

**Arabian International Healthcare
Holding Company and its Subsidiaries
(A Saudi Joint Stock Company)**

Condensed Consolidated Interim Financial Statements (Unaudited)

**For the six-month period ended 30 June 2022
Together**

**with the independent Auditor's report
on review of condensed consolidated interim financial statements**

**ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS
SUBSIDIARIES**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the Shareholders of The Arabian International Healthcare Holding Company and its Subsidiaries (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2022 condensed consolidated interim financial statements of The Arabian International Healthcare Holding Company ("the Company") and its subsidiaries ("the Group") which comprises:

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

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of 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.



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

To the Shareholders of The Arabian International Healthcare Holding Company and its Subsidiaries (A Saudi Joint Stock Company) (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed consolidated interim financial statements of The Arabian International Healthcare Holding Company and its Subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Fahad Mubark Aldossari
License No: 469

Riyadh, 29 August 2022
Corresponding to 02 Safar 1444H



**ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS
SUBSIDIARIES**

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

| | Notes | 30 June 2022 SR (Unaudited) | 31 December 2021 SR (Audited) |
|------------------------------------------------|--------|--------------------------------------|----------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | 3,312,208 | 3,977,343 |
| Right-of-use assets | | 9,072,809 | 10,874,221 |
| Intangible assets | | 1,938,637 | 2,410,864 |
| Investment in a joint venture | 6 | 49,796,624 | 49,881,306 |
| Total non-current assets | | 64,120,278 | 67,143,734 |
| Current assets | | | |
| Inventories, net | 7 | 258,288,807 | 191,940,425 |
| Trade receivables, net | 8 | 670,740,133 | 629,605,211 |
| Contract assets, net | 9 | 43,236,547 | 67,038,677 |
| Prepayments and other current assets | 10 | 55,405,223 | 52,375,104 |
| Amounts due from related parties | 12 | 7,215,932 | 7,485,913 |
| Cash and cash equivalents | 11 | 20,924,383 | 11,028,249 |
| Total current assets | | 1,055,811,025 | 959,473,579 |
| TOTAL ASSETS | | 1,119,931,303 | 1,026,617,313 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share Capital | 13 | 200,000,000 | 200,000,000 |
| Statutory reserve | | 18,060,420 | 18,060,420 |
| Retained earnings | | 34,651,480 | 115,329,829 |
| Total equity | | 252,711,900 | 333,390,249 |
| Non-current liabilities | | | |
| Employee defined benefit liabilities | | 27,512,138 | 25,278,046 |
| Non-current portion of contract liabilities | 15 | 29,281,074 | 30,105,294 |
| Loan and borrowings | 12 | 75,000,000 | 75,000,000 |
| Non-current portion of lease liabilities | | 6,064,136 | 6,824,742 |
| Total non-current liabilities | | 137,857,348 | 137,208,082 |
| Current liabilities | | | |
| Trade and notes payables | 14 | 189,673,895 | 150,958,876 |
| Accrued expenses and other current liabilities | 16 | 182,484,821 | 130,071,532 |
| Amounts due to related parties | 12 | 2,762,852 | 2,105,655 |
| Current portion of contract liabilities | 15 | 55,849,094 | 57,421,164 |
| Current portion of lease liabilities | | 4,587,402 | 4,037,468 |
| Current portion of loans and borrowings | 12, 23 | 287,500,000 | 200,000,000 |
| Zakat payable | 22 | 6,503,991 | 11,424,287 |
| Total current liabilities | | 729,362,055 | 556,018,982 |
| Total liabilities | | 867,219,403 | 693,227,064 |
| TOTAL EQUITY AND LIABILITIES | | 1,119,931,303 | 1,026,617,313 |

These condensed consolidated interim financial statements shown on pages 3 to 21 were approved by the Board of Directors on 27 Muharram 1444H (corresponding to 25 August 2022) and signed on their behalf by:


Ziad AlTunisi
Chairman


Alaa Ameen
Chief Executive Officer


Murali Mohan
Chief Financial Officer

The accompanying notes 1 to 30 form an integral part of these condensed consolidated interim financial statements.

**ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS
SUBSIDIARIES**
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the six-month period ended 30 June 2022 (Unaudited)

| | <i>Notes</i> | 30 June 2022 SR (Unaudited) | 30 June 2021 SR (Unaudited) |
|-------------------------------------------------------------------|--------------|------------------------------------------------|------------------------------------------------|
| Revenue | 17 | 215,239,226 | 249,238,527 |
| Cost of revenue | 18 | (174,439,335) | (191,513,913) |
| GROSS PROFIT | | 40,799,891 | 57,724,614 |
| Selling and marketing expenses | | (36,684,596) | (30,274,161) |
| General and administrative expenses | | (19,386,743) | (15,929,265) |
| Impairment loss on trade receivables and contract assets | 8 & 9 | (1,646,380) | (2,125,000) |
| Other income, net | 19 | 3,906,258 | 2,884,136 |
| Share of profit of joint venture | 6 | 2,912,595 | 5,374,033 |
| OPERATING (LOSS) / PROFIT | | (10,098,975) | 17,654,357 |
| Finance charges | 20 | (4,079,374) | (5,558,667) |
| (LOSS) / PROFIT BEFORE ZAKAT | | (14,178,349) | 12,095,690 |
| Zakat | 22 | (6,500,000) | (7,000,000) |
| (LOSS) / PROFIT FOR THE PERIOD | | (20,678,349) | 5,095,690 |
| OTHER COMPREHENSIVE (LOSS) / INCOME | | | |
| Item that will not be reclassified subsequently to profit or loss | | - | - |
| TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD | | (20,678,349) | 5,095,690 |
| (LOSS) / EARNINGS PER SHARE | | | |
| Basic and diluted (loss) / earnings per share | 21 | (1.03) | 0.25 |

