

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT

For the six-month period ended 30 June 2023

Table of Contents	Page
Independent auditor's review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6-17

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

1/1

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Naba Al Saha Medical Services Company (a Saudi joint stock company) as at 30 June 2023, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the six-month period ended 30 June 2023, the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed financial statements of the Company for the six-month period ended 30 June 2022 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 17 Safar 1444H corresponding to 13 September 2022. Further, the Company's financial statements for the year ended 31 December 2022 were audited by the same auditor who issued unmodified opinion on these financial statements dated 5 Ramadan 1444H corresponding to 27 March 2023.

For Maham Professional Services


Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
Date: 15 Safar 1445H
31 August 2023



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 June 2023

		30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
ASSETS			
CURRENT ASSETS			
Inventories		11,711,515	5,490,297
Accounts receivable		83,679,208	57,540,779
Prepayments and other debit balances		2,448,780	1,204,390
Amounts due from a related party	8	441,539	494,740
Bank balances and cash		8,795,230	13,826,331
TOTAL CURRENT ASSETS		<u>107,076,272</u>	<u>78,556,537</u>
NON-CURRENT ASSETS			
Property and equipment	4	107,494,172	80,217,796
Intangible assets	5	3,325,071	3,249,840
Right-of-use assets	6	6,763,513	5,771,016
Investments in an associate		2,393,660	2,701,793
TOTAL NON-CURRENT ASSETS		<u>119,976,416</u>	<u>91,940,445</u>
TOTAL ASSETS		<u>227,052,688</u>	<u>170,496,982</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	70,000,000	70,000,000
Statutory reserve		12,862,669	12,862,669
Other reserve		1,668,163	1,668,163
Retained earnings		71,155,747	45,486,670
TOTAL EQUITY		<u>155,686,579</u>	<u>130,017,502</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		9,318,933	4,654,217
Accruals and other current liabilities		17,731,903	3,355,691
Current portion of lease liabilities	6	1,245,621	1,521,213
Amounts due to a related party	8	7,475,457	-
Long term loans - current portion	9	8,750,000	8,750,000
Zakat provision	10	1,772,207	2,398,739
TOTAL CURRENT LIABILITIES		<u>46,294,121</u>	<u>20,679,860</u>
NON-CURRENT LIABILITIES			
Employees' defined benefits liabilities		13,456,242	7,999,741
Long term loans - non current portion	9	5,750,000	7,250,000
Lease liabilities	6	5,865,746	4,549,879
TOTAL NON CURRENT LIABILITIES		<u>25,071,988</u>	<u>19,799,620</u>
TOTAL LIABILITIES		<u>71,366,109</u>	<u>40,479,480</u>
TOTAL EQUITY AND LIABILITIES		<u>227,052,688</u>	<u>170,496,982</u>

Finance Manager

Chief Executive Officer

Chairman

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

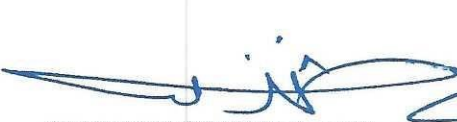
NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

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

For the six-month period ended 30 June 2023

	Note	For the six-month period ended 30 June	
		2023	2022
		SR (Unaudited)	SR (Unaudited)
Revenue	12	81,840,717	62,898,472
Cost of revenue		(48,206,616)	(35,563,862)
GROSS PROFIT		33,634,101	27,334,610
EXPENSES			
General and administration		(14,975,718)	(11,689,519)
OPERATING PROFIT		18,658,383	15,645,091
Finance costs		(78,958)	(103,597)
Bargain gain on acquisition of a subsidiary	1	9,657,298	-
Share in results of investment in associate		(308,134)	-
Other income, net		989,757	656,643
PROFIT BEFORE ZAKAT		28,918,346	16,198,137
Zakat	10	(1,149,269)	(805,298)
PROFIT FOR THE PERIOD		27,769,077	15,392,839
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME		27,769,077	15,392,839
EARNINGS PER SHARE			
Basic and diluted earnings per share from net profit for the year attributable to shareholders of the Company	11	3.97	2.20


