

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE SIX-MONTH PERIOD ENDED**

**30 JUNE 2023**

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To the shareholders of**  
**Professional Medical Expertise Company**  
(A Saudi Joint Stock Company)  
Dhahran, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Professional Medical Expertise Company (the "Company"), a Saudi joint stock Company, and its subsidiary (the "Group") as at 30 June 2023, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as 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 the International Standard on Review Engagements (2410) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries primarily of the persons responsible for financial and accounting matters and applying analytical and other review procedures. The review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs) as 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 during the 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 International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

**Baker Tilly MKM & Co.**  
Certified Public Accountants  
Jeddah, Kingdom of Saudi Arabia

Bader Hatim AlTamimi  
License No. 489  
on 15 Safar 1445  
Corresponding to 31 August 2023



**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2023**

		<i>30 June</i>	<i>31 December</i>
	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<i>SR</i>	<i>SR</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>4</b>	<b>11,341,021</b>	9,839,654
Right of use assets	<b>5</b>	<b>4,005,574</b>	2,866,918
		<b>15,346,595</b>	12,706,572
<b>Current assets</b>			
Inventories	<b>6</b>	<b>77,908,372</b>	73,443,366
Trade receivables	<b>7</b>	<b>112,902,240</b>	99,785,697
Contract assets	<b>14</b>	<b>11,300,135</b>	-
Prepayments and other receivables	<b>8</b>	<b>21,831,463</b>	7,956,011
Bank balances		<b>1,022,982</b>	5,316,275
		<b>224,965,192</b>	186,501,349
<b>TOTAL ASSETS</b>		<b>240,311,787</b>	199,207,921
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<b>9</b>	<b>35,000,000</b>	35,000,000
Additional funding by shareholders		<b>1,080,225</b>	1,080,225
Statutory reserve		<b>2,051,582</b>	2,051,582
Retained earnings		<b>34,221,611</b>	35,057,908
<b>Total equity</b>		<b>72,353,418</b>	73,189,715
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	<b>5</b>	<b>2,319,076</b>	1,886,346
Employee termination benefits		<b>7,149,571</b>	6,474,856
		<b>9,468,647</b>	8,361,202
<b>Current Liabilities</b>			
Trade payables and other accruals	<b>11</b>	<b>77,306,723</b>	59,143,073
Short-term borrowings	<b>12</b>	<b>67,055,183</b>	54,998,323
Current portion of lease liabilities	<b>5</b>	<b>2,892,461</b>	1,663,276
Zakat payable	<b>13</b>	<b>1,235,355</b>	1,852,332
Dividends payable	<b>10</b>	<b>10,000,000</b>	-
		<b>158,489,722</b>	117,657,004
<b>Total liabilities</b>		<b>167,958,369</b>	126,018,206
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>240,311,787</b>	199,207,921

The accompanying notes form an integral part of these interim condensed consolidated financial statements

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<b>Note</b>	<i>For the six-month period ended 30 June</i>	
		<b>2023</b>	<b>2022</b>
		<b>SR</b>	<b>SR</b>
Revenue from contracts with customers	<b>14</b>	<b>118,813,095</b>	73,851,976
Cost of sales		<b>(65,819,883)</b>	(39,644,210)
<b>Gross profit</b>		<b>52,993,212</b>	34,207,766
Selling and marketing expenses		<b>(22,301,560)</b>	(13,999,191)
General and administrative expenses		<b>(15,950,743)</b>	(9,977,600)
Expected credit losses	<b>7</b>	<b>(643,810)</b>	(1,487,784)
<b>Operating profit</b>		<b>14,097,099</b>	8,743,191
Finance costs		<b>(3,173,294)</b>	(2,345,617)
Other losses		<b>(524,747)</b>	(291,968)
<b>Net profit before zakat</b>		<b>10,399,058</b>	6,105,606
Zakat	<b>13</b>	<b>(1,235,355)</b>	(924,384)
<b>Profit for the period</b>		<b>9,163,703</b>	5,181,222
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>9,163,703</b>	5,181,222
<b>Earnings per share:</b>			
Basic and diluted earnings per share:	<b>16</b>	<b>2.62</b>	5.52
Average number of shares outstanding		<b>3,500,000</b>	938,090