These condensed consolidated interim financial statements shown on pages 3 to 21 were approved by the Board of Directors on 27 Muharram 1444H (corresponding to 25 August 2022) and signed on their behalf by:

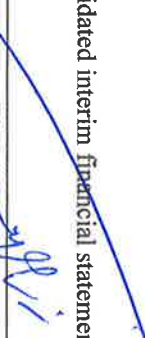
| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Ziad AlTunisi Chairman |  <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Alta Ameen Chief Executive Officer |  <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Murali Mohan Chief Financial Officer |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The accompanying notes 1 to 30 form an integral part of these condensed consolidated interim financial statements.

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2022

| | <i>Capital</i> SR | <i>Statutory</i> <i>reserve</i> SR | <i>Retained</i> <i>earnings</i> SR | <i>Total</i> SR |
|-----------------------------------------|----------------------|------------------------------------------|------------------------------------------|--------------------|
| As at 1 January 2022 (Audited) | 200,000,000 | 18,060,420 | 115,329,829 | 333,390,249 |
| Loss for the period | - | - | (20,678,349) | (20,678,349) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | (20,678,349) | (20,678,349) |
| Dividends (Note 25) | - | - | (60,000,000) | (60,000,000) |
| As at 30 June 2022 (Unaudited) | 200,000,000 | 18,060,420 | 34,651,480 | 252,711,900 |
| As at 1 January 2021 (Audited) | 200,000,000 | 9,829,040 | 122,613,221 | 332,442,261 |
| Profit for the period | - | - | 5,095,690 | 5,095,690 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | 5,095,690 | 5,095,690 |
| Dividends (Note 25) | - | - | (82,680,000) | (82,680,000) |
| As at 30 June 2021 (Unaudited) | 200,000,000 | 9,829,040 | 45,028,911 | 254,857,951 |

These condensed consolidated interim financial statements shown on pages 3 to 21 were approved by the Board of Directors on 27 Muharram 1444H (corresponding to 25 August 2022) and signed on their behalf by:


Ziad AlFuhais
Chairman


Alaa Ameen
Chief Executive Officer


Murali Mohan
Chief Financial Officer

The accompanying notes 1 to 30 form an integral part of these condensed consolidated interim financial statements.

**ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS
SUBSIDIARIES**

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

For the six-month period ended 30 June 2022 (Unaudited)

| | 30 June 2022 SR <i>(Unaudited)</i> | 30 June 2021 SR <i>(Unaudited)</i> |
|----------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Notes | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| OPERATING ACTIVITIES | | |
| (Loss) / profit during the period | (20,678,349) | 5,095,690 |
| <i>Adjustments for:</i> | | |
| Provision for employee defined benefit liabilities | 4,313,301 | 2,609,774 |
| Depreciation of property and equipment and right of use assets | 2,899,958 | 3,546,767 |
| Reversal of provision for obsolete and slow-moving inventories | 7 (7,215,748) | - |
| Provision for obsolete and slow-moving inventories | 7 633,773 | 1,250,000 |
| Zakat charge during the period | 22 6,500,000 | 7,000,000 |
| Accrued interest for leases | 316,832 | 396,330 |
| Amortization of intangible assets | 472,227 | 117,084 |
| Share of profit of joint venture | 6 (2,912,595) | (5,374,033) |
| Impairment loss on trade receivables | 8 1,646,380 | 2,125,000 |
| | <u>(14,024,221)</u> | <u>16,766,612</u> |
| <i>Changes in operating assets and liabilities:</i> | | |
| Inventories, net | (59,766,407) | (42,457,150) |
| Trade receivables, net | (42,781,302) | (18,192,413) |
| Contract assets, net | 23,802,130 | (2,147,786) |
| Prepayments and other current assets | (3,030,119) | (30,893,628) |
| Related parties' balances, net | 927,178 | 2,101,243 |
| Trade and other note payables | 38,715,019 | 14,021,165 |
| Accrued expenses and other current liabilities | (7,586,711) | 24,837,534 |
| Contract liabilities | (2,396,290) | (9,886,787) |
| | <u>(66,140,723)</u> | <u>(45,851,210)</u> |
| Employee defined benefit liabilities paid | (2,079,209) | (1,775,326) |
| Zakat paid | 22 (11,420,296) | (24,000,000) |
| Net cash used in operating activities | <u>(79,640,228)</u> | <u>(71,626,536)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (433,411) | (336,433) |
| Purchase of intangible assets | - | (2,733,500) |
| Dividend received from joint venture | 6 2,997,274 | 3,241,301 |
| Net cash generated from investing activities | <u>2,563,863</u> | <u>171,368</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from short-term loans | 12,23 150,000,000 | 179,000,000 |
| Repayment of short-term loans | 12 (62,500,000) | (44,000,000) |
| Payment of lease liabilities | (527,501) | (1,201,670) |
| Dividends paid | 24 - | (41,340,004) |
| Net cash generated from financing activities | <u>86,972,499</u> | <u>92,458,326</u> |
| CHANGE IN CASH AND CASH EQUIVALENTS | <u>9,896,134</u> | <u>21,003,158</u> |
| Cash and cash equivalents at beginning of the period | 11 11,028,249 | 13,110,271 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u>20,924,383</u> | <u>34,113,429</u> |
| NON-CASH TRANSACTION: | | |
| Dividend payable to Parent Company | 25 60,000,000 | - |

