company's policy;
- Inspected sales transactions, on a sample basis taking place at either side of the year-end to assess whether revenue was recognized in the correct period;
- Selected, on a sample basis, revenue transactions and verified the related supporting documents, which included signed agreements to ensure the accuracy and validity of revenue recognition.

Impairment of Installment Sales Receivables and Trade Receivables

Refer to notes 3 and 4 for the accounting policies and note 7 and 9 of the financial statements.

Key audit matter

As at December 31, 2021, the gross installment sales receivables and trade receivables balance amounted to SR 82.7 million (December 31, 2020: SR 73.5 million)

The Company assesses at each reporting date whether the financial assets carried at amortized cost are credit impaired, and consequently measures impairment allowances based on the Expected Credit Loss (ECL) model as required in IFRS 9.

The ECL model involves the use of various assumptions, covering both future macro-economic factors and the study of historical trends. We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model and the impact on the installment sales receivables and trade receivables balances.

How the matter was addressed in our audit

Our audit procedures included the following:

- Assessed the appropriateness of the Company's accounting policies by considering the requirements of IFRS 9 "Financial Instruments";
- Reviewed management's assessment of the impairment of trade receivables and the ECL model and assessed the appropriateness of the assumptions used;
- Tested significant assumptions, including those related to historical trends and future economic events that were used to calculate the likelihood of default and the expected loss on default and tested the arithmetical accuracy of the ECL model and appropriateness of allowance recorded. In addition, we involved our internal specialist to review the allowance for expected credit losses model;
- We also evaluated the adequacy of the disclosures included in the accompanying financials statements.

Other Information

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

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

Independent Auditor's Report

To the Shareholders of Alf Meem Yaa for Medical Supplies and Equipment Company
(A Closed Saudi Joint Stock Company) (continued)

Other Information (continued)

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

Independent Auditor's Report

To the Shareholders of Alf Meem Yaa for Medical Supplies and Equipment Company
(A Closed Saudi Joint Stock Company) (continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of ***Alf Meem Yaa for Medical Supplies and Equipment Company ("the Company).***

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

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

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, March 30, 2022
Corresponding to Shaban 27, 1443H

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

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

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

	Notes	**December 31, 2021**	December 31, 2020
Assets			
Property and equipment	5	**572,279**	419,066
Right-of-use assets	6	**1,665,860**	365,214
Installment sales receivables – non-current portion	7	**790,361**	1,614,266
Non-current assets		**3,028,500**	2,398,546
Inventories	8	**25,088,885**	21,891,577
Installment sales receivables – current portion	7	**20,615,033**	15,492,441
Trade receivables	9	**48,499,189**	43,632,986
Prepayments and other current assets	10	**8,239,987**	4,393,791
Cash and cash equivalents	11	**28,416,551**	14,699,590
Current assets		**130,859,645**	100,110,385
TOTAL ASSETS		**133,888,145**	102,508,931
Equity and liabilities			
Equity			
Share capital	12	**70,000,000**	500,000
Statutory reserve	13	**2,372,282**	250,000
Retained earnings		**21,041,964**	62,797,813
Total equity		**93,414,246**	63,547,813
Liabilities			
Employee benefits	14	**7,074,857**	3,963,137
Contract liabilities – non-current portion		**370,000**	250,000
Lease liabilities – non-current portion	6	**1,121,625**	126,131
Non-current liabilities		**8,566,482**	4,339,268
Trade payables		**246,622**	2,045
Contract liabilities – current portion		**1,503,536**	478,713
Accrued expenses and other current liabilities	15	**25,346,431**	14,129,531
Due to related parties	16	**547,510**	13,231,024
Lease liabilities - current portion	6	**381,964**	175,905
Short term loan	17	--	4,500,000
Accrued Zakat	18	**3,881,354**	2,104,632
Current liabilities		**31,907,417**	34,621,850
Total liabilities		**40,473,899**	38,961,118
TOTAL EQUITY AND LIABILITIES		**133,888,145**	102,508,931

The accompanying notes 1 through 36 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2021
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Notes	2021	2020
Revenue	19	**151,386,080**	121,603,736
Cost of revenue	20	**(81,841,394)**	(66,323,264)
Gross profit		**69,544,686**	55,280,472
Selling and marketing expenses	21	**(30,121,077)**	(23,014,756)
General and administrative expenses	22	**(10,231,656)**	(6,074,140)
Impairment reversal / (charge) on trade receivables – allowance for expected credit losses	9	**250,070**	(1,316,279)
Impairment loss on installment sales receivables – allowance for expected credit losses	7	**(534,658)**	(2,232,050)
Other expenses	23	**(4,466,020)**	--
Other income		**16,082**	--
Operating profit		**24,457,427**	22,643,247
Finance cost	24	**(247,919)**	(71,990)
Profit before Zakat		**24,209,508**	22,571,257
Zakat	18	**(2,986,686)**	(1,500,000)
Net profit for the year		**21,222,822**	21,071,257
Other comprehensive income / (loss)			
Items that will not be reclassified to statement of profit or loss in subsequent periods:			
Remeasurement loss on employee defined benefit obligation	14	**(2,380,309)**	(768,732)
Total other comprehensive loss for the year		**(2,380,309)**	(768,732)
Total comprehensive income for the year		**18,842,513**	20,302,525
Earnings per share:			
Basic and diluted earnings per share (in SR)	25	**3.05**	3.67