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**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<i>Note</i>	<i>Capital</i>	<i>Additional funding by shareholders</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>For the Six-month period ended 30 June 2023:</b>						
<b>As at 1 January 2023</b>		<b>35,000,000</b>	<b>1,080,225</b>	<b>2,051,582</b>	<b>35,057,908</b>	<b>73,189,715</b>
<b>Profit for the period</b>		-	-	-	<b>9,163,703</b>	<b>9,163,703</b>
<b>Other comprehensive profit</b>		-	-	-	-	-
<b>Total comprehensive</b>		-	-	-	<b>9,163,703</b>	<b>9,163,703</b>
<b>Dividends declared</b>	<b>10</b>	-	-	-	<b>(10,000,000)</b>	<b>(10,000,000)</b>
<b>As at 30 June 2023</b>		<b>35,000,000</b>	<b>1,080,225</b>	<b>2,051,582</b>	<b>34,221,611</b>	<b>72,353,418</b>
<b>For the Six-month period ended 30 June 2022:</b>						
<b>As at 1 January 2022</b>		500,000	-	150,000	39,105,240	39,755,240
<b>Profit for the period</b>		-	-	-	5,181,222	5,181,222
<b>Other comprehensive income</b>		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	5,181,222	5,181,222
<b>Capital increase</b>		34,500,000	-	-	(7,213,387)	27,286,613
<b>Dividends</b>		-	-	-	(12,500,000)	(12,500,000)
<b>As at 30 June 2022</b>		<b>35,000,000</b>	<b>-</b>	<b>150,000</b>	<b>24,573,075</b>	<b>59,723,075</b>

The accompanying notes form an integral part of these interim condensed consolidated financial statements

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<i>For the six-month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	9,163,703	5,181,222
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,806,988	936,026
Depreciation of right of use assets	643,237	433,784
(Gain) / Loss on disposal of property, plant and equipment	(2,215)	352
Employee termination benefits incurred	814,476	605,952
Zakat charges	1,235,355	924,384
Finance cost	3,173,294	2,345,617
	<b>16,834,838</b>	<b>10,427,337</b>
Changes in working capital:		
Inventories	(4,465,006)	(21,453,055)
Trade receivables	(13,116,543)	(22,696,797)
Contract assets	(11,300,135)	-
Prepayments and other receivables	(13,875,452)	(3,164,714)
Trade payables and other accruals	17,587,459	10,599,006
Due to shareholders	-	1,080,223
	<b>(8,334,839)</b>	<b>(25,208,000)</b>
Employee benefits paid	(139,761)	(232,916)
Zakat paid	(1,852,332)	(1,191,347)
<b>Net cash flows used in operating activities</b>	<b>(10,326,932)</b>	<b>(26,632,263)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,651,975)	(736,832)
Proceeds from disposal of property, plant and equipment	345,835	-
<b>Net cash flows used in investing activities</b>	<b>(3,306,140)</b>	<b>(736,832)</b>
<b>FINANCING ACTIVITIES</b>		
Change in short-term borrowings	12,056,860	26,214,706
Dividends paid	-	(12,500,000)
Finance costs paid	(2,517,081)	(2,308,547)
Lease liabilities paid	(200,000)	(149,257)
<b>Net cash flows generated from financing activities</b>	<b>9,339,779</b>	<b>11,256,902</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,293,293)</b>	<b>(16,112,193)</b>
Bank balances at the beginning of the period	5,316,275	17,804,332
<b>BANK BALANCES AT 30 JUNE</b>	<b>1,022,982</b>	<b>1,692,139</b>
<b>Non-cash transactions:</b>		
Dividend declared but not paid	10,000,000	-
Capital increase from amounts due to related parties	-	27,286,613
Capital increase from retained earnings	-	7,213,387
Addition to right of use assets	1,781,893	3,456,656
Accrued Interest	576,191	-

The accompanying notes form an integral part of these interim condensed consolidated financial statements

## PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

#### 1 GENERAL INFORMATION

Professional Medical Expertise Company (the "Company") is a Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2052001627 dated 14 sha'ban 1431H (corresponding to 6 August 2010).

The Company is engaged in the retail sale of medical equipment, tools and supplies, medical Devices warehouse activities, legal representation of medical products and devices' manufacturers, agents involved in the sale of medicines, Drug warehouse activities.

The Company's registered office is in Dhahran, Saudi Arabia.

On 26 July 2023, the Company's shares began trading on the Nomu-Parallel Market with the symbol 9574.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary (hereinafter collectively referred to as the "Group") as follows:

<i>Subsidiary name</i>	<i>Place of business</i>	<i>Effective percentage</i>		<i>Main activities</i>
		<i>Jun-23</i>	<i>Dec-22</i>	
Promedex Medical Equipment Trading L.L.C	United Arab Emirates	100%	100%	Medical, surgical, equipment and instruments trading

#### 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements for the period ended 30 June 2023 are consistent with those followed in preparing the consolidated financial statements of the Group for the year ended 31 December 2022.

