(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

(A Saudi Joint Stock Company)

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BAKER TILLY MKM & CO. CERTIFIED PUBLIC ACCOUNTANTS

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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

(A Saudi Joint Stock Company)

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

	Note	30 June 2023	31 December 2022
ASSETS		SR	SR
Non-current assets			
Property, plant and equipment	4	11,341,021	9,839,654
Right of use assets	5 _	4,005,574	2,866,918
		15,346,595	12,706,572
Current assets	_		
Inventories	6	77,908,372	73,443,366
Trade receivables	7	112,902,240	99,785,697
Contract assets	14	11,300,135	-
Prepayments and other receivables	8	21,831,463	7,956,011
Bank balances	_	1,022,982	5,316,275
		224,965,192	186,501,349
TOTAL ASSETS		240,311,787	199,207,921
EQUITY AND LIABILITIES Equity			
Share capital	9	35,000,000	35,000,000
Additional funding by shareholders		1,080,225	1,080,225
Statutory reserve		2,051,582	2,051,582
Retained earnings	<u>-</u>	34,221,611	35,057,908
Total equity	_	72,353,418	73,189,715
Liabilities			
Non-current liabilities			
Lease liabilities	5	2,319,076	1,886,346
Employee termination benefits	_	7,149,571	6,474,856
	_	9,468,647	8,361,202
Current Liabilities	11	55 207 5 22	50 142 072
Trade payables and other accruals	11 12	77,306,723	59,143,073
Short-term borrowings Current portion of lease liabilities	5	67,055,183 2,892,461	54,998,323 1,663,276
Zakat payable	13	1,235,355	1,852,332
Dividends payable	10	10,000,000	-
	_	158,489,722	117,657,004
Total liabilities	_	167,958,369	126,018,206
TOTAL EQUITY AND LIABILITIES	_	240,311,787	199,207,921
- -	=		

(A Saudi Joint Stock Company)

Total comprehensive income

Basic and diluted earnings per share:

Average number of shares outstanding

Earnings per share:

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

		1 of the six-month	i perioa enaca
	_	30 Ju	ne
	Note	2023	2022
		SR	SR
Revenue from contracts with customers	14	118,813,095	73,851,976
Cost of sales		(65,819,883)	(39,644,210)
Gross profit		52,993,212	34,207,766
Selling and marketing expenses		(22,301,560)	(13,999,191)
General and administrative expenses		(15,950,743)	(9,977,600)
Expected credit losses	7	(643,810)	(1,487,784)
Operating profit		14,097,099	8,743,191
Finance costs		(3,173,294)	(2,345,617)
Other losses		(524,747)	(291,968)
Net profit before zakat		10,399,058	6,105,606
Zakat	13	(1,235,355)	(924,384)
Profit for the period	_	9,163,703	5,181,222
Other comprehensive income		-	-

For the six-month period ended

9,163,703

3,500,000

16

2.62

5,181,222

5.52

938,090

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

(A Saudi Joint Stock Company)

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

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

(A Saudi Joint Stock Company)