These condensed consolidated interim financial statements shown on pages 3 to 21 were approved by the Board of Directors on 27 Muharram 1444H (corresponding to 25 August 2022) and signed on their behalf by:


Ziad Al-Funishi
Chairman


Alaa Ameen
Chief Executive Officer


Murali Mohan
Chief Financial Officer

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022 (Unaudited)

1. ACTIVITIES

Arabian International Healthcare Holding Company (the “Company”) is a closed joint stock company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010380429 dated 10 Sha’aban 1434H (corresponding to 19 June 2013).

The Company and its subsidiaries (together, the “Group”) are engaged in the retail, wholesale trading and installation of medical and surgical equipment and tools, artificial-handicapped systems, surgical operation’s accessories, hospital supplies, medical systems and programs, lab chemical analysis systems, measurement, testing and scientific measurement systems, maintenance of medical and analytical lab systems and equipment in the Saudi Arabian market. The Group is also engaged in construction of the civil works required in the projects.

The registered office of the Group is located at the following address:

Qurtubah District
Business Gate, Building No. 9
P.O. Box 62961
Riyadh 11595
Kingdom of Saudi Arabia

The subsidiaries included in these condensed consolidated interim financial statements are as follows:

| <i>Subsidiary</i> | <i>Country of incorporation</i> | <i>Effective shareholding %</i> |
|-----------------------------------------------|---------------------------------|---------------------------------|
| Al Faisaliah Medical Systems Company | Kingdom of Saudi Arabia | 100 |
| International Medical Supplies Company | Kingdom of Saudi Arabia | 100 |
| International Healthcare Optimization Company | Kingdom of Saudi Arabia | 100 |
| Health Care Technologies Company | Kingdom of Saudi Arabia | 100 |

On 21 February 2022, the Group received approval for listing and the Parent Company offered 25% shares in the Nomu parallel market at a price of SAR 82 per share which were subscribed and announced.

2. COVID 19 UPDATE

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organization (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economies in which the Group operates.

The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time. The Group has taken containment steps that, as at 30 June 2022, have limited the adverse impact of the pandemic on the financial results of the Group.

The Group does not expect future, significant and adverse impact on the going concern, property and equipment and loan covenant. The Group will continue to reassess its position and the related impact on regular basis.

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022 (Unaudited)

3. BASIS OF PREPARATION

3.1 Statement of Compliance

These condensed consolidated interim financial statements have been prepared for the six-month period ended 30 June 2022 (“Condensed Consolidated Interim Financial Statements”) in accordance with requirements of 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 annual financial statements as at 31 December 2021.

The condensed consolidated interim financial statements do not include all the information required for the full financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. However, the condensed consolidated interim financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Group's financial position and performance since the last annual financial statements.

3.2 Basis of measurement

The interim financial statements have been prepared in accordance with the historical cost basis, except for the provision for employees' end-of-service benefits, which is measured at present value using the projected unit credit method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

3.3 Functional and presentation currency

The condensed consolidated interim financial statements of the Group are presented in Saudi Riyals (SR) which is the Group's functional currency.

3.4 New standards and amendments issued:

i. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2022; the Group has not early adopted them in preparing these condensed consolidated interim financial statements. The effect of adoption of these standards is not considered material for the Group.

| Effective date | New standards or amendments |
|----------------|-------------------------------------------------------------------------------------------|
| 1 January 2022 | <i>Onerous contracts – cost of fulfilling a contract (amendments to IAS 37)</i> |
| | <i>Annual improvements to IFRS Standards 2018 - 2020</i> |
| | <i>Property, plant and equipment: Proceeds before intended use (amendments to IAS 16)</i> |
| | <i>Reference to the conceptual framework (amendments to IFRS 3)</i> |
| | <i>Fees in the ‘10 per cent’ test for derecognition of financial liabilities (IFRS 9)</i> |

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022 (Unaudited)

3. BASIS OF PREPARATION (CONTINUED)

3.4 New standards and amendments issued: (continued)

i. Standards issued but not yet effective (continued)

| | |
|----------------|----------------------------------------------------------------------------------------------------------------|
| 1 January 2023 | <i>Classification of liabilities as current or non-current (amendments to IAS 1)</i> |
| | <i>IFRS 17 Insurance contracts</i> |
| 1 January 2023 | <i>Disclosure of accounting policies (amendments to IAS 1)</i> |
| | <i>Definition of accounting estimates (amendments to IAS 8)</i> |
| | <i>Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)</i> |

- b) Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021, however the amendments do not have a significant effect of the Company's financial statements.

| Effective date | New standards or amendments |
|----------------|------------------------------------------------------------------------------------------------------------|
| 1 January 2021 | <i>Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)</i> |
| 1 April 2021 | <i>COVID-19 Related rent concessions (amendment to IFRS 16)</i> |

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2021. For the assumptions used in estimating liability of employees defined benefit liabilities, it has been assumed that there is no change in the assumptions which were used for determining the liability for Group's annual consolidated financial statements as at 31 December 2021.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied on these condensed consolidated interim financial statements have been prepared in accordance with in the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA). These accounting policies are the same accounting policies applied on the financial statements for the Group which were prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia as at the financial year ended 31 December 2021.