 Finance Manager


 Chief Executive Officer


 Chairman

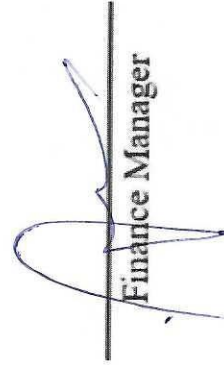
The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

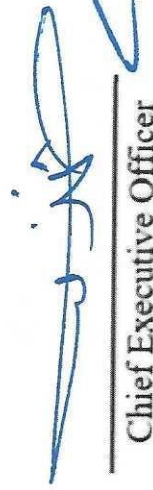
NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

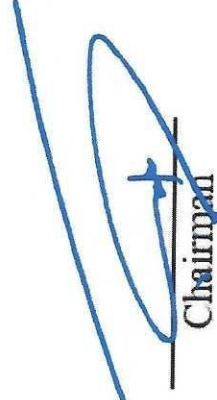
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2023

	Share capital SR	Statutory reserve SR	Other reserve SR	Retained earnings SR	Total SR
As at 1 January 2022 (audited)	70,000,000	10,170,413	1,435,162	21,256,368	102,861,943
Profit for the period	-	-	-	15,392,839	15,392,839
Total comprehensive income for the period	-	-	-	15,392,839	15,392,839
Balance at 30 June 2022 (unaudited)	<u>70,000,000</u>	<u>10,170,413</u>	<u>1,435,162</u>	<u>36,649,207</u>	<u>118,254,782</u>
As at 1 January 2023 (audited)	70,000,000	12,862,669	1,668,163	45,486,670	130,017,502
Profit for the period	-	-	-	27,769,077	27,769,077
Total comprehensive income for the period	-	-	-	27,769,077	27,769,077
Dividends (note 16)	-	-	-	(2,100,000)	(2,100,000)
Balance at 30 June 2023 (unaudited)	<u>70,000,000</u>	<u>12,862,669</u>	<u>1,668,163</u>	<u>71,155,747</u>	<u>155,686,579</u>


Finance Manager


Chief Executive Officer


Chairman

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2023

	Note	For the six-month period ended 30 June	
		2023 SR (Unaudited)	2022 SR (Unaudited)
OPERATING ACTIVITIES			
Profit before zakat		28,918,346	16,198,137
<i>Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities :</i>			
Depreciation for property and equipment	4	3,887,996	2,558,501
Amortisation of intangible assets		115,910	-
Depreciation for right-of-use assets	6	801,118	741,161
Employees' defined benefits liabilities		2,280,705	1,032,427
Bargain gain on acquisition of a subsidiary	1	(9,657,298)	-
Share in results of investment in an associate		308,134	-
Finance cost		78,958	84,792
		<u>26,733,869</u>	<u>20,615,018</u>
Working capital adjustments:			
Inventories		(1,775,819)	(1,380,739)
Accounts receivable		(16,882,393)	(4,154,726)
Prepayments and other debit balances		30,763	(474,062)
Accruals and other current liabilities		10,749,292	263,787
Accounts payable		(2,986,449)	717,064
Amounts due from a related party		53,201	(76,400)
		<u>15,922,464</u>	<u>15,509,942</u>
Cash flows from operations		15,922,464	15,509,942
Employees' defined benefits liabilities paid		(718,991)	(381,627)
Zakat paid	10	(2,496,843)	(1,623,246)
Finance costs paid		(196,494)	-
		<u>(2,912,328)</u>	<u>(1,994,873)</u>
Net cash flows from operating activities		12,510,136	13,505,069
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(5,505,326)	(2,552,490)
Additions to intangible assets		(191,141)	-
Investment in an associate		-	(2,829,373)
Acquisition of a subsidiary	1	(16,977,707)	-
		<u>(22,674,174)</u>	<u>(5,381,863)</u>
Net cash flows used in investing activities		(22,674,174)	(5,381,863)
FINANCING ACTIVITIES			
Repayment of long-term loans		(1,500,000)	(6,000,000)
Payment of principal portion of lease liabilities		(842,520)	(842,520)
Amounts due to a related party		7,475,457	-
		<u>5,132,937</u>	<u>(6,842,520)</u>
Net cash flows from/(used in) financing activities		5,132,937	(6,842,520)
(DECREASE) INCREASE IN BANK BALANCES AND CASH		(5,031,101)	1,280,686
Bank balances and cash at the beginning of the period		13,826,331	6,994,141
BANK BALANCES AND CASH AT THE END OF PERIOD		8,795,230	8,274,827
NON-CASH TRANSACTIONS			
Net assets acquired in a subsidiary	1	(27,767,298)	-
Dividends declared not yet paid	16	2,100,000	-