The accompanying notes 1 through 36 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2021
(Expressed in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total
Balance at January 1, 2021	**500,000**	**250,000**	**62,797,813**	**63,547,813**
Total comprehensive income				
Net profit for the year	--	--	**21,222,822**	**21,222,822**
Other comprehensive loss for the year	--	--	**(2,380,309)**	**(2,380,309)**
Total comprehensive income	--	--	**18,842,513**	**18,842,513**
Transactions with shareholders of the Company				
Statutory reserve transfer	--	**2,122,282**	**(2,122,282)**	--
Dividend Paid	--	--	**(1,600,000)**	**(1,600,000)**
Issuance of share capital (note 12.2)	**69,500,000**	--	**(56,876,080)**	**12,623,920**
Transactions with shareholders	**69,500,000**	**2,122,282**	**(60,598,362)**	**11,023,920**
Balance as at December 31, 2021	**70,000,000**	**2,372,282**	**21,041,964**	**93,414,246**
Balance at January 1, 2020	500,000	250,000	17,495,288	18,245,288
Total comprehensive income				
Profit for the year	--	--	21,071,257	21,071,257
Other comprehensive loss	--	--	(768,732)	(768,732)
Total comprehensive income	--	--	20,302,525	20,302,525
Transactions with shareholders of the Company				
Related party payable balance written off	--	--	25,000,000	25,000,000
Transactions with shareholders	--	--	25,000,000	25,000,000
Balance as at December 31, 2020	500,000	250,000	62,797,813	63,547,813

The accompanying notes 1 through 36 form an integral part of these financial statements.

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

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

	Note	2021	2020
Cash flows from operating activities:			
Profit before Zakat		**24,209,508**	22,571,257
Adjustments for non-cash items:			
Depreciation - property and equipment	5	**122,402**	115,818
Depreciation - right-of-use assets	6	**336,457**	176,046
Allowance for expected credit loss – installment sales receivables	7	**534,658**	2,232,050
Provision for slow moving inventory	8	**(408,548)**	1,528,292
Impairment reversal / (charge) on trade receivables – allowance for expected credit losses	9	**(250,070)**	1,316,279
Inventories – written off	20.1	**193,568**	--
Other expenses	23	**4,466,020**	--
Provision for employee benefits	14	**891,772**	576,714
Interest income	19	**(856,470)**	(193,829)
Finance cost	24	**247,919**	71,990
Gain on disposal	5	**(16,082)**	--
		29,471,134	28,394,617
Changes in working capital:			
Installment sales receivables	7	**(3,976,875)**	(12,584,544)
Inventories	8	**(2,982,328)**	1,153,311
Trade receivables	9	**(9,082,153)**	(1,496,691)
Due to related parties		**(59,594)**	(8,858,385)
Prepayments and other current assets	10	**(4,144,546)**	(1,685,819)
Trade payables		**244,577**	(5,852,639)
Accrued expenses and other current liabilities	15	**11,218,544**	6,262,825
Contract liabilities		**1,144,823**	79,976
Cash generated from operating activities		**21,833,582**	5,412,651
Zakat paid	18	**(1,209,964)**	(2,613,556)
Finance cost paid		**(120,000)**	--
Employee benefits paid	14	**(239,624)**	(39,201)
Net cash generated from operating activities		**20,263,994**	2,759,894
Cash flows from investing activities:			
Disposal proceeds		**75,500**	--
Purchase of property and equipment	5	**(335,033)**	(305,010)
Net cash used in investing activities		**(259,533)**	(305,010)
Cash flows from financing activities:			
Lease liabilities paid	6	**(187,500)**	(186,486)
Dividend Paid	26	**(1,600,000)**	--
Short term loan repaid during the year	12	**(4,500,000)**	4,500,000
Net cash used in financing activities		**(6,287,500)**	4,313,514
Net increase in cash and cash equivalents		**13,716,961**	6,768,398
Cash and cash equivalents at the beginning of the year	11	**14,699,590**	7,931,192
Cash and cash equivalents at the end of the year	11	**28,416,551**	14,699,590
Supplement non-cash information			
Right of use assets and lease liabilities	6	**298,350**	--

The accompanying notes 1 through 36 form an integral part of these financial statements.

1. GENERAL INFORMATION

Alf Meem Yaa for Medical Supplies and Equipment Company ("the Company") is a Closed Saudi 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 December 31, 2021, the Company's status has changed from a Limited Liability Company to a Closed Joint Stock Company on Shawwal 25, 1442H, corresponding to June 6, 2021. All the legal formalities have been completed.

On December 27, 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 January 18, 2022 as a direct listing, with the symbol 9527 and ISIN Code SA15GGP4KRH1.

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.

Furthermore, during the current period ended December 31, 2021, the share capital of the Company has increased as detailed in note 12 to these financial statements.

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

Branch / City	CR No.	Registration Date
Riyadh	1010478367	12 Rabie Awal 1440H / Corresponding to 19 November 2018
Jeddah	402016415	14 Safar 1430H / Corresponding to 09 February 2009
Dammam	7016976297	08 Ragab 1441H / Corresponding to 03 March 2020

1.3 The registered address of the Company is as follows:

P. O. Box 11544
Jeddah 21463
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

a) Statement of compliance

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

2. BASIS OF PREPARATION (continued)

b) Basis of Measurement

These financial statements have been prepared using the accrual and going concern basis and under the historical cost basis, except for the defined benefit obligation which is recognized at the present value of future obligation using the projected unit credit method. Further, the financial statements are prepared using the accrual basis of accounting and going concern concept.

c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ('SR'), which is the Company's functional and presentation currency. All amounts have been, rounded to the nearest Riyal, unless otherwise stated.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of these financial statements requires management to make use of certain critical estimates and judgments that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities, if any, at the reporting date.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

Going concern

The company has made an assessment of Company's ability to continue as a going concern based on its existing liquidity portion and cash flow projection. The management is satisfied that the Company has the resources to continue and meet its obligations as they fall due in ordinary course of business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Inventories obsolescence provision

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. Amounts which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Leases

a) Determining the lease term of contracts with renewal and termination options – Company as Lessee

The Company's management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company's management has certain lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

b) Estimating the incremental borrowing rate

The Company's management cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of financial assets

The Company's management recognizes loss allowance for ECLs on financial assets measured at amortized cost. ECLs are a probability weighted estimate of credit losses. Company's ECL computation uses historical trends and a forward-looking element to compute percentage allowance to be recorded as impairment loss on financial assets.

