

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month and six-month periods ended 30 June 2023
with
INDEPENDENT AUDITOR'S REPORT

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

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three-month and six-month periods ended 30 June 2023

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KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P.O. Box 55078
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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

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

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

Introduction

We have reviewed the accompanying 30 June 2023 condensed interim financial statements of Alf Meem Yaa for Medical Supplies and Equipment ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2023;
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the condensed statement of changes in equity for the six-month period ended 30 June 2023;
- the condensed statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed interim financial statements.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed interim financial statements of Alf Meem Yaa for Medical Supplies and Equipment are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454



Jeddah, 27 August 2023
Corresponding to 11 Safar 1445

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاء محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Non-current assets			
Property and equipment	4	2,480,561	1,107,114
Right-of-use assets	5	2,693,930	1,091,983
Installment sales receivables – non-current portion	6	2,037,513	352,580
		7,212,004	2,551,677
Current assets			
Inventories	7	39,579,177	43,487,569
Installment sales receivables – current portion	6	28,528,438	26,174,326
Trade receivables	8	61,937,932	51,038,352
Prepayments and other current assets	9	11,283,460	7,789,416
Cash and cash equivalents	10	26,419,279	23,320,980
		167,748,286	151,810,643
Total assets		174,960,290	154,362,320
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	11	70,000,000	70,000,000
Statutory reserve		5,040,698	5,040,698
Retained earnings		40,515,922	32,308,841
		115,556,620	107,349,539
<u>Liabilities</u>			
Non-current liabilities			
Employee benefits		9,005,420	8,608,978
Contract liabilities – non-current portion		317,500	267,000
Lease liabilities – non-current portion	5	2,143,037	708,291
		11,465,957	9,584,269
Current liabilities			
Contract liabilities – current portion		1,199,960	982,938
Accrued expenses and other current liabilities	12	40,518,467	30,659,994
Lease liabilities – current portion	5	576,635	394,084
Accrued Zakat	14	5,642,651	5,391,496
		47,937,713	37,428,512
Total liabilities		59,403,670	47,012,781
Total equity and liabilities		174,960,290	154,362,320

The accompanying notes 1 to 26 form an integral part of these condensed interim financial statements.

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

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

For the three-month and six-month periods ended 30 June 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	Three-month period ended 30 June 2023	Three-month period ended 30 June 2022	Six-month period ended 30 June 2023	Six-month period ended 30 June 2022
Revenue	15	54,170,926	54,057,356	120,336,920	108,346,746
Cost of revenue		(28,990,327)	(27,416,725)	(64,646,715)	(59,488,178)
Gross profit		25,180,599	26,640,631	55,690,205	48,858,568
Selling and marketing expenses		(10,728,507)	(10,331,934)	(22,467,263)	(19,042,247)
General and administrative expenses		(3,319,846)	(4,396,408)	(6,981,608)	(11,299,005)
Impairment loss on trade and installment sales receivables	6 & 8	(1,386,748)	(1,628,353)	(2,226,645)	(1,262,864)
Other income		314,692	--	449,300	--
Operating profit		10,060,190	10,283,936	24,463,989	17,254,452
Finance cost		(55,699)	(29,025)	(108,600)	(58,051)
Profit before Zakat		10,004,491	10,254,911	24,355,389	17,196,401
Zakat charge	14	(810,000)	(750,000)	(2,158,783)	(1,819,710)
Profit for the period		9,194,491	9,504,911	22,196,606	15,376,691
<u>Other Comprehensive Income</u>					
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Re-measurement of employee benefits		--	--	--	--
Total comprehensive income for the period		9,194,491	9,504,911	22,196,606	15,376,691
Earnings per share based on the profit attributable to the shareholders of the Company					
Basic and diluted earnings per share	16	1.31	1.36	3.17	2.20

The accompanying notes 1 to 26 form an integral part of
these condensed interim financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT

(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance as at 1 January 2022	70,000,000	2,372,282	21,041,964	93,414,246
Profit for the period	--	--	15,376,691	15,376,691
Other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period	--	--	15,376,691	15,376,691
Transactions with shareholders				
Dividend paid (Refer Note 17)	--	--	(12,250,000)	(12,250,000)
Balance as at 30 June 2022 (Unaudited)	<u>70,000,000</u>	<u>2,372,282</u>	<u>24,168,655</u>	<u>96,540,937</u>
Balance as at 1 January 2023	70,000,000	5,040,698	32,308,841	107,349,539
Profit for the period	--	--	22,196,606	22,196,606
Other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period			22,196,606	22,196,606
Transactions with shareholders				
Dividend paid (Refer Note 17)	--	--	(13,989,525)	(13,989,525)
Balance as at 30 June 2023 (Unaudited)	<u>70,000,000</u>	<u>5,040,698</u>	<u>40,515,922</u>	<u>115,556,620</u>

The accompanying notes 1 to 26 form an integral part of these condensed interim financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT
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CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities:</u>			
Profit before Zakat		24,463,989	17,254,452
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment	4	170,390	121,957
Depreciation on right-of-use assets	5	540,754	253,451
Impairment loss on installment sales receivables	6	974,783	1,003,451
(Reversal) / charge for slow moving inventory	7	(194,194)	1,928,791
Impairment loss on trade receivables	8	1,251,862	259,413
Provision for employee benefits		628,193	196,897
		27,835,777	21,018,412
<u>Changes in working capital:</u>			
Installment sales receivables		(5,013,828)	(5,008,111)
Inventories		4,102,586	(8,703,316)
Trade receivables		(12,151,442)	(13,085,076)
Prepayments and other current assets		(3,494,044)	(6,601,006)
Trade payables		--	152,910
Contract liabilities		267,522	90,079
Accrued expenses and other current liabilities		9,858,473	6,030,280
Cash generated from / (used in) operating activities		21,405,044	(6,105,828)
Employee benefits paid		(231,751)	(95,287)
Zakat paid	14	(1,907,628)	(1,838,524)
Net cash generated from / (used in) operating activities		19,265,665	(8,039,639)
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment	4	(1,543,837)	(726,550)
Net cash used in investing activities		(1,543,837)	(726,550)
<u>Cash flows from financing activities:</u>			
Interest repayment of lease		(108,600)	(58,051)
Principal repayment of lease		(525,404)	(334,049)
Dividend paid		(13,989,525)	(12,250,000)
Net cash used in financing activities		(14,623,529)	(12,642,100)
Net increase / (decrease) in cash and cash equivalents		3,098,299	(21,408,289)
Cash and cash equivalents at the beginning of the period		23,320,980	28,416,551
Cash and cash equivalents at the end of the period	10	26,419,279	7,008,262

The accompanying notes 1 to 26 form an integral part of these condensed interim financial statements.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. REPORTING ENTITY

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

During the year ended 31 December 2022, the Company's status has changed from a Limited Liability Company to a Closed Joint Stock Company on 25 Shawwal 1442H, corresponding to 6 June 2021. All related the legal formalities have been completed in the same year.

On 23 Jumada Al-Awwal 1443H, corresponding to 27 December 2021, the Capital Market Authority (CMA) has approved the registration of the Company shares for the purpose of direct listing on Nomu - Parallel Market. The shares of the Company are listed on Nomu - Parallel Market and start trading as on 15 Jumada Al Thani 1443H, corresponding to 18 January 2022 with the symbol 9527 and ISIN Code SA15GGP4KRH1.

On 16 Dhul Qadah 1443H, corresponding to 15 June 2022, the General Assembly of the Company has approved to change the Company status from a Closed Joint Stock Company to Joint stock Company. All the related legal formalities have subsequently been completed on 26 Dhul Hijjah 1443H, corresponding to 25 July 2022 whereby the ministry of commerce had issued a new Commercial Registration certificate number 4030186415.

As per the Company's By-laws, the Company is engaged in wholesale and retail trade which mainly includes perfumes, cosmetics, orthotic devices, medical supplies, decorative soap, incense, veterinary medicine and medical equipment.

