

NABA AL SAHA MEDICAL SERVICES COMPANY
(Saudi Closed Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT FOR
THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW
REPORT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Naba Al Saha Medical Services Company
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim financial statements of Naba Al Saha Medical Services Company ("the Company") which comprises of condensed interim statement of financial position as of June 30, 2022, the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matters

- The Company's condensed interim financial statements for the six-month period ended June 30, 2021 were reviewed by another auditor, who expressed an unmodified conclusion on those statements dated Rabia Al-awwal 22, 1443H corresponding to October 28, 2021. The company's financial statements for the year ended December 31, 2021 were also audited by another auditor, who expressed an unmodified opinion on these financial statements in his report dated Ramadan 25, 1443H corresponding to April 26, 2022.
- As a part of review of condensed interim financial statements of the Company for the six months period ended June 30, 2022, we also reviewed the adjustments explained in note 11 that were applied to amend the condensed interim financial statements of the Company for the six months period ended June 30, 2021. In our conclusion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any other procedures to the said condensed interim financial statements of the Company other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the condensed interim financial statements of the Company for the six months period ended June 30, 2021 taken as a whole.

For Dr. Mohamed Al-Amri & Co.



Maher AL-Khatieb
Certified Public Accountant
License Number 514



Dammam, on 17 Safar 1444 (H)
Corresponding to: 13 September 2022 (G)

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022
(Expressed in Saudi Riyals)

	Notes	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	74,355,864	74,361,875
Right-of-use assets		5,283,326	6,024,487
Intangible assets		2,268,566	2,268,566
Investment in an associate	4	2,829,373	-
Total non-current assets		84,737,129	82,654,928
Current assets			
Inventories		7,134,501	5,753,762
Trade receivables		64,274,640	60,119,914
Prepayments and other receivables		2,745,038	2,270,976
Due from a related party	7	424,374	347,974
Cash and cash equivalents		8,274,827	6,994,141
Total current assets		82,853,380	75,486,767
TOTAL ASSETS		167,590,509	158,141,695
EQUITY AND LIABILITIES			
Equity			
Share capital		70,000,000	70,000,000
Statutory reserve		10,170,413	10,170,413
Other reserves		1,435,162	1,435,162
Retained earnings		36,649,207	21,256,368
Total equity		118,254,782	102,861,943
Non-current liabilities			
Long term loan	5	17,500,000	26,250,000
Employees end of service benefits		6,718,662	6,067,862
Lease liabilities		4,019,437	4,804,337
Total non-current liabilities		28,238,099	37,122,199
Current liabilities			
Trade payables		7,450,848	6,733,784
Lease liabilities – current portion		1,516,222	1,489,050
Long term loan - current portion	5	3,500,000	750,000
Accrued expenses and other current liabilities		7,438,099	7,174,312
Zakat provision	8	1,192,459	2,010,407
Total current liabilities		21,097,628	18,157,553
Total liabilities		49,335,727	55,279,752
TOTAL EQUITY AND LIABILITIES		167,590,509	158,141,695

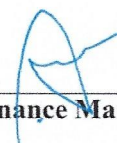
The accompanying notes from 1 to 14 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Finance Manager

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Closed Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**
(Expressed in Saudi Riyals)

	Note	For the six months period ended June 30,	
		2022	2021
		(Unaudited)	(Unaudited and restated)
Revenue	6	62,898,472	56,562,270
Cost of revenue		(35,563,862)	(33,407,710)
Gross profit		27,334,610	23,154,560
General and administrative expenses		(11,689,519)	(8,980,378)
Profit from operations		15,645,091	14,174,182
Finance cost		(103,597)	(130,933)
Other income, net		656,643	877,400
Profit before zakat		16,198,137	14,920,649
Zakat	8	(805,298)	(688,894)
NET PROFIT FOR THE PERIOD		15,392,839	14,231,755
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		15,392,839	14,231,755
BASIC AND DILUTED EARNING PER SAHRE			
Basic and diluted earnings per share from net profit attributable to shareholders of the Company	10	2.20	2.03

The accompanying notes from 1 to 14 form an integral part of these condensed interim financial statements.