Employee benefits – defined benefit obligation

The present value of Company's obligation under defined benefit plans is determined using actuarial valuation. This involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market.

3. USE OF JUDGEMENTS AND ESTIMATES (continued)

Useful lives of property, plant and equipment and investment property

The Company's management determines the estimated useful lives of property, plant and equipment and investment property with finite useful lives for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear.

The Company's management reviews the useful lives, residual value and method of depreciation annually for any significant changes and any resultant changes to the depreciation charge are adjusted in current and future periods.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented in these financial statements unless otherwise stated.

a) Property and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditure on maintenance and repairs of items of property, plant and equipment is expensed.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Capital work-in-progress represents all costs relating directly to on-going construction projects and are capitalized as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Capital work-in-progress is not depreciated.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) *Property and equipment (continued)*

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives are as follows:

	Years
Furniture and fixtures	5
Computers	5
Office equipment	5
Tools	5
Vehicles	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

b) *Leases*

As a lessee

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, and an estimate of costs to dismantle and remove the underlying asset on the site on which it is located less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. In addition, the right of use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurement of lease liability.

Lease liabilities
The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is adjusted against the carrying value of the right-of-use asset or charged to statement of profit or loss if carrying value of the related asset is zero.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Leases (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the lease payment (e.g. changes to future payments resulting from a change in index on a note used to determine sub lease payments) on a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company has elected not to recognize right of use assets and lease liabilities for leases of low value assets and short-term leases. The Company recognizes the lease payments anticipated with these leases as an expense on a straight-line basis over the lease term.

c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

The management determines its allowance for inventory obsolescence based upon historical experience, current condition, and current and future expectations with respect to sales.

d) Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

i. Recognition and initial measurement

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

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

ii. Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

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

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at Fair Value Through Profit and Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

iii. Financial Liabilities – Classification, subsequent measurement and gain and losses

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

iv. Derecognition

Financial assets
The management derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The management derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The management also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

v. Offsetting

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

vi. Impairment of financial assets

The management recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the management considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

The management considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due as per terms of agreement with customers.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 360 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, are presented separately in the statement of profit or loss.

f) Impairment

Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment (continued)

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the management estimates the asset's or CGUs' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash in hand, cheques in hand, if any, and cash at banks available to the Company without any restrictions.

h) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plans

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Employee benefits (continued)

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The management recognizes the following changes in the defined benefit obligation under 'cost of sales', and 'general and administration expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense or income

iii. Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in statement of profit or loss in the period in which they arise.

iv. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits or when the Company recognizes costs for a restructuring.

i) Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds.

j) Earnings per share – EPS

The management determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year; a reasonable approximation of the weighted average is adequate in many circumstances.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company has to transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the share capital. This reserve is not available for distribution to the shareholders of the Company.

l) Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company satisfies performance obligation under the contract (i.e., transfers control of the related goods or services to the customer).

m) Provisions and contingent liabilities

i. Provisions

A provision is recognized if, as a result of a past event, the Company has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions expected to be settled after 12 months of the reporting date are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in statement of comprehensive income.

ii. Onerous contracts

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

iii. Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Contingent liabilities are based on the judgment of management / independent experts and are not recognized in these financial statements but disclosed in the notes to these financial statements. These are reviewed at the end of each reporting period and are adjusted as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

o) Zakat

The Company is subject to Zakat and income tax in accordance with the regulations of Zakat, Tax And Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia which is subject to interpretations. Company's Zakat is charged to the statement of profit or loss and other comprehensive income.

The Company's management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in the Zakat returns with respect to applicable pronouncements and interpretation in subsequent periods.

The Company withholds taxes on transactions with non-resident parties and on dividends paid, if any, to foreign shareholders in accordance with ZATCA regulations applicable in Kingdom of Saudi Arabia.

p) Value added tax

The Company is subject to Value Added Tax ("VAT") in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply ("Output VAT") less VAT paid on services received ("Input VAT"). Expense and assets are recognized net of the amount of VAT, except when the VAT incurred on a purchase of assets on services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of cost of acquisition of the asset or as part of expense item, as applicable.

q) 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Fair value measurement (continued)

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

r) Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the management allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the management expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Revenue (continued)

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date;
- The Company's performance creates or enhances as asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue Streams

The Company generates revenue primarily from the following:

- sale of medical equipment with significant financing component;
- sale of medical supplies; and
- rendering of services.

i. Revenue from sale of medical equipment, supplies and rendering of services

Revenue is recognised when finished goods are delivered / handed over or services have been rendered and have been accepted by customers (which is the point at which control of such goods is passed or services is rendered to the customer), net of any amounts paid / payable to customers (primarily represented by rebates and other fees) that are not distinct from the sale transaction. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns and expected settlement discounts, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset (return asset) are recognised. The return asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. The Company generally allows a period of 0 to 90 days to its customers for payment against sale of inventories and rendering of services.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Revenue (continued)

ii. Income from trade receivables with significant financing component

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration for the time value of money if the contract contains a significant financing component. If a contract includes a significant financing component, then the Company uses the discount rate that would be reflected in a separate financing transaction between it and the customer at inception of the contract. This discount rate is not generally updated for a change in circumstances. The financing component is recognised as interest expense (when the customer pays in advance) or interest income (when the customer pays in arrears). The amount allocated to the maintenance is deferred and is recognized as revenue at point in time when the Company provides the agreed service. The related costs are recognized in profit or loss when they are incurred. The deferred revenue is included in contract liabilities.