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

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

The registered address of the Company is as follows:

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

During 2022, the new Companies Law issued through Royal Decree M/132 on 1 Dhul Hijjah, 1443H, corresponding to 30 June 2022 (hereinafter referred as "the Law") came into force on 26 Jumada Al Thani 1444H, corresponding to 19 January 2023. For certain provisions of the Law, full compliance is expected not later than two years from 26 Jumada Al Thani 1444H, corresponding to 19 January 2023. The management is in process of assessing the impact of the New Companies Law and will amend its By-laws for any changes to align the By-laws to the provisions of the Law. Consequently, the Company shall present the amended By-laws to the shareholders in their Extraordinary General Assembly meeting for their ratification.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2022 (“last annual Financial Statements”).

These condensed interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since last annual financial statements. In addition, results for the interim period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company for the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of amendments and interpretations effective as at January 1, 2023, as mentioned in note 23. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

4. PROPERTY AND EQUIPMENT

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<u>Cost</u>		
At the beginning of the period / year	1,856,575	1,042,109
Additions during the period / year	1,543,837	814,466
At the end of the period / year	3,400,412	1,856,575
<u>Accumulated Depreciation</u>		
At the beginning of the period / year	749,461	469,830
Charge for the period / year	170,390	279,631
At the end of the period / year	919,851	749,461
Carrying amount at the end of the period / year	2,480,561	1,107,114

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

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

5. LEASES

a) Right-of-use assets:

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

	For the six- month period ended 30 June <u>2023</u> (Unaudited)	For the year ended 31 December <u>2022</u> (Audited)
Carrying amount at beginning of the period / year	1,091,983	1,665,860
Additions during the period / year	2,142,701	--
Depreciation charge for the period / year	(540,754)	(573,877)
Carrying amount at the end of the period / year	<u>2,693,930</u>	<u>1,091,983</u>

b) Lease liabilities:

The reconciliation of lease liabilities is as follows:

	For the six- month period ended 30 June <u>2023</u> (Unaudited)	For the year ended 31 December <u>2022</u> (Audited)
Carrying amount at the beginning of the period / year	1,102,375	1,503,589
Additions during the period / year	2,142,701	--
Interest expenses for the period / year	108,600	103,886
Payments during the period / year	(634,004)	(505,100)
Carrying amount at the end of the period / year	<u>2,719,672</u>	<u>1,102,375</u>

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

	30 June <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Non-current portion of lease liabilities	2,143,037	708,291
Current portion of lease liabilities	<u>576,635</u>	<u>394,084</u>
Carrying amount at the end of the period / year	<u>2,719,672</u>	<u>1,102,375</u>

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 Company's weighted average incremental borrowing rate applied to the lease liabilities is 8.05% (31 December 2022: 8.05%).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

6. INSTALLMENT SALES RECEIVABLES

- 6.1 Installment sales receivables comprise of receivables arising from sales of medical equipment and are carried at amortized cost, as detailed below:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Gross installment sales receivables	36,093,526	30,830,955
Less: Unearned finance income	(537,561)	(288,818)
Net installment sales receivable (before allowance for expected credit losses)	35,555,965	30,542,137
Less: Allowance for expected credit loss against installment sales receivables (note 6.2)	(4,990,014)	(4,015,231)
Installment sales receivables	30,565,951	26,526,906

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	4,015,231	3,081,660
Charge for the period / year	974,783	933,571
Balance at end of the period / year	4,990,014	4,015,231

The Company applies the simplified approach for expected credit losses prescribed under 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.

- 6.3 The ageing of installment sales receivables is as follows:

	30 June 2023 (Unaudited)	Expected credit loss	31 December 2022 (Audited)	Expected credit loss
Not due yet	19,487,665	433,180	15,603,864	346,175
01-90	3,724,994	589,567	4,000,467	674,669
91-180	2,757,361	529,861	3,682,026	725,571
181-270	1,878,549	448,487	3,006,359	722,356
271-360	2,266,861	663,376	2,331,009	683,032
Above 360	5,978,096	2,325,543	2,207,230	863,428
	36,093,526	4,990,014	30,830,955	4,015,231