 _____ Chairman	 _____ Chief Executive Officer	 _____ Finance Manager
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NABA AL SAHA MEDICAL SERVICES COMPANY
(Saudi Closed Joint Stock Company)

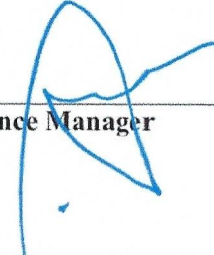
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022
(Expressed in Saudi Riyals)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
At January 01, 2021 (audited) as previously stated	70,000,000	7,587,688	698,041	377,515	78,663,244
Adjustments (note 11)	-	-	-	(265,675)	(265,675)
At January 01, 2021 (audited and restated)	70,000,000	7,587,688	698,041	111,840	78,397,569
Net profit for the period (unaudited and restated)	-	-	-	14,231,755	14,231,755
Other comprehensive income (unaudited and restated)	-	-	-	-	-
Total comprehensive income for the period (unaudited and restated)	-	-	-	14,231,755	14,231,755
At June 30, 2021 (unaudited and restated)	70,000,000	7,587,688	698,041	14,343,595	92,629,324
At January 01, 2022 (audited)	70,000,000	10,170,413	1,435,162	21,256,368	102,861,943
Net profit for the period (unaudited)	-	-	-	15,392,839	15,392,839
Other comprehensive income (unaudited)	-	-	-	-	-
Total comprehensive income for the period (unaudited)	-	-	-	15,392,839	15,392,839
At June 30, 2022 (unaudited)	70,000,000	10,170,413	1,435,162	36,649,207	118,254,782

The accompanying notes from 1 to 14 form an integral part of these condensed interim financial statements.


Chairman


Chief Executive Officer



Finance Manager

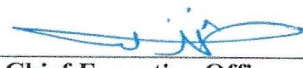
NABA AL SAHA MEDICAL SERVICES COMPANY
(Saudi Closed Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022
(Expressed in Saudi Riyals)

	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited and restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat	16,198,137	14,920,649
<i>Adjustments for non –cash items to reconcile profit before zakat to net cash flows</i>		
Depreciation of property and equipment	2,558,501	2,155,355
Provision for employees' end of service benefits	1,032,427	812,478
Depreciation of right of use assets	741,161	741,161
Finance cost	84,792	130,933
	20,615,018	18,760,576
<i>Working capital adjustments</i>		
Inventories	(1,380,739)	(833,206)
Trade receivables	(4,154,726)	3,740,894
Prepaid expenses and other current assets	(474,062)	15,380
Trade payables	717,064	1,592,657
Accrued expenses and other current liabilities	263,787	3,525,887
Due from related parties	(76,400)	(1,516,311)
Due to related parties	-	(300,119)
Cash generated from operations	15,509,942	24,985,758
Zakat paid	(1,623,246)	(1,397,781)
Payment of employees' end of service benefits	(381,627)	(1,525,114)
Net cash generated from operating activities	13,505,069	22,062,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,552,490)	(4,926,439)
Investment in an associate	(2,829,373)	-
Net cash used in investing activities	(5,381,863)	(4,926,439)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(6,000,000)	(6,300,000)
Lease liabilities repayments	(842,520)	(922,169)
Net cash used in financing activities	(6,842,520)	(7,222,169)
Net change in cash and cash equivalents	1,280,686	9,914,255
Cash and cash equivalents at January 01,	6,994,141	1,785,787
Cash and cash equivalents at June 30,	8,274,827	11,700,042

The accompanying notes from 1 to 14 form an integral part of these condensed interim financial statements.


Chairman


Chief Executive Officer


Finance Manager

NABA AL SAHA MEDICAL SERVICES COMPANY

(Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

(Expressed in Saudi Riyals)

1. CORPORATE INFORMATION AND COMPANY STRUCTURE

Naba Al Saha Medical Services Company is a Saudi closed joint stock company ("the Company") registered under Commercial Registration (CR) number 2051065568 issued on Jamada Al-Awal6, 1439 H (corresponding to January 23, 2018). The Company's registered address is in Khobar,

The Company is formed to own, operate and manage the hospitals and related activities under the license of the Ministry of Health No. 38-101-010-012-00083 issued on 22 Jumada Al- Thani 1420H.