s) Assets and liabilities arising from rights of return

i. Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

ii. Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Company ultimately expects it will have to return to the customer based on the portion of the transaction price expected to be refunded. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

t) Operating Profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

u) Expenses

General and administrative expenses and selling and marketing expenses include direct and indirect costs not specifically related to production/manufacturing activities or selling and marketing activities. Allocations of common expenses between cost of revenue, and selling and marketing and general and administrative expenses, when required, are made on a consistent basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Finance income and costs

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

w) Segment Reporting

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.

	December 31, 2021				
	Medical supplies	**Medical equipment**	**Maintenance service**	**Others**	**Total**
Revenue	**118,998,525**	**27,077,636**	**5,309,919**	--	**151,386,080**
Cost of revenue	**(64,279,856)**	**(14,891,520)**	**(2,670,018)**	--	**(81,841,394)**
Gross profit	**54,718,669**	**12,186,116**	**2,639,901**	--	**69,544,686**
Selling and marketing expenses					**(30,121,077)**
General and administrative expenses					**(10,231,656)**
Impairment loss – allowance for expected credit losses					**(284,588)**
Other expenses					**(4,466,020)**
Other Income					**16,082**
Operating profit					**24,457,427**
Finance charges					**(247,919)**
Zakat					**(2,986,686)**
Net profit					**21,222,822**

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Segment reporting (continued)

	December 31, 2020				
	Medical supplies	Medical equipment	Maintenance service	Others	Total
Revenue	99,520,706	17,582,904	4,306,297	193,829	121,603,736
Cost of revenue	(53,122,267)	(11,266,822)	(1,934,175)	--	(66,323,264)
Gross profit	46,398,439	6,316,082	2,372,122	193,829	55,280,472
Selling and marketing expenses					(23,014,756)
General and administrative expenses					(6,074,140)
Impairment loss – allowance for expected credit losses					(3,548,329)
Operating profit					22,643,247
Finance charges					(71,990)
Zakat					(1,500,000)
Net profit					21,071,257

The Company carries out its activities entirely in the Kingdom of Saudi Arabia and is mainly engaged in selling medical equipment on installments 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.

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 comprises of the following:

	Furniture & fixtures	Computers	Office equipment	Tools	Vehicles	Total
Cost:						
Balance at January 1, 2021	275,736	287,503	35,867	24,570	166,800	790,476
Additions	3,968	78,862	32,653	--	219,550	335,033
Disposals	--	--	--	--	(83,400)	(83,400)
Balance at December 31, 2021	279,704	366,365	68,520	24,570	302,950	1,042,109
Accumulated depreciation:						
Balance at January 1, 2021	114,804	190,079	25,258	10,504	30,765	371,410
Charge for the year	40,962	34,469	5,619	4,243	37,109	122,402
Disposal	--	--	--	--	(23,982)	(23,982)
Balance at December 31, 2021	155,766	224,548	30,877	14,747	43,892	469,830
Net book value:						
As at December 31, 2021	123,938	141,817	37,643	9,823	259,058	572,279

5. PROPERTY AND EQUIPMENT (continued)

Property and equipment at December 31, 2020 comprises of the following:

	Furniture & fixtures	Computers	Office equipment	Tools	Vehicles	Total
Cost:						
Balance at January 1, 2020	315,676	213,918	43,389	24,570	--	597,553
Additions	57,675	73,585	6,950	--	166,800	305,010
Disposals	(97,615)	--	(14,472)	--	--	(112,087)
Balance at December 31, 2020	275,736	287,503	35,867	24,570	166,800	790,476
Accumulated depreciation:						
Balance at January 1, 2020	173,687	152,418	35,324	6,250	--	367,679
Charge for the year	38,732	37,661	4,406	4,254	30,765	115,818
Disposal	(97,615)	--	(14,472)	--	--	(112,087)
Balance at December 31, 2020	114,804	190,079	25,258	10,504	30,765	371,410
Net book value:						
As at December 31, 2020	160,932	97,424	10,609	14,066	136,035	419,066

5.1 Depreciation charge is included in general and administrative expenses.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 RIGHT-OF-USE ASSETS

The reconciliation of right-of-use at December 31, 2021 is as follows:

	December 31, 2021	December 31, 2020
Opening balance	**365,214**	541,260
Additions during the year	**1,313,885**	--
Remeasurement of lease	**323,218**	--
Depreciation charge for the year	**(336,457)**	(176,046)
Carrying value	**1,665,860**	365,214

6.2 LEASE LIABILITIES

The reconciliation of lease liabilities at December 31, 2021 is as follows:

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**302,036**	470,272
Additions during the year	**1,015,535**	--
Remeasurement of lease	**323,218**	--
Interest expense for the year	**50,300**	18,250
Payments made during the year	**(187,500)**	(186,486)
Balance at the end of year	**1,503,589**	302,036

	December 31, 2021		December 31, 2020	
	Minimum lease payments	**Present value of payments**	Minimum lease payments	Present value of payments
Within 1 year	**485,850**	**381,964**	187,500	175,905
After 1 year but not more than 5 years	**1,242,135**	**1,121,625**	129,750	126,131
Total minimum lease payments	**1,727,985**	**1,503,589**	317,250	302,036
Less: financial charges	**(224,396)**	--	(15,214)	--
Balance at the end of year	**1,503,589**	**1,503,589**	302,036	302,036

6.3 The Company had total cash outflows in respect of lease amounting to SR 485,850. The Company had non-cash right of use assets and lease liabilities additions amounting to SR 1,313,885 and SR 1,015,535 respectively during the year ended December 31, 2021.