The attached notes 1 to 18 form part of these condensed interim consolidated financial statements.

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2023

1 CORPORATE INFORMATION

Naba Al Saha Medical Services Company is a Saudi joint stock company ("the Company") enlisted in Nomou and registered under Commercial Registration (CR) number 2051065568 issued on 6 Jumada Al-Awal 1439 H (corresponding to 23 January 2018). The Company's registered address is in Khobar, Saudi Arabia.

The Company has the following branches:

<u>Branch Name</u>	<u>CR Number</u>	<u>Date</u>	<u>Location</u>
Al Zahra General Hospital	2053016544	28/10/1426	Al Qatif
Manarat Al Haramain Pharmacy	2053017825	09/05/1428	Al Qatif
Naba Al Saha Medical Services Company	2053034205	19/05/1438	Al Qatif
Naba Al Saha Architectural Contracting Company	2051239670	21/06/1443	Al Khobar

During the period, the Company acquired 100% share in Al Anwar Medical Services Company, referred to thereafter as ("the Subsidiary"), a limited liability company registered in Hail, Saudi Arabia and is operating a general hospital in Hail. The subsidiary is registered under commercial registration number 3350131415 dated 27 Safar 1439H.

The effective date of transfer of control to the Company was 1 May 2023 and consequently, the financial statements of the subsidiary has been consolidated in these interim condensed consolidated financial statements effective 1 May 2023.

The management has carried out the purchase price allocation in order to allocate the difference between the considerations paid and the book value of the net assets acquired and has recognised bargain gain on the transaction amounted to SR 9.6 million. Below is the summary of the considerations paid and the value of net assets acquired as of 1 May 2023:

	1 May 2023 SR (Unaudited)
Total assets of the acquired subsidiary	39,809,511
Fair value adjustment related to a land	2,331,875
Total liabilities of the acquired subsidiary	<u>(14,374,088)</u>
Net assets acquired	27,767,298
Considerations paid and payable	<u>(18,110,000)</u>
Bargain gain on acquisition	<u>9,657,298</u>

The Company and its subsidiary, referred to as (the" Group") are operating two general hospitals in the cities of Qatif and Hail in Saudi Arabia under Ministry of Health licenses numbers 3810101001200083 and 6500101001200101, respectively.

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2023

2 BASIS OF PREPARATION

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results shown in these interim condensed consolidated financial statements may not be indicative for the annual results of the Group's operations.

2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2023. The financial statements of the subsidiary is prepared for the same reporting period as that of the Company, using consistent accounting policies.

The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which the control is transferred from the Company. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated statement of comprehensive income from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests represent the portion of net income and of net assets attributable to interests which are not owned, directly or indirectly, by the Company or its subsidiary and are presented separately in the interim condensed consolidated statement of comprehensive income and within shareholders' equity in the interim condensed consolidated statement of financial position, separately from equity attributable to the equity holders of the parent.

Balances between the Company and its subsidiary, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree, if any. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then a gain is recognised in profit or loss.

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2023

2 BASIS OF PREPARATION (continued)

2.4 Basis of measurement

These interim condensed consolidated financial statements are prepared using historical cost convention.

2.5 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals ("SR"), which is also the functional currency of the Group and rounded to the nearest Saudi Riyals (except when otherwise indicated).