The accompanying condensed interim financial statements include the result of the business, assets, liabilities and activities of the Company and its following branches:

Serial No.	CR	Branch name	Date
1	2053016544	AL Zahra General hospital – AL Qateef	28/10/1426-H
2	2053017825	Manarat Al Haramain Pharmacy – AL Qateef	09/05/1428-H
3	2053034205	Naba Al Saha for medical services company – AL Qateef	19/05/1438-H
4	2051239670	Naba Al Saha for real estate	21/06/1443-H

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT

2.1 Statement of compliance

These condensed interim financial statements for the six months period ended June 30, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and therefore, should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021.

The methods of computation and accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2021 except as disclosed in note 2.3.

The significant judgements made by management in applying the Company's key sources of estimation uncertainty are similar to those described in the Company's annual financial statements for the year ended December 31, 2021.

2.2 Basis of measurement

These condensed interim financial statements have been prepared using the accruals basis of accounting under the historical cost convention except for employees' benefits that have been measured at present value and investment in associate measured using the equity method. As of June 30, 2022 and December 31, 2021, the carrying values of the financial assets and financial liabilities approximate to their fair values.

These condensed interim financial statements are presented in Saudi Riyal (SR) which is also the functional currency of the Company.

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION AND BASIS OF MEASUREMENT (Continued)

2.3 Application of a new accounting policy

Investment in an equity accounted investee

The results of investments in associates are accounted for using the equity method. Under the equity method, an investment is initially recognized in the statement of financial position at cost and thereafter to recognize the Company's share of the profit or loss and other comprehensive income of those investees less dividend received from those investees. When the Company's share of losses of an investee exceeds the Company's interest in that investee, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of those investees.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets or liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Where necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investee is disposed of or when the investee is classified as held for sale. When the Company retains an interest in the former investee and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the investee at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing a part interest in the investee is included in the determination of the gain or loss on disposal of the investee. In addition, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that investee on the same basis as would be required if that investee had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of related assets or liabilities, the Company reclassifies the gain or loss from equity to profit (as a reclassification adjustment) when the equity method is discontinued.

2.4 New accounting standards, interpretations and amendments

A number of amendments to existing standards, as explained in the Company's annual financial statements for the year ended December 31, 2021, became effective from January 1, 2022 but these do not have a material effect on these condensed interim financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. PROPERTY AND EQUIPMENT

During the six months period ended June 30, 2022, the Company purchased property and equipment with a cost of SR 2,552,490 (June 30, 2021: SR 4,926,439). The Company has capitalized interest cost amounted to SR 451,169 during the period ended June 30, 2022 (June 30, 2021: SR Nil). The depreciation charge for the six months period ended June 30, 2022 was amounted to SR 2,558,501 (June 30, 2021: SR 2,155,355).

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022

(Expressed in Saudi Riyals)

4. INVESTMENT IN AN ASSOCIATE

During the six months period ended June 30, 2022, the Company has acquired 20% of shares of Eyadat Holdings Company, a company incorporated in the Kingdom of Bahrain, at a consideration of SR 2,829,373. Eyadat Holdings Company is yet to start its operations.

5. LONG TERM LOAN

During 2021, the Company entered into a facility agreement worth SR 35 million with a local bank to finance the purchase of land in the city of Riyadh to build a hospital, at an interest rate of SAIBOR plus 2.75%. The loan will be repaid over the next three years. The loan is secured by the properties of the Company and certain properties of the shareholders. The movement in the loan is as follows;

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
At the beginning of the period/ year	27,000,000	-
Additions during the period/ year	-	35,000,000
Payments during the period/ year	(6,000,000)	(8,000,000)
At the end of the period/ year	21,000,000	27,000,000
Current portion of the long-term loan	(3,500,000)	(750,000)
Non-current portion of the long-term loan	17,500,000	26,250,000

6. REVENUE

	Six months period ended June 30, 2022 (unaudited)	Six months period ended June 30, 2021 (unaudited)
Revenue from medical services	57,680,180	52,199,726
Revenue from pharmacies	5,218,292	4,362,544
	62,898,472	56,562,270

All the operations of the Company are carried out in the Kingdom of Saudi Arabia.