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

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

6. INSTALLMENT SALES RECEIVABLES (continued)

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

	30 June 2023 (Unaudited)			
	<u>Gross receivables</u>	<u>Unearned finance income</u>	<u>Allowance for expected credit loss</u>	<u>Net receivables</u>
Current portion	31,485,458	(292,550)	(2,664,470)	28,528,438
Non-current portion	4,608,068	(245,011)	(2,325,544)	2,037,513
Total	36,093,526	(537,561)	(4,990,014)	30,565,951

	31 December 2022 (Audited)			
Current portion	29,547,663	(221,534)	(3,151,803)	26,174,326
Non-current portion	1,283,292	(67,284)	(863,428)	352,580
Total	30,830,955	(288,818)	(4,015,231)	26,526,906

7. INVENTORIES

Inventories comprise of following:

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Medical equipment	22,815,025	24,023,198
Medical supplies	21,180,734	18,361,877
Stock in transit	--	5,713,270
	43,995,759	48,098,345
Less: Provision for slow moving inventories (note 7.1)	(4,416,582)	(4,610,776)
	39,579,177	43,487,569

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

	<u>30 June 2023</u> (Unaudited)	<u>31 December 2022</u> (Audited)
Balance at beginning of the period / year	4,610,776	1,452,053
(Reversal) / charge for the period / year	(194,194)	3,158,723
Balance at end of the period / year	4,416,582	4,610,776

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

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

8. TRADE RECEIVABLES

The reconciliation of trade receivable is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	66,595,574	54,444,132
Less: Allowance for expected credit losses (note 8.1)	(4,657,642)	(3,405,780)
	<u>61,937,932</u>	<u>51,038,352</u>

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the period / year	3,405,780	9,420,971
Charge for the period / year	1,251,862	6,937,063
Write off during the year	--	(12,952,254)
Balance at end of the period / year	<u>4,657,642</u>	<u>3,405,780</u>

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

8.2 The aging analysis of trade receivables is as follows:

	30 June 2023 (Unaudited)	Expected credit loss	31 December 2022 (Audited)	Expected credit loss
Not due yet	--	--	--	--
01-90	48,957,998	755,932	30,678,490	466,504
91-180	2,457,476	94,356	9,927,885	346,050
181-270	3,920,410	337,935	5,560,907	438,251
271-360	3,438,421	426,863	3,904,650	444,650
Above 360	7,821,269	3,042,556	4,372,200	1,710,325
	<u>66,595,574</u>	<u>4,657,642</u>	<u>54,444,132</u>	<u>3,405,780</u>

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9. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments & other current assets comprises of following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Advances to suppliers	4,782,615	2,220,995
Return asset	2,691,889	2,870,483
Prepaid insurance	841,923	242,175
Prepaid rent	103,245	132,314
Employees' loans (note 9.1)	493,846	522,241
Output VAT	2,340,107	1,771,373
Others	29,835	29,835
	<u>11,283,460</u>	<u>7,789,416</u>

- 9.1 This amount represents loans given to employees of the Company. The loans are interest free and having maturity of less than one year.

10. CASH AND CASH EQUIVALENTS

Cash & cash equivalents comprises of following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash in hand	50,465	20,598
Cash at bank - current accounts	26,368,814	23,300,382
	<u>26,419,279</u>	<u>23,320,980</u>

11. SHARE CAPITAL

The authorized, issued and paid-up capital of the Company is SR 70,000,000 (31 December 2022: SR 70,000,000) divided into 7,000,000 shares (31 December 2022: 7,000,000 shares) of SR 10 (31 December 2022: SR 10) each.

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12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprises of following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Commissions payable	35,588,074	25,649,540
Refund liabilities	4,123,573	3,914,289
Employees' related accruals	361,055	853,268
Other current liabilities (note 12.1)	445,765	242,897
	<u>40,518,467</u>	<u>30,659,994</u>

- 12.1 Others current liabilities includes payable to audit committee members and Board of Directors amounting to SR 0.155 million (31 December 2022: SR Nil) (refer note 13).