During the period, new standards and amendments to International Financial Reporting Standards became effective as of 1 January 2023, and none of these standards and amendments resulted in any impact on the Group's interim condensed consolidated financial statements. The interim condensed consolidated financial statements do not include all the information required in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements as at 31 December 2022.

The interim period is an integral part of the full fiscal year. However, the results of operations for the interim periods may not be a fair indication of the results of operations for the full year.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for what was disclosed in the relevant accounting policies in the annual consolidated financial statements for the year ended 31 December 2022. The interim condensed consolidated financial statements are presented in Saudi Riyals which is the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

#### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated 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. Although judgements and estimates are based on management's best estimates, actual results might vary from these estimates. Estimates and assumptions are reviewed continuously.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual consolidated financial statements as at 31 December 2022.

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**
**4 PROPERTY, PLANT AND EQUIPMENT**

	<i>Lease hold improvements</i>	<i>Motor Vehicles</i>	<i>Office equipment and furniture</i>	<i>Tools and Medical tools</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>Cost:</b>					
At 1 January 2022	-	585,569	1,492,111	13,187,728	15,265,408
Additions during the year	-	248,234	223,685	6,040,398	6,512,317
Disposals during the year	-	-	(7,058)	(185,611)	(192,669)
At 31 December 2022	-	833,803	1,708,738	19,042,515	21,585,056
<b>Additions during the period</b>	<b>936,806</b>	<b>317,680</b>	<b>172,546</b>	<b>2,224,943</b>	<b>3,651,975</b>
<b>Disposals during the period</b>	<b>-</b>	<b>-</b>	<b>(5,307)</b>	<b>(387,426)</b>	<b>(392,733)</b>
<b>At 30 June 2023</b>	<b>936,806</b>	<b>1,151,483</b>	<b>1,875,977</b>	<b>20,880,032</b>	<b>24,844,298</b>
<b>Accumulated depreciation:</b>					
At 1 January 2022	-	399,530	922,967	8,440,225	9,762,722
Charge for the year	-	123,753	234,929	1,698,997	2,057,679
Disposals during the year	-	-	(969)	(74,030)	(74,999)
At 31 December 2022	-	523,283	1,156,927	10,065,192	11,745,402
<b>Charge for the period</b>	<b>117,101</b>	<b>79,495</b>	<b>133,980</b>	<b>1,476,412</b>	<b>1,806,988</b>
<b>Disposals during the period</b>	<b>-</b>	<b>-</b>	<b>(2,108)</b>	<b>(47,005)</b>	<b>(49,113)</b>
<b>At 30 June 2023</b>	<b>117,101</b>	<b>602,778</b>	<b>1,288,799</b>	<b>11,494,599</b>	<b>13,503,277</b>
<b>Net book values:</b>					
<b>At 30 June 2023</b>	<b>819,705</b>	<b>548,705</b>	<b>587,178</b>	<b>9,385,433</b>	<b>11,341,021</b>
At 31 December 2022	-	310,520	551,811	8,977,323	9,839,654

**5 LEASES**
**5.1 RIGHT OF USE ASSETS**

	<i>Offices</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>
<b>Cost:</b>		
At 1 January 2022	1,752,648	1,752,648
Additions during the year	3,005,788	3,005,788
At 31 December 2022	4,758,436	4,758,436
<b>Additions during the period</b>	<b>1,781,893</b>	<b>1,781,893</b>
<b>At 30 June 2023</b>	<b>6,540,329</b>	<b>6,540,329</b>
<b>Accumulated Amortization:</b>		
At 1 January 2022	878,818	878,818
Charge for the year	1,012,700	1,012,700
At 31 December 2022	1,891,518	1,891,518
<b>Charge for the period</b>	<b>643,237</b>	<b>643,237</b>
<b>At 30 June 2023</b>	<b>2,534,755</b>	<b>2,534,755</b>
<b>Net book values:</b>		
<b>At 30 June 2023</b>	<b>4,005,574</b>	<b>4,005,574</b>
At 31 December 2022	2,866,918	2,866,918

- The Company leases its offices. The lease term is from 3-5 years

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****5 LEASES (CONTINUED)****5.2 LEASE LIABILITIES**