6.4 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 8.05% (2020: 4.49%).

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

6.5 Additions during the year ended December 31, 2021 relate to Jeddah Office, Prince Sultan Road contract. (December 31, 2020: Nil).

6.6 During the year, the Company has remeasured the lease term relating to Dammam Office, Ash Shari Al Gharbi and Riyadh Office King Fahad Road and has extended the lease term by two years. The revised lease term for both properties will be ending in November 2024 and June 2021 respectively.

7. INSTALLMENT SALES RECEIVABLES

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

	December 31, 2021	December 31, 2020
Gross installment sales receivables	**24,764,089**	20,220,635
Less: Unearned finance income	**(277,035)**	(566,926)
Net installment sales receivable (before allowance for expected credit losses)	**24,487,054**	19,653,709
Less: Allowance for expected credit loss against installment sales receivable (note 7.2)	**(3,081,660)**	(2,547,002)
Net installment sales receivable	**21,405,394**	17,106,707

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

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**2,547,002**	314,952
Charge for the year	**534,658**	2,232,050
Balance at end of the year	**3,081,660**	2,547,002

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.

7.3 The ageing of installment sales receivables is as follows:

	December 31, 2021	**Expected credit loss**	December 31, 2020	Expected credit loss
Not due yet	**15,105,655**	**363,593**	14,835,023	448,445
01-90	**2,985,367**	**607,127**	356,805	96,673
91-180	**2,022,166**	**459,606**	1,174,860	357,929
181-270	**1,344,922**	**356,080**	2,342,302	923,719
271-360	**1,135,190**	**331,309**	865,140	408,533
Above 360	**2,170,789**	**963,945**	646,505	311,703
	24,764,089	**3,081,660**	20,220,635	2,547,002

7. INSTALLMENT SALES RECEIVABLES (continued)

	December 31, 2021			
	Gross receivables	**Unearned finance income**	**Allowance for expected credit loss**	**Net receivables**
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**

	December 31, 2020			
	Gross receivables	Unearned finance income	Allowance for expected credit loss	Net receivables
Current portion	18,433,853	(445,900)	(2,495,512)	15,492,441
Non-current portion	1,786,782	(121,026)	(51,490)	1,614,266
Total	20,220,635	(566,926)	(2,547,002)	17,106,707

8. INVENTORIES

Inventories at December 31 comprises of following:

	December 31, 2021	December 31, 2020
Medical equipment	**12,701,118**	6,607,244
Medical supplies	**11,944,262**	17,144,934
Stock in transit	**1,895,558**	--
	26,540,938	23,752,178
Less: provision for slow moving inventories (note 8.1)	**(1,452,053)**	(1,860,601)
	25,088,885	21,891,577

8.1 Movement in the provision for slow moving inventories at December 31 is as follows:

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**1,860,601**	332,309
(Reversal) / charge for the year (note 20.1)	**(408,548)**	1,528,292
Balance at end of the year	**1,452,053**	1,860,601

9. TRADE RECEIVABLES

Reconciliation of trade receivables at December 31 is as follows:

	December 31, 2021	December 31, 2020
Trade receivables (note 9.2 and 9.3)	**57,920,160**	53,304,027
Less: Allowance for expected credit losses against trade receivables (note 9.1 and 9.3)	**(9,420,971)**	(9,671,041)
	48,499,189	43,632,986

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

	December 31, 2021	December 31, 2020
Opening balance	**9,671,041**	9,120,173
(Reversal) / charge for the year	**(250,070)**	1,316,279
Write off during the year	--	(765,411)
Balance at December 31	**9,420,971**	9,671,041

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

9.2 The aging analysis of trade receivables is as follows:

Past due days	**December 31, 2021**	**Expected credit loss**	December 31, 2020	Expected credit loss
Not due yet	--	--	4,705,419	156,680
01-90	**27,473,733**	**706,898**	20,685,734	694,623
91-180	**8,254,207**	**419,357**	9,155,826	550,184
181-270	**3,057,336**	**321,214**	509,978	53,591
271-360	**1,756,898**	**256,756**	1,938,842	285,726
Above 360	**17,377,986**	**7,716,746**	16,308,228	7,930,237
	57,920,160	**9,420,971**	53,304,027	9,671,041

9.3 Trade receivables are classified at amortised cost. Further the Company does not have any collaterals over receivables and are unsecured.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets at December 31 Comprises of following:	**December 31, 2021**	December 31, 2020
Advances to suppliers	**3,899,303**	1,845,036
Return asset	**3,272,641**	2,133,255
Prepaid insurance	**178,354**	162,259
Prepaid rent	**139,730**	233,037
Employees' loans (note 10.1)	**164,903**	20,204
Output VAT	**555,221**	--
Others	**29,835**	--
	8,239,987	4,393,791

10.1 This amount represents interest free loans with maturity of less than 1 year.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2021 and December 31, 2020 comprises of following:

	December 31, 2021	December 31, 2020
Cash in hand	**18,940**	20,995
Cash at banks - current accounts	**28,397,611**	14,678,595
The Carrying value of bank balances	**28,416,551**	14,699,590

The carrying value of bank balances (included above) represents its maximum exposure to credit risk without taking into account any collections and other credit exchange. None of the bank balances were impacted at the reporting date.