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022 (Unaudited)

6 INVESTMENT IN A JOINT VENTURE

The investment in a joint venture pertains to a 50% holding in Philips Healthcare Saudi Arabia Limited (the “Joint Venture”), which is incorporated in the Kingdom of Saudi Arabia.

The principal activities of the Joint Venture are importing, installing, repairing and leasing of medical devices and equipment, providing training services and technical support related to the medical devices and equipment, information technology and software. The Joint Venture is accounted for using the equity method in these condensed consolidated interim financial statements.

Summarized below are the financial information in respect of the Group's share in the Joint Venture. The summarized financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with IFRS as endorsed in Kingdom of Saudi Arabia.

| | <i>30 June</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i> | <i>31 December</i> <i>2021</i> <i>SR</i> <i>(Audited)</i> |
|---------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| Current assets | 546,860,261 | 551,835,656 |
| Non-current assets | 17,244,347 | 19,353,550 |
| Current liabilities | (352,285,536) | (360,973,180) |
| Non-current liabilities | (106,951,500) | (112,702,490) |
| Net assets | 104,867,572 | 97,513,536 |
| Adjustments to net assets* | (5,274,324) | 2,249,076 |
| Adjusted net assets | 99,593,248 | 99,762,612 |
| Group's share in Joint Venture's net assets – 50% (2021: 50%) | 49,796,624 | 49,881,306 |

*The adjustments to net assets pertain to zakat expense and income tax expense to arrive at the base amount used for the calculation of the Group's share in the Joint Venture.

Summary of the financial performance of the Joint Venture during the period ended 30 June are as follows:

| | <i>30 June</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i> | <i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i> |
|--------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|
| Revenue | 129,243,377 | 149,612,693 |
| Total comprehensive income | 7,354,076 | 6,749,346 |
| Adjusted Group's share in Joint Venture's profit – 50% (2021: 50%) | 2,912,595 | 5,374,033 |
| Dividends received from Joint Venture during the period | 2,997,274 | 3,241,301 |

ARABIAN INTERNATIONAL HEALTHCARE HOLDING COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2022 (Unaudited)

7 INVENTORIES, NET

| | <i>30 June</i> | <i>31 December</i> |
|-------------------------------------------------------------|---------------------------|---------------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Goods held for sale and in relation to projects in progress | 270,346,464 | 212,348,818 |
| Goods in transit | 2,089,209 | 581,496 |
| Spare parts | 541,665 | 280,617 |
| | <u>272,977,338</u> | <u>213,210,931</u> |
| Less: Allowance for obsolete and slow-moving inventories | <u>(14,688,531)</u> | <u>(21,270,506)</u> |
| | <u><u>258,288,807</u></u> | <u><u>191,940,425</u></u> |

Movement of the Provision is as follows:

| | <i>30 June</i> | <i>31 December</i> |
|------------------------------------|--------------------|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Opening | 21,270,506 | 17,988,130 |
| Provision during the period / year | 633,773 | 3,500,000 |
| Reversal during the period / year | (7,215,748) | (217,624) |
| Closing | <u>14,688,531</u> | <u>21,270,506</u> |

8. TRADE RECEIVABLES, NET

| | <i>30 June</i> | <i>31 December</i> |
|--------------------------------------------|---------------------------|---------------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Gross amount of trade receivables | 703,653,875 | 660,872,573 |
| Less: Allowance for expected credit losses | <u>(32,913,742)</u> | <u>(31,267,362)</u> |
| Trade receivables, net | <u><u>670,740,133</u></u> | <u><u>629,605,211</u></u> |

The average credit period on sales of goods is 90 to 120 days. No interest is charged on outstanding trade receivables.

Below is the movement of allowance for expected credit losses of trade receivables for period / year end:

| | <i>30 June</i> | <i>31 December</i> |
|------------------------------------|--------------------|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| At beginning of the period | 31,267,362 | 49,249,693 |
| Provision during the period / year | 1,646,380 | (17,538,643) |
| Reversal during the period / year | - | (443,688) |
| At the end of the period / year | <u>32,913,742</u> | <u>31,267,362</u> |

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9 CONTRACT ASSETS

Amounts relating to contract assets are balances under various projects that arise when the Group performs services which have not been invoiced to the customer as at the reporting date. These amounts will be transferred to trade receivables when they are invoiced to the customer.

| | <i>30 June</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i> | <i>31 December</i> <i>2021</i> <i>SR</i> <i>(Audited)</i> |
|--------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| Gross contract assets | 45,833,973 | 69,636,103 |
| Less: Allowance for expected credit losses | <u>(2,597,426)</u> | <u>(2,597,426)</u> |
| Net contract assets | <u>43,236,547</u> | <u>67,038,677</u> |

Below is the movement of allowance for expected credit losses of contract assets for period / year end

| | <i>30 June</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i> | <i>31 December</i> <i>2021</i> <i>SR</i> <i>(Audited)</i> |
|-----------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| At the beginning of the period / year | 2,597,426 | 2,597,426 |
| Charge / (reversals) during the period / year | - | - |
| At the end of the period / year | <u>2,597,426</u> | <u>2,597,426</u> |