2.6 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed 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 new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

The Company has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2023, and have no impact on the Company's transactions and balances for the current or prior periods:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Definition of Accounting Estimates – (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2022.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2023

4 PROPERTY AND EQUIPMENT

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
<i>Cost:</i>		
At the beginning of the period/year	154,516,938	143,462,975
Additions through acquisition of a subsidiary	42,818,793	11,053,963
Additions	5,505,326	-
Fair value adjustment on revaluation of land on acquisition (4.1)	2,331,875	-
At the end of the period/year	<u>205,172,932</u>	<u>154,516,938</u>
<i>Accumulated depreciation</i>		
At the beginning of the period/year	74,299,142	69,101,100
Related to additions through acquisition of a subsidiary	19,491,622	-
Charge for the period/year	3,887,996	5,198,042
At the end of the period/year	<u>97,678,760</u>	<u>74,299,142</u>
<i>Net book amount as at the end of the period/year</i>	<u>107,494,172</u>	<u>80,217,796</u>

4.1 The fair value adjustment is related to the purchase price allocation exercise performed by the management as part of the acquisition of a subsidiary during the period. The fair value adjustment was based on a fair valuation performed by an independent qualified evaluator by TAQEEM.

4.2 The above balance includes construction work in progress amounting to SR 8.8 million (31 December 2022: SR 5.9 million) related to the construction of new hospital in the city of Riyadh. Construction work in progress includes capitalized borrowing cost of SR 0.45 million during the period (31 December 2022: SR 1.0 million during the year) and an accumulated capitalised interest of SR 2.65 million (31 December 2022: SR 2.2 million).

5 INTANGIBLE ASSETS

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Software	1,056,505	981,274
Goodwill (5.1)	2,268,566	2,268,566
	<u>3,325,071</u>	<u>3,249,840</u>

5.1 Goodwill

In 2017, the Company acquired 100% shares of Manarat Al Haramain Pharmacy (the Pharmacy) for a net consideration of SR 7 million. This acquisition resulted in a goodwill amounted to SR 2.26 million which represent the excess of the consideration paid over the fair value of the net assets of the Pharmacy at the acquisition date. The Group registered the Pharmacy as a branch.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2023

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Below are the carrying amounts of right-of-use assets recognised and the movement during the period/year:

	30 June	31 December
	2023	2022
	SR	SR
	(Unaudited)	(Audited)
<i>Cost:</i>		
At beginning of the period/year	11,702,202	10,450,639
Addition	795,821	-
Additions through acquisition of a subsidiary	1,353,529	-
Adjustments	409,409	1,251,563
At end of the period/year	14,260,961	11,702,202
<i>Accumulated depreciation</i>		
At beginning of the period/year	5,931,186	4,426,152
Related to additions through acquisition of a subsidiary	765,144	-
Depreciation expense	801,118	1,505,034
At end of the period/year	7,497,448	5,931,186
<i>Net book amount as at the end of the period/year</i>	6,763,513	5,771,016

Below are the carrying amounts of the Group's lease liabilities and the movements during the period/year:

	30 June	31 December
	2023	2022
	SR	SR
	(Unaudited)	(Audited)
At beginning of the period/year	6,071,092	6,293,387
Addition	795,821	-
Additions through acquisition of a subsidiary	631,192	-
Accretion of interest	106,373	211,182
Adjustments	349,409	1,251,563
Payments	(842,520)	(1,685,040)
At end of the period/year	7,111,367	6,071,092
Current	1,245,621	1,521,213
Non-current	5,865,746	4,549,879

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

At 30 June 2023

7 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 7,000,000 shares (31 December 2022: same) (30 June 2022: same) of SR 10 each.