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

OPERATING ACTIVITIES CR Profit for the period 9,163,703 5,181,222 Adjustments for non-eash items: 1,806,988 936,026 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 (2,115) 352 Employee termination benefits incurred 814,476 (605,952 Zakat charges 1,235,355 924,384 Finance cost 1,3173,294 2,345,617 Finance cost 16,343,383 10,273,375 Changes in working capital: (4,465,006) (21,53,055) Trade receivables (13,116,543) (22,696,797) Contract assets (13,116,543) (22,696,797) Contract assets (13,301,135) - Prepayments and other receivables 17,587,452 (31,64,714) Trade receivables 1,387,542 (31,64,714) Trade payables and other accruals 1,787,452 (31,64,714) Trade obstance obstance for ceivables 1,32,26,323 </th <th></th> <th colspan="2">For the six-month period ended 30 June</th>		For the six-month period ended 30 June	
POPERATING ACTIVITIES 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 Gainn// 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 1,834,838 10,237,305 Changes in working capital: Inventories (4,465,006) (21,453,055) Trade receivables (13,316,543) (32,696,797) Contract assets (11,300,135) - Prepayments and other accruals 17,587,459 (10,599,006) Trade payables and other accruals 17,587,459 (10,599,006) Due to shareholders 1,387,4542 (31,617,14) Employee benefits paid (13,375,452) (31,161,14) Employee benefits paid (13,617,15) (32,206,203) Investing ACTIVITIES (2,517,081)		2023	2022
Profit for the period 9,163,703 5,181,222 Adjustments for non-cash items: 8 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 1,683,4838 10,237,517 Changes in working capital: (16,834,838) 10,227,305,51 Trade receivables (13,316,543) 22,966,797 Contract assets (11,300,135) - Trade receivables (13,875,452) (3,164,714) Trade payables and other accruals 1,787,459 10,590,006 Due to shareholders 1,387,452 (3,164,714) Employee benefits paid (13,375,452) (3,164,714) Act ash flows used in operating activities (10,326,932) (26,632,263) INVESTING ACTIVITIES 1 1,000,000 (27,638,23) Proceeds from dispos		SR	SR
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Employee benefits paid (8,334,839) (25,208,000) Zakat paid (139,761) (232,916) Zakat paid (1,852,332) (1,191,347) Net cash flows used in operating activities (10,326,932) (26,632,263) INVESTING ACTIVITIES Purchase of property, plant and equipment (3,651,975) (736,832) Proceeds from disposal of property, plant and equipment 345,835 - Net cash flows used in investing activities (3,306,140) (736,832) FINANCING ACTIVITIES 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) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 1,000,000 -		-	
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Zakat paid (1,852,332) (1,191,347) Net cash flows used in operating activities (10,326,932) (26,632,263) INVESTING ACTIVITIES Purchase of property, plant and equipment (3,651,975) (736,832) Proceeds from disposal of property, plant and equipment 345,835 - Net cash flows used in investing activities (3,306,140) (736,832) FINANCING ACTIVITIES 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) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 1 10,000,000 - Capital increase from amounts due to related parties - 27,286,613 Capital increase from retained earnings	Employee benefits paid		
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Purchase of property, plant and equipment (3,651,975) (736,832) Proceeds from disposal of property, plant and equipment 345,835 - Net cash flows used in investing activities (3,306,140) (736,832) FINANCING ACTIVITIES 2 12,056,860 26,214,706 Dividends paid - (12,500,000) 12,500,000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 12,250,000 12,250,0000 12,250,000 12,250,000 12,250,000 12,250,000 12,250,000 12,250,000 12,	Net cash flows used in operating activities	(10,326,932)	(26,632,263)
Purchase of property, plant and equipment (3,651,975) (736,832) Proceeds from disposal of property, plant and equipment 345,835 - Net cash flows used in investing activities (3,306,140) (736,832) FINANCING ACTIVITIES 2 12,056,860 26,214,706 Dividends paid - (12,500,000) 12,500,000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 (20,000) (149,257) 12,250,0000 12,250,000 12,250,0000 12,250,000 12,250,000 12,250,000 12,250,000 12,250,000 12,250,000 12,	INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment 345,835 - Net cash flows used in investing activities (3,306,140) (736,832) FINANCING ACTIVITIES 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) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 1,000,000 - 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		(3.651.975)	(736,832)
FINANCING ACTIVITIES 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) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: Dividend declared but not paid - - 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			-
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) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: Dividend declared but not paid - 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	Net cash flows used in investing activities	(3,306,140)	(736,832)
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) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: Dividend declared but not paid - 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	FINANCING ACTIVITIES		
Dividends paid - (12,500,000) Finance costs paid (2,517,081) (2,308,547) Lease liabilities paid (200,000) (149,257) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 10,000,000 - 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		12,056,860	26,214,706
Finance costs paid (2,517,081) (2,308,547) Lease liabilities paid (200,000) (149,257) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 10,000,000 - Dividend declared but not paid 0 - 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		- · · · · · · · · · · · · · · · · · · ·	
Lease liabilities paid (200,000) (149,257) Net cash flows generated from financing activities 9,339,779 11,256,902 Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 10,000,000 - 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	•	(2,517,081)	
Net change in cash and cash equivalents (4,293,293) (16,112,193) Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 10,000,000 - 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			
Bank balances at the beginning of the period 5,316,275 17,804,332 BANK BALANCES AT 30 JUNE 1,022,982 1,692,139 Non-cash transactions: 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	Net cash flows generated from financing activities	9,339,779	11,256,902
Non-cash transactions: 1,022,982 1,692,139 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	Net change in cash and cash equivalents	(4,293,293)	(16,112,193)
Non-cash transactions:10,000,000-Dividend declared but not paid10,000,000-Capital increase from amounts due to related parties-27,286,613Capital increase from retained earnings-7,213,387Addition to right of use assets1,781,8933,456,656	Bank balances at the beginning of the period	5,316,275	17,804,332
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	BANK BALANCES AT 30 JUNE	1,022,982	1,692,139
Capital increase from amounts due to related parties-27,286,613Capital increase from retained earnings-7,213,387Addition to right of use assets1,781,8933,456,656			
Capital increase from retained earnings-7,213,387Addition to right of use assets1,781,8933,456,656		10,000,000	-
Addition to right of use assets 1,781,893 3,456,656		-	
		-	
Accrued Interest 576,191 -	•		3,456,656
	Accrued Interest	576,191	-