10 PREPAYMENTS AND OTHER CURRENT ASSETS

| | <i>30 June</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i> | <i>31 December</i> <i>2021</i> <i>SR</i> <i>(Audited)</i> |
|---------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| Advance to supplier | 39,609,847 | 30,931,646 |
| Prepaid expenses | 998,191 | 1,280,275 |
| Other receivables | <u>14,797,185</u> | <u>20,163,183</u> |
| | <u>55,405,223</u> | <u>52,375,104</u> |

11 CASH AND CASH EQUIVALENTS

| | <i>30 June</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i> | <i>31 December</i> <i>2021</i> <i>SR</i> <i>(Audited)</i> |
|--------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| Cash at bank | 20,914,383 | 11,018,249 |
| Cash in hand | <u>10,000</u> | <u>10,000</u> |
| | <u>20,924,383</u> | <u>11,028,249</u> |

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12 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group include its shareholders and their affiliated companies where the Group or its shareholders have control, joint control or significant influence. In the ordinary course of business, the Group enters transactions with related parties, which are based on mutually agreed prices and contract terms approved by the management of the Group. The following are the details of significant related parties' transactions during the period and period end balances:

| <u>Related party</u> | <u>Nature of transactions</u> | <u>Amount of transactions</u> | |
|----------------------------------------------------------------|----------------------------------------------------|-------------------------------|---------------------|
| | | <u>30 June 2022</u> | <u>30 June 2021</u> |
| | | <u>SR</u> | <u>SR</u> |
| | | <u>(Unaudited)</u> | <u>(Unaudited)</u> |
| Due from related parties: | | | |
| | Expenses paid on behalf of the Group | - | 37,599,270 |
| | Payments made by the Ultimate Parent Company | 12,446,823 | 35,754,152 |
| Al Faisaliah Group Holding Company ("Ultimate Parent Company") | Payments made to Ultimate Parent Company | 8,815,162 | - |
| | Expenses paid on behalf of Ultimate Parent Company | - | - |
| Philips Healthcare Saudi Arabia Limited (joint venture) | Royalty income | 4,608,309 | 4,983,501 |
| | Dividend received | 2,997,274 | 3,241,301 |

Due to a related party

| | | | |
|-------------------------|-------------------------------|-------------------|-------------|
| Ultimate Parent Company | Receipts of short-term loans | 20,000,000 | 179,000,000 |
| | Repayment of short-term loans | 62,500,000 | 44,000,000 |

*Fellow subsidiary are subsidiaries of Parent Company/ Ultimate parent company.

Amounts due from and to related parties are as follows:

| | <u>30 June 2022</u> | <u>31 December 2021</u> |
|--------------------------------------------------------------|---------------------|-------------------------|
| | <u>SR</u> | <u>SR</u> |
| | <u>(Unaudited)</u> | <u>(Audited)</u> |
| Amounts due from related parties: | | |
| Al Faisaliah Group Holding Company (Ultimate Parent Company) | - | 2,070,808 |
| Philips Healthcare Saudi Arabia Limited | 7,215,932 | 5,415,105 |
| | 7,215,932 | 7,485,913 |
| Amounts due to related parties: | | |
| Al Faisaliah Group Holding Company (Ultimate Parent Company) | 2,454,176 | - |
| Philips Healthcare Saudi Arabia Limited | 308,676 | 2,105,655 |
| | 2,762,852 | 2,105,655 |

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12 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No amount has been expensed in the current period for bad or doubtful debts in respect of amounts owed by related parties. Compensation paid to key management personnel during the period, in the form of short-term benefits, was SR 6,728,826 (2021: SR 5,761,712).

The Group has obtained unsecured short-term and long-term loans from Ultimate Parent Company to finance its working capital requirements and accrues special commission at agreed commercial rates with no fixed terms of repayment. These loans will be renewed by the Ultimate Parent Company, if required.

The amount of long and short-term loans from Ultimate Parent Company are SR 75,000,000 (2021: SR 75,000,000) and SR 232,500,000 (2021: SR 200,000,000). Loan amounting to SAR 130 million are taken from external parties (Tibbiyah standalone credit facility) at a agreed market rates (Refer note 23). Interest charges from these loans during 2022 is SR 4,079,374 (2021: SR 5,146,778).

13 SHARE CAPITAL

| | <i>30 June 2022 SR (Unaudited)</i> | <i>31 December 2021 SR (Audited)</i> |
|---------------------------------|------------------------------------------------|--------------------------------------------------|
| 20,000,000 shares of SR 10 each | <u>200,000,000</u> | <u>200,000,000</u> |

As at 30 June 2022, the share capital of the Company amounting to SR 200,000,000 is divided into 20,000,000 shares of SR 10 each and is owned by the following shareholders:

| | Number of Shares | Face Value of shares in SR | % of shareholding |
|-------------------------------------------|-----------------------------|-------------------------------------------|------------------------------|
| Shareholders | | | |
| Advanced Drug Company for Pharmaceuticals | 15,000,000 | 150,000,000 | 75 |
| Institutional & other investors | 5,000,000 | 50,000,000 | 25 |
| | <u>20,000,000</u> | <u>200,000,000</u> | <u>100</u> |

As at 31 December 2021, the share capital of the Company amounted to SR 200,000,000 divided into 20,000,000 shares of SR 10 each and owned by the following shareholders:

| | Number of Shares | Face Value of shares in SR | % of shareholding |
|--------------------------------------------|-----------------------------|-------------------------------------------|------------------------------|
| Shareholders | | | |
| Advanced Drug Company for Pharmaceuticals | 19,800,000 | 198,000,000 | 99 |
| Al Faisaliah Commercial Investment Company | 200,000 | 2,000,000 | 1 |
| | <u>20,000,000</u> | <u>200,000,000</u> | <u>100</u> |

The Group passed a resolution in its extra ordinary general meeting dated 29 June 2022 to buy-back its 210,000 number of ordinary shares in accordance with Article 12 from Part 4 of Chapter 1 of the 'Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies at the market price. The Group will issue a share-based payment plan to its employees however, as at the date of approval of these condensed consolidated interim financial statements no buy-back of shares has been concluded.