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

- 13.2 Significant related party transactions and balances for the period / year ended and balances arising there-from are described as under:

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

<u>Name</u>	<u>Nature of transactions</u>	Amount of transactions for the six-month period ended		Closing balances	
		30 June 2023 (Unaudited)	30 June 2022	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Dr. Ali Mohammed	Dividend				
Deeb Ali Eid	payment	4,756,438	--	--	--
Izdhar first medical	Dividend				
(Izdhar Aloula Altobbia)	payment	9,233,086	--	--	--
Audit Committee and	Meeting and				
Board of Directors	related fee	628,000	--	155,000	--
				<u>155,000</u>	<u>--</u>

- (b) Remuneration of key management personnel:

<u>Name</u>	<u>Nature of transactions</u>	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Key management			
personnel	Short-term employee benefits	4,068,999	3,523,898
Key management Prsonnel	Post-employment benefits liabilities	4,144,483	3,791,514

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14. ZAKAT

a) Charge for the period

Zakat for the period comprise of the following:

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Charge for the period	<u>2,158,783</u>	<u>1,819,710</u>

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

b) Accrued Zakat

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	5,391,496	3,881,354
Charge for the period / year	2,158,783	3,348,666
Payments during the period / year	<u>(1,907,628)</u>	<u>(1,838,524)</u>
Balance at the end of the period / year	<u>5,642,651</u>	<u>5,391,496</u>

c) Status of Zakat

The Company filed its Zakat returns with Zakat, Tax and Customs Authority ("ZATCA") up to the end of the year 31 December 2022, and paid the accrued Zakat according to these returns, and obtained Zakat certificate valid until 30 April 2023. Further, during the year ended 31 December 2020, the ZATCA has issued final assessments for the years from 2015 to 2019.

15. REVENUE

Disaggregation of revenue from contracts with customers

The Company recognize revenue at point in time on its products and services lines other than finance income which is recognized over time based on effective interest rate. The revenue for the period ended 30 June comprises of following:

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15. REVENUE (continued)

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Medical supplies	94,684,722	83,972,557
Medical equipment sales with significant financing component	22,948,800	21,458,671
Rendering of services	2,524,568	2,761,329
	120,158,090	108,192,557
Finance income on sales made with significant financing component	178,830	154,189
	120,336,920	108,346,746

16. EARNINGS PER SHARE

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

	Three-month period ended 30 June 2023 (Unaudited)	Six-month period ended 30 June 2023 (Unaudited)	Three-month period ended 30 June 2022 (Unaudited)	Six-month period ended 30 June 2022 (Unaudited)
Profit for the period attributable to the shareholders of the Company	9,194,491	22,196,606	9,504,911	15,376,691
The weighted average number of ordinary shares for the purposes of basic and diluted earnings	7,000,000	7,000,000	7,000,000	7,000,000
Basic and diluted earnings per share based on profit for the period attributable to shareholders of the Company	1.31	3.17	1.36	2.20

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

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

17. DIVIDEND

On 18 June 2023 the shareholders approved annual dividend of SR 2.00 per share (30 June 2022: SR 1.75 per share) amounting to SR13.98 million (30 June 2022: SR 12.25 million).

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18. OPERATING SEGMENTS

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

	Medical supplies	Medical equipment	30 June 2023 Maintenance service (Unaudited)	Others	Total
Revenue	94,684,722	22,948,800	2,524,568	178,830	120,336,920
Cost of revenue	(51,063,018)	(13,139,419)	(444,278)	--	(64,646,715)
Gross profit	43,621,704	9,809,381	2,080,290	178,830	55,690,205
Selling and marketing expenses					(22,467,263)
General and administrative expenses					(6,981,608)
Allowance for expected credit loss					(2,226,645)
Other income					449,300
Finance cost					(108,600)
Profit before zakat					24,355,389
Zakat					(2,158,783)
Net profit					22,196,606

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

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18. OPERATING SEGMENTS (continued)

18.1 Reconciliations of information on reportable segments

All assets, liabilities, revenue and total profits relate to reportable segment and there are no intersegment revenue and profits.

18.2 Geographical information

The revenue from contracts with customers is derived from the primary geographical market that is the Kingdom of Saudi Arabia.