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include shareholders, key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties and entities having common directorship.

The significant transactions with related parties have been disclosed below:

Related parties	Relationship	Nature of transactions	Amounts of transaction for six months period ended June 30,	
			2022 (Unaudited)	2021 (Unaudited)
Al- Raja Real Estate Company	Affiliate	Expenses paid on behalf	76,400	257,444
Salman bin Mohammad Hassan bin Abdullah Al-Jishi	Related to the shareholders	Financing	-	1,490,000
Mohammed Hassan bin Abdullah Al-Jishi	Shareholder	Expenses paid on behalf	-	13,193
		Financing	-	2,108,056
Natheer bin Mohammad Hassan bin Abdullah Al-Jishi	Shareholder	Expenses paid on behalf	-	7,590
		Commission	-	88,819
Fafa Packaging Products Factory	Affiliate	Expenses paid on behalf	-	5,628

Amount due from a related party:

Related parties	June 30,	December 31, 2021
	2022 (Unaudited)	(Audited)
Al- Raja Real Estate Company	424,374	347,974
	424,374	347,974

8. ZAKAT

The Company has submitted its zakat return till 2021 and obtained zakat certificates. During the year 2021, the Zakat, Tax and Customs Authority (ZATCA) issued an assessment for the years 2015 to 2017 with additional amount of SR 556,879. The Company has appealed against the said assessment. However, the final decision has not yet been made on this assessment.

9. OPERATING SEGMENTS

The Company has the medical services and pharmaceutical products sector where the total assets and liabilities of pharmaceutical products sector represents less than 10% of the total assets and liabilities of the Company. The revenue of these two segments are disclosed in note 6. All the operations of the Company are carried out in the Kingdom of Saudi Arabia.

NABA AL SAHA MEDICAL SERVICES COMPANY

A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

10. EARNINGS PER SHARE

The calculation of earnings per share is based on the following profit attributable to the shareholders of the Company and weighted average number of ordinary shares outstanding:

	Six months period ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited and restated)
Net profit attributable to the shareholders of the Company	15,392,839	14,231,755
Weighted average number of ordinary shares outstanding during the period	7,000,000	7,000,000
Basic and diluted earnings per share	2.20	2.03

11. RESTATEMENT

The Company's management has restated the annual financial statements of the Company for the year ended December 31, 2021 to accommodate the first time adoption of "IFRS 16 - Leases" and required adjustments and disclosure were made in that financial statements in accordance with "IAS 8 - Accounting policies, change in accounting estimates and errors". Accordingly, required adjustments have also been made to the comparative figures in these condensed interim financial statements for the six months period ended June 30, 2022 as below.

Impact on retained earnings as of January 1, 2021 and June 30, 2021:

Retained earnings as of January 1, 2021 as previously reported before restatement	377,515
Impact of first time adaption of IFRS 16 (Audited)	<u>(265,675)</u>
Retained earnings as of January 1, 2021 after restatement (Audited)	111,840
Net profit for the period (Unaudited)	<u>14,231,755</u>
Retained earnings as of June 30, 2021 after restatement (Unaudited)	<u>14,343,595</u>

Condensed interim statement of statement of profit or loss and other comprehensive income:

Six months period ended June 30, 2021	Before restatement (Unaudited)	Restatement (Unaudited)	After restatement (Unaudited)
Cost of sales	33,536,118	(128,408)	33,407,710
General and administrative expenses	9,032,978	(52,600)	8,980,378
Finance cost	-	130,933	130,933
Net profit for the period	14,181,680	50,075	14,231,755

Impact on condensed interim statement of cash flows

Amounts presented in the comparative condensed interim statement of cash flow for the six months period have been affected by the aforementioned adjustments.

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022**

(Expressed in Saudi Riyals)

12. CONTINGENCIES AND COMMITMENTS

The Company's capital commitments as at June 30, 2022 were amounted SR 1,065,025 (December 31, 2021: SR Nil).

13. EVENTS AFTER THE REPORTING PERIOD

On September 7, 2022, the Company has listed its shares on the parallel Saudi Stock Exchange ("NOMU").

14. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Board of Directors on September 11, 2022 (G).