12. SHARE CAPITAL

12.1 The authorized, issued and paid-up capital of the Company amounts to SR 70,000,000 (December 31, 2020: SR 500,000) consisting of 7,000,000 (December 31, 2020: 500) fully paid shares of SR 10 each (December 31, 2020: SR 1,000). Shareholding of the Company is as follows:

	December 31, 2021		
	No, of shares	**Value**	**Amount**
Izdhar first medical (Izdhar Aloula Altobbia)	**1,500,100**	**10**	**15,001,000**
Dr. Ali Mohamed Deeb Ali Eid	**1,050,000**	**10**	**10,500,000**
Moda Ali Mohamed Deeb Eid	**189,000**	**10**	**1,890,000**
Tala Ali Mohamed Deeb Eid	**189,000**	**10**	**1,890,000**
Ahmed Saud Hamza Ghawth	**50,000**	**10**	**500,000**
Hisham Omar Ali Baroum	**50,000**	**10**	**500,000**
Others (78 contributors)	**3,971,900**	**10**	**39,719,000**
Total	**7,000,000**		**70,000,000**

12. SHARE CAPITAL (continued)

	December 31, 2020		
	No, of shares	Value	Amount
Izdhar first medical (Izdhar Aloula Altobbia)	330	1,000	330,000
Dr. Ali Mohammed Deeb Ali Eid	170	1,000	170,000
Total	500		500,000

12.2 On January 14, 2021, the shareholders decided to transfer the legal entity of the Company and its branches from a limited liability company to a Saudi closed joint stock company including its rights and obligations, as well as increasing its share capital to SR 70 million by transferring SR 12.6 million from shareholders' payable accounts from the Company and remaining SR 56.9 million from accumulated profits to the share capital account, and the Company shall keep the same name, commercial registration number and date of the commercial registration of the head office and all its branches. The shareholders have subscribed to the entire share capital of 7,000,000 shares with a nominal value of SR 10 each. The new shares were allocated in proportion of existing shareholding as at issuance date.

Post allocation of shares, Dr. Ali Mohammed Deeb Ali Eid and Izdhar first medical (Izdhar Aloula Altobbia) have transferred their shares to aforementioned shareholders through a shareholder resolution dated April 18, 2021. Shares allocation as at December 31, 2021 stands as mentioned in note above.

13. STATUTORY RESERVE

In accordance with the Company's By-laws, the Company established a statutory reserve by the appropriation of 10% of net income until the reserve is equal 30% of the share capital. This reserve is not available for divided distribution to the shareholders of the Company.

14. EMPLOYEE BENEFITS

The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The amount recognized in the statement of financial position is determined as follows:

	2021	2020
Present value of defined benefit obligation at December 31	**7,074,857**	3,963,137

An independent actuarial valuation exercise has been conducted by the Company as at December 31, 2021 and December 31, 2020 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labour Law by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

14. EMPLOYEE BENEFITS (continued)

The movement in EOSB for the year ended December 31 is as follows:

	2021	2020
Balance as at January 1	**3,963,137**	2,604,796
Included in profit or loss		
Current service cost	**891,772**	576,714
Interest cost	**79,263**	52,096
	971,035	628,810
Included in other comprehensive income		
Actuarial loss	**2,380,309**	768,732
Benefits paid	**(239,624)**	(39,201)
Balance as at December 31	**7,074,857**	3,963,137

Defined benefit obligation:

a) Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date (expressed as weighted averages).

	2021	2020
Discount rate (%)	**3.5%**	2%
Salary increase rate (%)	**5%**	3%
Retirement age	**60**	60

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

The weighted-average duration of the defined benefit obligation was 4.86 years (December 31, 2020: 5.1 years).

14. EMPLOYEE BENEFITS (continued)

b) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the foregoing actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2021		2020	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**6,214,110**	**8,109,606**	3,290,336	4,816,095
Salary increase rate (1% movement)	**8,121,296**	**6,188,208**	4,793,666	3,290,336

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31, 2021	December 31, 2020
Commissions payable	**19,396,762**	9,781,613
Refund liabilities	**4,913,834**	3,536,356
Employees' related accruals	**602,727**	394,513
Others	**433,108**	417,049
	25,346,431	14,129,531

16. RELATED PARTIES TRANSACTIONS AND BALANCES

16.1 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.

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

During the year ended December 31, 2021 and December 31, 2020 the company has transacted with following related parties:

Name of related party	**Relationship**
Dr. Ali Mohammed Deeb Ali Eid	Shareholder
Izdhar first medical	Shareholder
Dr. Mohammed Deeb Ali Eid	Shareholder
Engr. Mohannad Mohammed Deeb Ali Eid	Shareholder
Dr. Mohamed Deeb Eid Group Company Limited	Affiliated companies
Almawada Alhadetha Co, for Medical Tools Limited	Affiliated companies

16. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Related party	Nature of transactions	Transactions during the year 2021	Transactions during the year 2020	Closing balance December 31, 2021	Closing balance December 31, 2020
Due from related parties:					
Almawada Alhadetha Co, for Medical Tools Limited	Sales	--	203,465	--	4,466,020
	Write off	**(4,466,020)**	--	--	--
				--	4,466,020
Due to related parties:					
Dr. Mohammed Deeb Ali Eid Group Company	Expenses paid on behalf	--	(9,405,894)		
	Write off	--	(25,000,000)	--	59,594
Dr. Mohammed Deeb Ali Eid	Financing (Note 16.3)	--	(7,971,902)	--	--
Izdhar first medical (Izdhar Aloula Altobbia)	Financing (Note 16.3)	--	8,331,788	--	8,331,788
	Additional capital contribution	**8,331,788**	--	--	--
Dr. Ali Mohammed Deeb Ali Eid	Expenses paid on behalf	--	547,509	--	--
	Financing (Note 16.3)	--	(359,886)	--	--
	Additional capital contribution	**4,292,132**	--	**547,510**	4,839,642
				547,510	13,231,024