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

(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:

Subsidiary name	Place of business	Effective p	ercentage	Main activities
		Jun-23	Dec-22	
Promedex Medical	United Arab	100%	100%	Medical, surgical, equipment and
Equipment Trading L.L.C	Emirates	100%	100%	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.

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

4 PROPERTY, PLANT AND EQUIPMENT

INOI ENTI, I EMINI MIND E	QUII MEM				
			Office		
	Lease hold	Motor	equipment	Tools and	
	improvement:	Vehicles	and furniture	Medical tools	Total
	SR	SR	SR	SR	SR
Cost:					
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
Additions during the period	936,806	317,680	172,546	2,224,943	3,651,975
Disposals during the period	-	-	(5,307)	(387,426)	(392,733)
At 30 June 2023	936,806	1,151,483	1,875,977	20,880,032	24,844,298
Accumulated depreciation:					
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
Charge for the period	117,101	79,495	133,980	1,476,412	1,806,988
Disposals during the period	-	-	(2,108)	(47,005)	(49,113)
At 30 June 2023	117,101	602,778	1,288,799	11,494,599	13,503,277
Net book values:					<u> </u>
At 30 June 2023	819,705	548,705	587,178	9,385,433	11,341,021
At 31 December 2022		310,520	551,811	8,977,323	9,839,654

5 LEASES

5.1 RIGHT OF USE ASSETS

1110111 01 0021100210	Offices	Total
	SR	SR
Cost:		
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
Additions during the period	1,781,893	1,781,893
At 30 June 2023	6,540,329	6,540,329
Accumulated Amortization:		
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
Charge for the period	643,237	643,237
At 30 June 2023	2,534,755	2,534,755
Net book values:		
At 30 June 2023	4,005,574	4,005,574
At 31 December 2022	2,866,918	2,866,918

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

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

5 LEASES (CONTINUED)

5.2 LEASE LIABILITIES

For the	ıe six-	For the year
month p	period	ended 31
ena	led 30	December
June	2023	2022
	SR	SR
Balance at the beginning of the period / year 3,54	9,622	1,078,292
Additions during the period / year 1,78	1,893	3,005,788
Interest due during the period / year 8	0,022	98,078
Paid during the period / year (20	0,000)	(632,536)
Balance at the end of the period / year 5,21	1,537	3,549,622
Less: current portion of finance lease liabilities (2,89)	2,461)	(1,663,276)
Non-current portion of finance lease liabilities 2,31	9,076	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