8 RELATED PARTIES' TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Terms and conditions of related party transactions are approved by the Group management. The following are details of significant related parties' transactions during the year and the related balances at the period end:

<i>Related parties</i>	<i>Nature of transaction</i>	<i>For the six-month period ended 30</i>	
		<i>June</i>	<i>June</i>
		2023	2022
		(Unaudited)	(Unaudited)
Al- Raja Real Estate Company	Expenses paid on behalf	(53,201)	76,400
Nathir bin Mohammed Hassan bin Abdulla Al-Jishi	Financing	7,475,457	-

Amounts due from/to related parties are disclosed in the interim condensed consolidated statement of financial position as follows:

8.1 Amounts due from a related party presented under current assets comprise of the following:

	30 June	31 December
	2023	2022
	SR	SR
	(Unaudited)	(Audited)
Al- Raja Advanced Real Estate Establishment	441,539	494,740

8.2 Amounts due to a related party presented under current liabilities comprise of the following:

	30 June	31 December
	2023	2022
	SR	SR
	(Unaudited)	(Audited)
Nathir bin Mohammed Hassan bin Abdulla Al-Jishi	7,475,457	-

8.3 Terms and conditions of transactions with related parties:

The pricing policies and terms of payment of transactions with the related parties are approved by the Group's management. The outstanding balances at the year end are unsecured, interest free and settlement occurs in cash.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

At 30 June 2023

8 RELATED PARTIES' TRANSACTIONS AND BALANCES (continued)

8.4 Compensation of key management personnel of the Group

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Salaries and benefits - Executive BoD members for the period/year	793,500	559,864
Salaries - Other key management personnel	1,297,927	2,098,760
Other benefits	637,802	60,000
	<u>2,729,229</u>	<u>2,718,624</u>

9 TERM LOAN

During the year 2021, the Group entered into a facility agreement with total amount of approximately SR 35 million with a local commercial 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 whole loan balance was withdrawn in the previous years and the loan balance will be repaid over the next three years. The loan is secured by the properties of the Group and certain properties of the shareholders. The movement in the loan is as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period/year	16,000,000	27,000,000
Payments during the period/year	(1,500,000)	(11,000,000)
At the end of the period/year	14,500,000	16,000,000
Less: current portion of long-term loans	(8,750,000)	(8,750,000)
Non-current portion of long-term loans	5,750,000	7,250,000

10 ZAKAT

10.1 Charge for the period

The charge for the interim period is calculated based on estimated zakat charge for the whole year.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

At 30 June 2023

10 ZAKAT (continued)

10.2 Movements in provision during the period/year

The movement in the zakat provision was as follows:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period/year	2,398,739	2,010,407
Additions through acquisition of a subsidiary	721,042	-
Provided during the period/year	1,149,269	1,834,361
Provision charge related to prior years	-	177,217
Payments during the period/year	(2,496,843)	(1,623,246)
At the end of the period/year	1,772,207	2,398,739

10.3 Status of assessments

10.3.1 Status of assessments of Naba Al Saha Medical Services Company:

The Company has submitted its zakat returns for all years up to the year ended 31 December 2022 and obtained the required certificates. The Company has finalised the assessments with ZATCA up to 2019. The assessments for the years from 2020 to 2022 have not been issued yet by ZATCA.

During 2021, ZATCA issued zakat assessments for the years from 2015 to 2017 amounted to SR 0.6 million. The Company has filed appeals against such assessments which is under process. The management has provided for the amount in a prior year. However, the final decision is still awaited.

10.3.2 Status of assessments of Al Anwar Medical Company:

The company has submitted its zakat returns for all years up to the year ended 31 December 2022 and obtained the required certificates. The company has finalised the assessments with ZATCA up to 2018. The assessments for the years from 2019 to 2022 have not been issued yet by ZATCA.

11 EARNINGS PER SHARE (EPS)

Basic and diluted earnings per share (EPS) is calculated by dividing the profit for the period attributable to equity holder of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and ordinary shares outstanding data used in the basic and diluted earnings per share calculation of the shareholders of the Company:

	For the six-month period ended 30 June	
	2023 SR (Unaudited)	2022 SR (Unaudited)
Profit attributable to equity holders of the Company	27,769,077	15,392,839
Weighted average number of ordinary shares outstanding	7,000,000	7,000,000
Basic and diluted earnings per share from profit for the year	3.97	2.20