	<i>For the six-month period ended 30 June 2023</i>	<i>For the year ended 31 December 2022</i>
	<b>SR</b>	<b>SR</b>
Balance at the beginning of the period / year	<b>3,549,622</b>	1,078,292
Additions during the period / year	<b>1,781,893</b>	3,005,788
Interest due during the period / year	<b>80,022</b>	98,078
Paid during the period / year	<b>(200,000)</b>	(632,536)
Balance at the end of the period / year	<b>5,211,537</b>	3,549,622
Less: current portion of finance lease liabilities	<b>(2,892,461)</b>	(1,663,276)
Non-current portion of finance lease liabilities	<b>2,319,076</b>	1,886,346

The additions to lease liabilities during the period ended 30 June 2023 have been discounted using the Group's incremental borrowing rate.

**6 INVENTORIES**

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<b>SR</b>	<b>SR</b>
Orthopedic surgery items	<b>41,152,188</b>	37,784,716
General surgery items	<b>31,061,640</b>	18,356,749
Other medical supplies	<b>7,527,682</b>	15,359,294
Goods in transit	<b>-</b>	3,273,872
	<b>79,741,510</b>	74,774,631
Less: Allowance for slow moving inventory	<b>(1,833,138)</b>	(1,331,265)
	<b>77,908,372</b>	73,443,366

The movement in the allowance for slow-moving inventory is as follows:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<b>SR</b>	<b>SR</b>
Balance at the beginning of the period / year	<b>1,331,265</b>	1,000,000
Additions during the period / year	<b>501,873</b>	331,265
Balance at the end of the period / year	<b>1,833,138</b>	1,331,265

**7 TRADE RECEIVABLES**

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<b>SR</b>	<b>SR</b>
Accounts receivable - public sector	<b>83,526,307</b>	74,351,246
Accounts receivable - private sector	<b>33,465,745</b>	28,885,453
Accounts receivable - related parties	<b>157,328</b>	152,328
	<b>117,149,380</b>	103,389,027
Less: allowance for expected credit losses	<b>(4,247,140)</b>	(3,603,330)
	<b>112,902,240</b>	99,785,697

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****7 TRADE RECEIVABLES (CONTINUED)**

The movement in the allowance for expected credit losses is as follows:

	<i>For the six-month period ended 30 June 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the period / year	<b>3,603,330</b>	1,211,219
Additions during the period / year	<b>643,810</b>	2,392,111
Balance at the end of the period / year	<b>4,247,140</b>	3,603,330

**8 PREPAYMENTS AND OTHER RECEIVABLES**

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Refundable IPO costs *	<b>8,555,929</b>	2,615,327
Cash margin on LGs	<b>6,479,305</b>	1,002,791
Advances to suppliers	<b>1,749,628</b>	912,063
Prepaid expenses	<b>2,786,581</b>	326,112
Employee advances	<b>655,325</b>	2,131,992
Others	<b>1,604,695</b>	967,726
	<b>21,831,463</b>	7,956,011

\*The refundable IPO costs represent all the expenses that the Group has incurred to prepare its profile for the initial public offering "IPO". The shareholders of the Group decided in their general assembly dated 1 March 2022 to repay to the Company all IPO costs.

**9 SHARE CAPITAL**

The share capital of the Company as at 30 June 2023 comprised 3,500,000 shares stated at SR 10 per share (31 December 2022: 3,500,000 shares stated at SR 10 per share ).

**10 DIVIDENDS**

During the six-month period ended 30 June 2023, the General Assembly approved dividends distribution of SR 10,000,000 for shareholders register at Edaa Center as of November 2023 (year ended 31 December 2022: declared dividends of SR 14,000,000).

**11 TRADE PAYABLES AND OTHER ACCRUALS**

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Accounts payable	<b>63,780,976</b>	48,090,860
Accrued expenses	<b>11,321,597</b>	8,242,485
Accrued interest	<b>1,372,719</b>	796,528
Advance from customers	<b>831,431</b>	2,013,200
	<b>77,306,723</b>	59,143,073

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****12 SHORT-TERM BORROWINGS**

Short- term borrowings comprise the following:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Short-term bank loans	<b>67,055,183</b>	54,998,323

The short-term loans represent Islamic Murabaha facility agreements obtained by the Group from local banks to finance local and foreign purchases and open credits, with an average of SAIBOR plus an agreed fixed margins to be repaid within a year. The loans are guaranteed by corporate guarantees and personal guarantees from main shareholders.