14 TRADE PAYABLES

No interest is charged on trade payables. The Group has financial risk management policies disclosed in note 27 to the condensed consolidated interim financial statements in place to ensure that all payables are paid within the credit timeframe. Due to seasonal nature of the business as explained in note 17 and some specific orders received by the Group, trade payable balance is higher as at 30 June 2022.

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15 CONTRACT LIABILITIES

| | <i>30 June</i> 2022 SR <i>(Unaudited)</i> | <i>31 December</i> 2021 SR <i>(Audited)</i> |
|---------------------------|----------------------------------------------------|------------------------------------------------------|
| Advances from customers | 58,591,624 | 60,721,405 |
| Unearned warranty revenue | 26,538,544 | 26,805,053 |
| | <u>85,130,168</u> | <u>87,526,458</u> |
| Non-current portion | <u>29,281,074</u> | <u>30,105,294</u> |
| Current portion | <u>55,849,094</u> | <u>57,421,164</u> |

16 ACCRUED EXPENSE AND OTHER LIABILITIES

| | <i>30 June</i> 2022 SR <i>(Unaudited)</i> | <i>31 December</i> 2021 SR <i>(Audited)</i> |
|---------------------------------------------|----------------------------------------------------|------------------------------------------------------|
| Accrued project and related costs | 74,070,871 | 75,857,227 |
| Dividend payable to Ultimate Parent Company | 60,000,000 | - |
| Accrued expenses and other payables | 39,453,572 | 43,059,193 |
| Accrued salaries and related costs | 8,960,378 | 11,155,112 |
| | <u>182,484,821</u> | <u>130,071,532</u> |

17 REVENUE

| | <i>30 June</i> 2022 SR | <i>30 June</i> 2021 SR |
|----------------------------------------------------|------------------------------|------------------------------|
| <i>Timing of revenue recognition</i> | | |
| <i>At a point in time</i> | | |
| Revenue from delivery of goods | 187,218,408 | 202,792,120 |
| <i>Over time</i> | | |
| Revenue from rendering of services and civil works | 25,088,637 | 43,653,285 |
| Revenue from warranties | 2,932,181 | 2,793,122 |
| | <u>215,239,226</u> | <u>249,238,527</u> |

Seasonal nature of operations

Due to the seasonal nature of the operations of the medical devices segment, higher revenues and operating profits are usually expected in the last quarter of the year in comparison to the first six months.

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18 COST OF REVENUE

| | <i>30 June</i> | <i>30 June</i> |
|----------------------------------------------------------|---------------------------|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Material cost | 170,845,049 | 180,793,377 |
| Salaries and other employee related costs | 9,162,221 | 8,360,214 |
| (Reversal) /provision for slow-moving inventory (Note 7) | (6,581,975) | 1,250,000 |
| Travel expense | 866,800 | 892,669 |
| Others | 147,240 | 217,653 |
| | <u>174,439,335</u> | <u>191,513,913</u> |

19 OTHER INCOME, NET

| | <i>30 June</i> | <i>30 June</i> |
|--------------------------|-------------------------|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Royalty income (Note 12) | 4,608,308 | 4,983,501 |
| Other expenses | (702,050) | (2,099,365) |
| | <u>3,906,258</u> | <u>2,884,136</u> |

20 FINANCE CHARGES

| | <i>30 June</i> | <i>30 June</i> |
|-------------------|-------------------------|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Interest on loans | 4,031,051 | 5,146,778 |
| Interest on lease | 48,323 | 396,330 |
| Other charges | - | 15,559 |
| | <u>4,079,374</u> | <u>5,558,667</u> |

21 (LOSS) / EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the (loss) / profit for the period by the weighted average number of outstanding shares during the period. There were no potentially dilutive shares or options in the period, therefore no difference between the basic and the diluted earnings per share. Basic and diluted earnings (losses) per share are calculated as follows:

| | <i>30 June</i> | <i>30 June</i> |
|-------------------------------------------------------------------------|--------------------------|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>SR</i> | <i>SR</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| (Loss) / profit for the period | (20,678,349) | 5,095,690 |
| Weighted average number of outstanding shares during the period (Share) | <u>20,000,000</u> | <u>20,000,000</u> |
| Basic and diluted earnings (loss) / earning per share | <u>(1.03)</u> | <u>0.25</u> |

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22 ZAKAT

22.1 Charge for the year

Previously, the Ultimate Parent Company filed consolidated zakat return on behalf of the Group. However, the management applied for a separate registration number during the financial year 2021 and received approval dated 13 February 2022 under registration number 3000460867. Consequently, the Group now files a separate Zakat return from the Ultimate Parent Company.