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

At 30 June 2023

12 REVENUE

	For the six-month period ended 30 June	
	2023	2022
	SR	SR
	(Unaudited)	(Unaudited)
Type of services		
Revenue from medical services	76,097,632	57,680,180
Revenue from pharmacies	5,743,085	5,218,292
Total revenue	81,840,717	62,898,472

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

13 COMMITMENTS AND CONTINGENCIES

13.1 Capital commitments

The outstanding approved capital expenditure as of 30 June 2023 amounted to SR 34.2 million (31 December 2022: SR39.6 million). The Group entered into an agreement with the Municipality of Hail to lease a plot of land for 25 years in order to construct a new hospital/clinics. However, executive management of the Group has not approved the budget of the project as it is still under discussion.

13.2 Contingent liabilities

The Group has certain claims amounting to SR 4.6 million which has been raised against the subsidiary. No decision has been yet made by the relative authorities with respect to these claims. No provision has been made in these interim condensed consolidated financial statements as the previous owner of the subsidiary is liable to bear any liability that may arise from claims amounting to approximately SR 2.1 million in accordance with the acquisition agreement, and the management believes that the ultimate decision with respect to remaining claims will be in favour of the company.

14 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following reportable segments:

- Medical services - this segment provides medical services to its customers
- Pharmaceutical - this segment provides sales of pharmaceutical products

The Board of directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2023

14 SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the six-month period ended 30 June 2023 and 2022, respectively:

	<i>Medical Services</i>	<i>Pharmaceuticals</i>	<i>Total segments</i>	<i>Adjustments</i>	<i>Consolidated</i>
	SR	SR	SR	SR	SR
Six-month period ended 30 June 2023					
Revenue	76,097,632	5,743,085	81,840,717	-	81,840,717
Cost of revenue	(43,409,366)	(4,797,250)	(48,206,616)	-	(48,206,616)
Segment gross profit	32,688,266	945,835	33,634,101	-	33,634,101
Six-month period ended 30 June 2022					
Revenue	57,772,627	5,125,845	62,898,472	-	62,898,472
Cost of revenue	(31,226,346)	(4,337,516)	(35,563,862)	-	(35,563,862)
Segment gross profit	26,546,281	788,329	27,334,610	-	27,334,610

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively:

Total assets					
30 June 2023	223,510,484	3,542,204	227,052,688	-	227,052,688
31 December 2022	167,491,061	3,005,921	170,496,982	-	170,496,982
Total liabilities					
30 June 2023	68,393,593	2,972,516	71,366,109	-	71,366,109
31 December 2022	38,358,532	2,120,948	40,479,480	-	40,479,480

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2023

15 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

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 categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the six-month period ended 30 June 2023. (31 December 2022: same).

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities.

Financial instruments by categories

	30 June	31 December
	2023	2022
	SR	SR
	(Unaudited)	(Audited)
Financial assets measured at amortized cost		
Accounts receivable	83,679,208	57,540,779
Amounts due from a related party	441,539	494,740
Bank balances and cash	8,795,230	13,826,331
	<u>92,915,977</u>	<u>71,861,850</u>
Financial assets measured at amortized cost		
Accounts payable	9,318,933	4,654,217
Accruals and other current liabilities	17,731,903	3,355,691
Amounts due to a related party	7,475,457	-
Lease liabilities	7,111,367	6,071,092
Long term loans	14,500,000	16,000,000
	<u>56,137,660</u>	<u>30,081,000</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

At 30 June 2023

16 DIVIDENDS

During the period, the board of directors recommended the distribution of a cash dividend of SR 2.1 million (SR 0.3 per share), which has been approved by the shareholders in their General Assembly meeting held on 22 June 2023 and has been paid subsequently to the shareholders on 10 July 2023.

17 EVENTS AFTER THE REPORTING DATE

In the opinion of management, there have been no further significant subsequent events since the period ended 30 June 2023 but before the date of authorisation of these interim condensed consolidated financial statements that would have a material impact on the interim condensed consolidated financial position of the Group as reflected in these interim condensed consolidated financial statements.

18 APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorized for issuance on 15 Safar 1445H (corresponding to 31 August 2023).