**13 ZAKAT****Basis for Zakat:**

The Company is subject to zakat. Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit. The significant components of the zakat base under zakat regulation principally comprise equity, provisions at the beginning of year and adjusted net income, less a deduction for the net book value of long-term assets. The subsidiary is not subject to zakat or income tax.

The movement in the zakat payable is as follows:

	<i>For the six- month period ended 30 June 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the period / year	<b>1,852,332</b>	1,191,347
Charge for the period / year	<b>1,235,355</b>	1,852,332
Paid	<b>(1,852,332)</b>	(1,191,347)
Balance at the end of the period / year	<b>1,235,355</b>	1,852,332

**Status of certificates and assessments:**

The Company received final assessments from the Zakat, Tax and Customs Authority ("ZATCA") until 2019, and the Company settled additional amounts claimed by ZATCA. The Company submitted its Zakat returns up to 2022 and received certificates for those years.

**14 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Group's revenue is generated from sale of medical devices, equipment and supplies. Revenue is recognized at a certain point in time upon the delivery of goods to customers.

**14.1 Disaggregated revenue information by the type of customers:**

	<i>For the six-month period ended 30 June 2023</i>	<i>30 June 2022</i>
	<i>SR</i>	<i>SR</i>
Sales to the public sector	<b>82,134,589</b>	44,160,921
Sales to the private sector	<b>36,678,506</b>	29,691,055
<b>Total revenue from contracts with customers</b>	<b>118,813,095</b>	73,851,976

**14.2 Contract assets**

The contract assets represents goods transferred to the customers while invoices are yet to be issued as per contractual terms

**PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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The following table provides the total amount of transactions that have been entered into with related parties and the related balances as of 30 June 2023 and 31 December 2022:

<b>Related party</b>	<b>Nature of transaction</b>	<i>For the six-month period</i>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>SR</b>	<b>SR</b>
Elite Specialist Clinics	Sales	<b>5,000</b>	74,807

**Accounts receivable comprise the following:**

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<b>SR</b>	<b>SR</b>
Elite Specialist Clinics	<b>157,328</b>	152,328

The amounts are classified as trade receivables (see note 7).

**Compensation of key management personnel of the Company**

	<i>For the six-month period ended</i>	
	<i>30 June 2023</i>	<i>30 June 2022</i>
	<b>SR</b>	<b>SR</b>
Short term employee benefits	<b>2,101,092</b>	1,433,726
Termination benefits	<b>291,128</b>	112,326
Total compensation of key management personnel	<b>2,392,220</b>	1,546,052

**16 EARNINGS PER SHARE**

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

There was no dilutive component affecting the weighted average number of ordinary shares.

**17 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Group's financial assets consist of bank balances, trade receivables and other receivables. Its financial liabilities consist of trade payables, Dividend payables and short term borrowings. The fair values of financial instruments are not materially different from their book values. As at 30 June 2023, the Group did not hold any financial instruments measured at fair value.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****18 SEGMENT REPORTING****Operating segments:**

The Group has one operating segment which is sale of medical equipment and supplies.

**Geographical segments:**

The Group operates in the Kingdom of Saudi Arabia (KSA) and United Arab of Emirates (UAE). The following is a summary of some financial information according to geographical areas.

	<b>KSA</b>	<b>UAE</b>	<b>Total</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>
<b><u>For the six-month period ended 30 June 2023:</u></b>			
<b>Revenue from contracts with customers</b>	<b>115,077,173</b>	<b>3,735,922</b>	<b>118,813,095</b>
<b>Profit for the period</b>	<b>12,292,891</b>	<b>(3,129,188)</b>	<b>9,163,703</b>
<b><u>As at 30 June 2023:</u></b>			
<b>Property, plant and equipment</b>	<b>9,507,922</b>	<b>1,833,099</b>	<b>11,341,021</b>
<b><u>For the six-month period ended 30 June 2022:</u></b>			
<b>Revenue from contracts with customers</b>	<b>65,452,649</b>	<b>8,399,327</b>	<b>73,851,976</b>
<b>Profit for the period</b>	<b>5,428,809</b>	<b>(247,587)</b>	<b>5,181,222</b>
<b><u>As at 30 June 2022:</u></b>			
<b>Property, plant and equipment</b>	<b>4,143,818</b>	<b>1,159,322</b>	<b>5,303,140</b>

**19 DATE OF AUTHORISATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were authorized for issue by the Company's board of directors on 15 Safar 1445H corresponding to 31 August 2023.