22.2 Movement of provision for zakat

| | 30 June 2022 SR (Unaudited) | 31 December 2021 SR (Audited) |
|---------------------------------------------------------|------------------------------------------------|----------------------------------------|
| At the beginning of the period / year | 11,424,287 | 24,000,000 |
| Charge for the period / year | 6,500,000 | 11,424,287 |
| Extinguished via payment to the Ultimate Parent Company | <u>(11,420,296)</u> | <u>(24,000,000)</u> |
| At end of the period / year | <u>6,503,991</u> | <u>11,424,287</u> |

22.3 Zakat status

The Ultimate Parent Company has filed the zakat returns to the ZATCA for all previous years up to 2020. The Group has files the Zakat return for the year ended 2021. Final zakat assessments have been agreed with the ZATCA for all years up to 2016.

23 LOANS AND BORROWINGS

| | 30 June 2022 SR (Unaudited) | 31 December 2021 SR (Audited) |
|----------------------------------------------------------------|------------------------------------------------|----------------------------------------|
| Long term loan from Ultimate Parent Company (Note 12) | 75,000,000 | 75,000,000 |
| Current portion of loan from Ultimate Parent Company (Note 12) | <u>157,500,000</u> | <u>200,000,000</u> |
| Short term loans from external parties (Note 23.1 & 23.2) | <u>130,000,000</u> | <u>-</u> |
| | <u>287,500,000</u> | <u>200,000,000</u> |
| | <u>362,500,000</u> | <u>275,000,000</u> |

23.1 The Group has obtained loan from a bank amounting to SR 30 million repayable in six months at markup of SIBOR plus 1.5%.

23.2 The Group has obtained loan from a bank amounting to SR 100 million repayable in six months at markup of SIBOR plus defined percentage of interest calculated by bank on daily basis according to market conditions.

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24 SEGMENT REPORTING

The Group's principal business activities involve sale of a broad line of health care products. Selected financial information categorised by these business segments, is as follows:

Medical Devices Sales of a broad line of branded Medical Devices
Medical Supplies Sales of a broad line of branded Medical Consumables

| | <i>Medical Equipment SR</i> | <i>Medical Supplies SR</i> | <i>Other Activities SR</i> | <i>Total SR</i> |
|----------------------------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------|
| <u>30 June 2022 (Unaudited)</u> | | | | |
| Revenue from external customers | 73,935,474 | 141,303,752 | - | 215,239,226 |
| Depreciation and Amortisation | 953,294 | 835,532 | 1,111,133 | 2,899,959 |
| Loss for the period | (18,126,352) | (2,551,997) | - | (20,678,349) |
| Segment Assets | 514,168,457 | 442,404,692 | 113,561,530 | 1,070,134,679 |
| Investment in joint venture | 49,796,624 | - | - | 49,796,624 |
| Segment Liabilities | 427,086,503 | 323,506,797 | 116,626,103 | 867,219,403 |
| <u>30 June 2021 (Unaudited)</u> | | | | |
| Revenue from external customers | 123,934,130 | 125,304,397 | - | 249,238,527 |
| Depreciation and Amortisation | 1,848,659 | 877,107 | 938,085 | 3,663,851 |
| Profit for the period | 5,400,796 | (305,106) | - | 5,095,690 |
| <u>31 December 2021</u> | | | | |
| Segment Assets | 563,469,145 | 378,183,313 | 35,083,549 | 976,736,007 |
| Investment in joint venture | 49,881,306 | - | - | 49,881,306 |
| Segment Liabilities | 424,000,381 | 253,112,857 | 16,113,826 | 693,227,064 |

25 DIVIDENDS

On 07 Sha'ban 1443 H (corresponding to 10th March 2022) the shareholders approved dividends of SR 60 million (2021: SR 82.68 million) at SR 3 per share (2021: SR 4.1 per share) for the year ended 31 December 2021 payable to the shareholders.

26 COMMITMENTS AND CONTINGENCIES

26.1 The Group has issued letters of guarantee through its banks amounting to SR 245 million (2021: SR 255 million) in the ordinary course of business.

26.2 During 2018, a legal case is filed against the Group for an allegation of non-payment of custom duties to the Saudi Customs amounting to SR 30 million. The management confirmed that all due custom amounts were already paid by the Group to the Saudi Customs through its agent who might have not settled the amounts with Saudi Customs. The external legal counsel hired to represent the Group believes that the case is in favor of the Group. However, the Group management has made a provision for this case of SR 7 million and SR 13 million for the year ended 31 December 2019 and 2018, respectively. Subsequent to the period end, the management received the decision of the court to pay an amount of SAR 19,264,242. Management has decided to file an appeal without making payment and considers the current provision as adequate.

26.3 During the year 2021, Al Faisaliah Medical Systems Company Limited ("the Component") received penalty from a customer amounting to SR 11.15 million due to delay in delivery of goods. However, the Component filed a claim with the customer who agreed that the delay was on account of civil works which was part of another contractor's (not the Component or the Group's subsidiaries) scope of work. The matter has been discussed with the Group's in-house legal counsel and the management believes that the recovery of the penalty amount is highly probable. Hence, the amount is disclosed as a contingent asset but not recorded in these financial statements.

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27 FINANCIAL INSTRUMENTS

The Group is exposed to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Board of senior management is responsible for the risk management. Financial instruments carried on the statement of financial position include cash and cash equivalents, investments, accounts receivable, due to related parties, other current assets, short term loans, trade payables, contract liabilities, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial asset and liability is offset and net amounts reported in the condensed consolidated interim financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1. Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States dollar. The Saudi Riyal is pegged to the US Dollar. The management closely and continuously monitors the exchange rate fluctuations.

2. Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flow.

With all other variables held constant, the Group's profit before zakat is affected by a +/- 0.05% change on floating rate borrowings for the period ended 30 June 2022 by increase or decrease of SR 1.04 million.

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is primarily exposed to credit risk from trade receivables, cash and cash equivalent and other receivables.

| | 30 June 2022 (Unaudited) | 31 December 2021 (Audited) |
|---------------------------|-----------------------------------------|-------------------------------------------|
| Trade receivable, net | 670,740,133 | 629,605,211 |
| Contract assets, net | 43,236,547 | 67,038,677 |
| Cash and cash equivalents | 20,924,383 | 11,028,249 |
| | <u>734,901,063</u> | <u>707,672,137</u> |

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27 FINANCIAL INSTRUMENTS (CONTINUED)

b) Credit risk (Continued)

The carrying amount of financial assets represents their maximum credit exposure.

| | <i>Trade receivables and contract assets – years past due</i> | | | | | | |
|---------------------------------------------|---------------------------------------------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | <i>Not past due</i> | <i>0 – 90 days</i> | <i>91 – 180</i> | <i>181 – 270</i> | <i>271 – 360</i> | <i>Above 365</i> | <i>Total</i> |
| 30 June 2022 (Unaudited) | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>days</i> | <i>SR</i> |
| Gross carrying amount | 184,661,450 | 65,420,358 | 91,884,716 | 30,552,330 | 26,634,737 | 346,594,931 | 745,748,522 |
| Lifetime ECL | (2,263,023) | (1,460,648) | (3,106,222) | (1,409,888) | (1,548,036) | (21,984,025) | (31,771,842) |
| Net carrying amount | <u>182,398,427</u> | <u>63,959,710</u> | <u>88,778,494</u> | <u>29,142,442</u> | <u>25,086,701</u> | <u>324,610,906</u> | <u>713,976,680</u> |
| | | | <i>91 – 180</i> | <i>181 – 270</i> | | | |
| 31 December 2021 (Audited) | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>SR</i> | <i>days</i> | <i>SR</i> |
| Gross carrying amount | 198,582,841 | 67,038,907 | 39,162,524 | 35,882,578 | 54,363,136 | 335,478,690 | 730,508,676 |
| Lifetime ECL | (4,046,547) | (1,466,726) | (1,517,569) | (1,825,349) | (2,328,302) | (22,680,295) | (33,864,788) |
| Net carrying amount | <u>194,536,294</u> | <u>65,572,181</u> | <u>37,644,955</u> | <u>34,057,229</u> | <u>52,034,834</u> | <u>312,798,395</u> | <u>696,643,888</u> |

c) Liquidity risk

Liquidity risk is the risk that the Group 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. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 90 to 120 days of the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. The non-current contract liabilities consist of deferred warranty revenue and lease liabilities expected to be amortised after 1 year subsequent to yearend. All other financial liabilities are to mature within 1 year.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments including trade receivables, amounts due from related parties, cash and cash equivalents, short-term loans from the Ultimate Parent Company, trade payables, accrued expenses and other current liabilities, and amounts due to a related party approximate their carrying values due to the relatively short-term maturity of these financial instruments. These are categorized within Level 2 of the fair value hierarchy. During the current and prior period, there were no transfers between into/out of Level 2 of the fair value hierarchy.

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29. EVENTS SUBSEQUENT TO THE REPORTING DATE

29.1 *Signing of agreement with BGI Almanahil Health for Medical Services*

On 27 July 2022 the Group announced that it has entered into a definitive Joint Venture Agreement with BGI Almanahil Health for Medical Services (a subsidiary company of BGI Health (HK) Co., Ltd) in the formation and operation of a limited liability company in the Kingdom of Saudi Arabia named Saudi Advanced Medical Lab (“SAML”) in the Kingdom to be owned 50% by BGI Almanahil Health for Medical Services and 50% by the Group, in order to provide clinical laboratory testing services and bioinformation services to hospitals, research institutes, medical centers and clinics for both the public and private sectors.

29.2 *Signing of agreement with Unilabs Diagnostics AB*

On 26 July 2022, the Group announced that it has entered into a definitive Joint Venture Agreement to cooperate with Unilabs Diagnostics AB (‘Unilabs’) in the formation and operation of a limited liability company in the Kingdom of Saudi Arabia named Saudi European Diagnostics Company (“SEDC”), to be owned 51% by UNILABS and 49% by the Group, to provide diagnostic imaging services to hospitals, medical centers and clinics and invest in, operate, manage and maintain departments or divisions of hospitals, medical centers and clinics specializing in diagnostic imaging services in the public and private sectors.

29.3 *Customs case*

Subsequent to the period ended 30 June 2022, the Group has received the decision issued by the First Primary Custom Committee related to an ongoing custom case. The fact is disclosed in detail in note 26.2 of these condensed consolidated interim financial statements.

No other events have occurred subsequent to the reporting date and before the issuance of these condensed consolidated interim financial statements which requires adjustment to, or disclosure thereto.

30. FINANCIAL STATEMENTS APPROVAL

The condensed consolidated interim financial statements were approved on 27 Muharram 1444H (corresponding to 25 August 2022).