Remuneration of key management personnel

Name	Nature of transactions	December 31, 2021	December 31, 2020
Key management personnel	Short-term employee benefits	**1,740,500**	1,341,000
	Post-employment benefits liabilities	**3,436,032**	1,817,447

16.3 During the year ended December 31, 2020, the Company, Dr. Ali Mohammed Deeb Ali Eed (the shareholder), Dr. Mohammed Deeb Ali Eed and Izdhar first medical (Izdhar Aloula Altobbia) executed a quadripartite agreement for the transfer / novation of the interest free balance payable (payable on demand) to Dr. Ali Mohammed Deeb Ali Eed and Dr. Mohammed Deeb Ali Eed amounting to SR 0.4 million and SR 7.97 million respectively to Izdhar first medical (Izdhar Aloula Altobbia). Consequent to the transfer, the terms have remained unchanged. There was no gain or loss on the foregoing transfer / novation.

17. SHORT TERM LOAN

During the year 2020, the Company entered into agreement with a commercial bank for a short-term loan and obtained a loan of SR 4.5 million at an interest rate of 4%. The Company has repaid the loan during the year.

18. ACCRUED ZAKAT

(a) Zakat included in the statement of profit or loss and other comprehensive income is comprised of the following:

	December 31, 2021	December 31, 2020
Prior year reversal	--	(604,632)
Charge for the year	**2,986,686**	2,104,632
Zakat expense	**2,986,686**	1,500,000

(b) Movement in Accrued Zakat during the year ended December 31 is as follows:

	December 31, 2021	December 31, 2020
Balance at beginning of the year	**2,104,632**	3,218,188
Prior year reversal	--	(604,632)
Charge for the year (note 18 c)	**2,986,686**	2,104,632
Payments made during the year	**(1,209,964)**	(2,613,556)
Balance at end of the year	**3,881,354**	2,104,632

(c) The significant components of Zakat base for the year ended:

	December 31, 2021	December 31, 2020
i) Adjusted net income:		
Net income before zakat	**24,209,508**	22,571,257
Allowance for ECL for the year	**284,588**	3,548,329
Provision for slow moving inventories for the year	--	1,528,292
Provision for employee benefits for the year	**971,035**	628,810
Total adjusted net income	**25,465,131**	28,276,688

18. ACCRUED ZAKAT (continued)

	December 31, 2021	December 31, 2020
ii) Zakat basis computation:		
Capital	**70,000,000**	500,000
Statutory reserve	**250,000**	250,000
Retained earnings	**4,321,733**	17,495,288
Other profits & losses	**(2,380,309)**	(768,732)
Related party payable balance written off	**--**	25,000,000
Related party payable balance	**547,510**	--
Allowance for ECL	**12,218,043**	8,669,714
Provisions for slow moving inventories	**1,452,053**	332,309
Provisions for zakat	**894,668**	604,632
Provisions for employee benefits	**6,103,822**	3,334,327
Total items subject to zakat	**93,407,520**	55,417,538
Items to be deducted:		
Fixed assets book value	**2,238,139**	784,280
Total items not subject to zakat	**2,238,139**	784,280
Net amount subject to zakat	**91,169,381**	54,633,258
Zakat on net income (i x 2.5%)	**636,628**	706,917
Zakat charge (ii x 2.5% x 365÷354)	**2,350,058**	1,397,715
Total Zakat	**2,986,686**	2,104,632

(d) Zakat status

The Company filed its Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") up to the end of the year December 31, 2020 and paid the accrued Zakat according to these returns and obtained Zakat certificate valid until April 30, 2022. A final assessment was issued by the Zakat, Tax and Customs Authority until 2019, and all financial dues amounting to SR 224,605 were paid in 2021, and there are no financial liabilities due on the company.

19. 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).

19. REVENUE (continued)

Revenue at December 31, 2021 and December 31, 2020 comprises of following:

	2021	2020
Medical supplies	**118,998,525**	99,520,706
Medical equipment sales with significant financing component	**26,221,166**	17,582,904
Rendering of services	**5,309,919**	4,306,297
	150,529,610	121,409,907
Finance income on sales made with significant financing component	**856,470**	193,829
	151,386,080	121,603,736

The transaction price allocated to the performance obligation that is unsatisfied as at December 31, 2021 amounts to SR 0.62 million (December 31, 2020: SR 0.43 million).

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 0.62 million as at December 31, 2021 (December 31, 2020: SR 0.435 million). The amount will be recognised as revenue when the service is received by customers, which is expected to occur after the next two years.

20. COST OF REVENUE

	2021	2020
Cost of goods sold (note 20.1)	**80,470,426**	65,385,329
Cost of service – employees' related cost	**1,370,968**	937,935
	81,841,394	66,323,264

20.1 Cost of sales includes reversal of provision against slow moving inventory amounting to SR 0.4 million for the year ended December 31, 2021 (December 31, 2020: charge for the year SR 1.5 million) and inventory written off amounting to SR 0.19 million (December 31, 2020: Nil).