18.3 Major Customers

Revenue from ten customers of the Company represented approximately 28.42% (30 June 2022: 31.24%) of the Company's total revenue.

19. CONTINGENT LIABILITIES AND COMMITMENTS

The Company has no contingencies and commitments as of 30 June 2023 and 31 December 2022.

20. FINANCIAL INSTRUMENTS

Following are the categories of financial assets:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<u>Measured at amortized cost</u>		
Installment sales receivables, net	30,565,951	26,526,906
Trade receivables, net	61,937,932	51,038,352
Employees' loans	493,846	522,241
Cash and cash equivalents	26,419,279	23,320,980
	<u>119,417,008</u>	<u>101,408,479</u>

Following are the categories of financial liabilities:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<u>Measured at amortized cost</u>		
Accrued expenses and other current liabilities	36,394,894	26,745,705
Lease liabilities	2,719,672	1,102,375
	<u>39,114,566</u>	<u>27,848,080</u>

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21. FINANCIAL RISK MANAGEMENT

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

Risk management framework

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

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

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

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

Market risk

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

Interest rate risk

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

Currency risk

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

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21. FINANCIAL RISK MANAGEMENT (continued)

Price risk

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

Credit risk

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

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

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

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Installment sales receivables	36,093,526	30,830,955
Trade receivables	66,595,574	54,444,132
Employees' loans	493,846	522,241
Cash at banks	26,368,814	23,300,382
	<u>129,551,760</u>	<u>109,097,710</u>

Trade and installment sales receivables are carried net of provision for expected credit losses. The Company assessed the concentration of risk with respect to these receivables and concluded it to be low. The receivables are shown net of allowance for impairment of trade and installment sales receivables and sales returns. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (refer note 6 and 8).

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21. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

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

	Carrying	Gross	<u>Contractual cash flows</u>		
30 June 2023 (Unaudited)	<u>value</u>	<u>undiscounted</u>	<u>Less than 1</u>	<u>1 year to 5</u>	<u>More than 5</u>
		<u>value</u>	<u>year</u>	<u>year</u>	<u>years</u>
<i>Non-derivative financial liabilities</i>					
Accrued expenses and other					
current liabilities	36,394,894	36,394,894	36,394,894	--	--
Lease liabilities	2,719,672	2,897,687	689,238	2,208,449	--
	39,114,566	39,292,581	37,084,132	2,208,449	--

	Carrying	Gross	<u>Contractual cash flows</u>		
31 December 2022	<u>value</u>	<u>undiscounted</u>	<u>Less than 1</u>	<u>1 year to 5</u>	<u>More than 5</u>
(Audited)		<u>value</u>	<u>year</u>	<u>years</u>	<u>years</u>

Non-derivative financial liabilities

Accrued expenses and other					
current liabilities	26,745,705	26,745,705	26,745,705	--	--
Lease liabilities	1,102,375	1,222,885	466,600	756,285	--
	27,848,080	27,968,590	27,212,305	756,285	

Capital risk management

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

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

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21. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management (continued)

The gearing ratio as at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Total Liabilities	59,403,670	47,012,781
Less: Cash and cash equivalents	(26,419,279)	(23,320,980)
Adjusted net debt	32,984,391	23,691,801
Total Equity	115,556,620	107,349,539
Debt to equity ratio	28.54%	22.07%

22. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

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

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

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

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

Fair value hierarchy

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

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

During the period ended 30 June 2023 there were no transfers between levels of fair value measurements.

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

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1) and Non- current liabilities with covenants (amendments to IAS 1)	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption /
IFRS 16	Lease Liability in a Sale and Leaseback – Amendment	1 January 2024

The standards, interpretations and amendments with effective date of 1 January 2023 will not have any material impact on the Company's condensed interim financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Company's condensed interim financial statements on adoption.

24. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

<u>Effective date</u>	<u>New Standards or amendments</u>
1 January 2023	IFRS 17 - Insurance contracts and amendments
1 January 2023	IAS 8 - Definition to accounting estimates
1 January 2023	IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction`
1 January 2023	IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

25. SUBSEQUENT EVENTS

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

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26. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 20 August 2023, corresponding to 04 Safar 1445.