20.2 Cost of sales mainly includes costs pertaining to medical supplies, medical equipment and cost of services.

21. SELLING AND MARKETING EXPENSES

	2021	2020
Commission and marketing expenses	**23,248,255**	16,899,954
Employees' related cost	**6,359,823**	5,824,911
Transportation and freight expenses	**512,999**	289,891
	30,121,077	23,014,756

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Employees' related cost	**4,799,167**	3,628,610
Depreciation (note 5)	**122,402**	115,818
Depreciation – right-of-use-assets (note 6)	**336,457**	176,046
Legal and professional charges	**2,714,574**	528,257
Subscription expenses	**1,044,752**	743,484
Rent expenses (note 22.1)	**390,387**	644,950
Others	**823,917**	236,975
	10,231,656	6,074,140

22.1 This includes short term leases not classified under IFRS 16.

23. OTHER EXPENSES

This amount represents related party balance written off during the year pertaining to Almawada Alhadetha Co. for Medical Tools.

24. FINANCE COST

	2021	2020
Interest from lease liabilities	**50,300**	18,250
Interest on employees' end-of-service benefits	**79,263**	52,096
Interest on short-term borrowings	**118,356**	1,644
	247,919	71,990

25. EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended December 31, 2021 and December 31, 2020, have been computed by dividing the net profit attributable to shareholders of the Company for such year by the weighted average number of shares outstanding during such year.

	2021	2020
Net profit for the year attributable to shareholders of the Company	**21,222,822**	21,071,257
Weighted average number of ordinary shares for the purpose of basic and diluted earnings	**6,955,038**	5,737,608
Basic and diluted earnings per share (Saudi Riyals)	**3.05**	3.67

The share capital increase during the year ended December 31, 2021 was in the same proportion of existing shareholding by utilizing retained earnings of SR 56.9 million and additional contribution by SR 12.6 million. The bonus shares did not have any cash alternative. Furthermore, the Company changed the face value of the shares from SR 1000 to SR 10. The increase in the number of shares outstanding without a corresponding change in resources, the additional shares issued is treated as if they had been issued since the beginning of the earliest period presented, accordingly EPS has been adjusted retrospectively.

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.

26. DIVIDEND

The shareholders in their board resolution on April 13, 2021 approved the distribution of SR 1.6 million. No zakat adjustment has been made against the dividend approved for distribution on April 13, 2021.

27. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of external markets and 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.

27. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

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.

27.1 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 intertest 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. Moreover, none of the financial instruments of the Company are carried at FVTPL or FVOCI.

27. FINANCIAL RISK MANAGEMENT (continued)

27.2 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.

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:

	December 31, 2021	December 31, 2020
Installment sales receivables	**24,764,089**	20,220,635
Trade receivables	**57,920,160**	53,304,027
Other current assets	**164,903**	20,204
Cash at banks	**28,397,611**	14,678,595
	111,246,763	88,223,461

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 7 and 9).

27.3 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.

27. FINANCIAL RISK MANAGEMENT (continued)

27.3 Liquidity risk (continued)

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.

			Contractual cash flows		
December 31, 2021	**Carrying value**	**Gross undiscounted value**	**Less than 1 year**	**1 year to 5 year**	**More than 5 year**
Non-derivative financial liabilities					
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**	--
Short term loan	--	--	--	--	--
	22,720,280	**22,944,676**	**21,702,541**	**1,242,135**	--

			Contractual cash flows		
December 31, 2020	Carrying value	Gross undiscounted value	Less than 1 year	1 year to 5 year	More than 5 year
Non-derivative financial liabilities					
Trade payables	2,045	2,045	2,045	--	--
Accrued expenses and other current liabilities	10,520,762	10,520,762	10,520,762	--	--
Due to related parties	13,231,024	13,231,024	13,231,024	--	--
Lease liabilities	302,036	317,250	187,500	129,750	
Short term loan	4,500,000	4,620,000	4,620,000	--	--
	28,555,867	28,691,081	28,561,331	129,750	--

28. FINANCIAL INSTRUMENTS

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

	December 31, 2021	December 31, 2020
Measured at amortized cost		
Installment sales receivables, net	**21,405,394**	17,106,707
Trade receivables, net	**48,499,189**	43,632,986
Other current assets	**164,903**	20,204
Cash and cash equivalents	**28,416,551**	14,699,590
	98,486,037	75,459,487

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

	December 31, 2021	December 31, 2020
Measured at amortized cost		
Trade payables	**246,622**	2,045
Accrued expenses and other current liabilities	**20,422,559**	10,520,762
Due to related parties	**547,510**	13,231,024
Lease liabilities	**1,503,589**	302,036
Short term loan	--	4,500,000
	22,720,280	28,555,867

29. CAPITAL 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 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 a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade payables and other current liabilities, less cash and cash equivalents. Capital signifies equity as shown in the statement of financial position plus net debt.

29. CAPITAL MANAGEMENT (continued)

The gearing ratio is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	**40,473,899**	38,961,118
Cash and cash equivalents	**(28,416,551)**	(14,699,590)
Adjusted net debt (A)	**12,057,348**	24,261,528
Shareholders' equity (B)	**93,414,246**	63,372,436
Gearing ratio (A / B)	**0.13**	0.38

30. 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.

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 December 31, 2021 there were no transfers between levels of fair value measurements.

31. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2022. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1-Apr-21	Amendments to IFRS 16: Leases for COVID-19 rent related concessions: Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications.
1-Jan-22	A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

31. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE (continued)

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1-Jan-24	Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.
1-Jan-23	Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
1-Jan-23	Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
1-Jan-23	IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

32. CONTINGENCIES & COMMITMENTS

The Company has no contingencies as at December 31, 2021 and December 31, 2020.

33. SUBSEQUENT EVENTS

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

34. 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.

35. RECLASSIFICATION OF PRIOR PERIOD FIGURES

Certain prior period figures have been reclassified to conform to current period presentation, which are insignificant/immaterial in nature and amount.

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Company's shareholders on March 24, 2022, corresponding to Shaban 21, 1443H.