Solution Solution	0	INVENTORIES		
Orthopedic surgery items 41,152,188 37,784,716 General surgery items 31,061,640 18,355,749 Other medical supplies 7,527,682 15,359,294 Goods in transit - 3,273,872 Tess: Allowance for slow moving inventory (1,833,138) (1,331,265) Less: Allowance for slow-moving inventory is as follows: 30 June 31 December 2023 The movement in the allowance for slow-moving inventory is as follows: 30 June 31 December 2023 Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 501,873 331,265 TRADE RECEIVABLES 30 June 31 December 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (3,603,330)			30 June	31 December
Orthopedic surgery items 41,152,188 37,784,716 General surgery items 31,061,640 18,356,749 Other medical supplies 7,527,682 15,359,294 Goods in transit - 3,273,872 Tess: Allowance for slow moving inventory (1,833,138) (1,331,265) The movement in the allowance for slow-moving inventory is as follows: 30 June 31 December 2023 2022 5R SR Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 TRADE RECEIVABLES 30 June 31 December 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (3,603,330)			2023	2022
General surgery items 31,061,640 18,356,749 Other medical supplies 7,527,682 15,359,294 Goods in transit - 3,273,872 79,741,510 74,774,631 Less: Allowance for slow moving inventory (1,833,138) (1,331,265) 77,908,372 73,443,366 The movement in the allowance for slow-moving inventory is as follows: Balance at the beginning of the period / year 30 June 2023 2022 2022 SR SR SR Balance at the end of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 TRADE RECEIVABLES 30 June 2023 2022 2023 2022 SR SR SR Accounts receivable - public sector 83,526,307 74,351,246 28,885,453 Accounts receivable - private sector 33,465,745 28,885,453 28,885,453 Accounts receivable - related parties 117,149,380 103,389,027 117,149,380 103,389,027 Less: allowance for expected credit losses			SR	SR
Other medical supplies 7,527,682 15,359,294 Goods in transit - 3,273,872 79,741,510 74,774,631 Less: Allowance for slow moving inventory (1,833,138) (1,331,265) 77,908,372 73,443,366 The movement in the allowance for slow-moving inventory is as follows: The movement in the allowance for slow-moving inventory is as follows: 30 June 31 December 2023 2022 SR SR SR SR SR SR Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 30 June 31 December 2023 TRADE RECEIVABLES 30 June 31 December 2023 2022 SR SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027<		Orthopedic surgery items	41,152,188	37,784,716
Goods in transit - 3,273,872 Tess: Allowance for slow moving inventory 79,741,510 74,774,631 Less: Allowance for slow moving inventory (1,833,138) (1,331,265) The movement in the allowance for slow-moving inventory is as follows: 30 June 31 December 2023 2022 2022 SR SR SR SR SR SR SR SR SR Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 Balance at the end of the period / year 30 June 31 December Parameter (a) 30 June 31 December 32 December 2023 2022 2023 2022 SR SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (General surgery items	31,061,640	18,356,749
Less: Allowance for slow moving inventory 79,741,510 74,774,631 The movement in the allowance for slow-moving inventory is as follows: 30 June 31 December 2023 2022 SR SR Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 TRADE RECEIVABLES 30 June 31 December 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (3,603,330)		Other medical supplies	7,527,682	15,359,294
Less: Allowance for slow moving inventory (1,833,138) (1,331,265) 77,908,372 73,443,366 The movement in the allowance for slow-moving inventory is as follows: 30 June 2023 31 December 2023 SR SR SR Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 TRADE RECEIVABLES 30 June 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (3,603,330)		Goods in transit		3,273,872
The movement in the allowance for slow-moving inventory is as follows: 30 June 31 December 2023 2022			79,741,510	74,774,631
The movement in the allowance for slow-moving inventory is as follows: 30 June 2023 31 December 2023 2022 SR SB SB Additions during the period / year 501,873 331,265 501,873 331,265		Less: Allowance for slow moving inventory	(1,833,138)	(1,331,265)
30 June 2023 2022 2022 2023 2022 2023 2022 2023 2022 2023 2022 2023 2033			77,908,372	73,443,366
Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 TRADE RECEIVABLES 30 June 31 December 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)		The movement in the allowance for slow-moving inventory is as follows:		
Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 7 TRADE RECEIVABLES 30 June 2023 31 December 2023 Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (3,603,330)			30 June	31 December
Balance at the beginning of the period / year 1,331,265 1,000,000 Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 7 TRADE RECEIVABLES 30 June 2023 31 December 2023 2022 SR SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 Less: allowance for expected credit losses (4,247,140) (3,603,330)			2023	2022
Additions during the period / year 501,873 331,265 Balance at the end of the period / year 1,833,138 1,331,265 7 TRADE RECEIVABLES 30 June 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)			SR	SR
Balance at the end of the period / year 1,833,138 1,331,265 7 TRADE RECEIVABLES 30 June 31 December 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)		Balance at the beginning of the period / year	1,331,265	1,000,000
TRADE RECEIVABLES 30 June 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)		Additions during the period / year	501,873	331,265
30 June 31 December 2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)		Balance at the end of the period / year	1,833,138	1,331,265
2023 2022 SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)	7	TRADE RECEIVABLES		
SR SR Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)			30 June	31 December
Accounts receivable - public sector 83,526,307 74,351,246 Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)			2023	2022
Accounts receivable - private sector 33,465,745 28,885,453 Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)			SR	SR
Accounts receivable - related parties 157,328 152,328 117,149,380 103,389,027 Less: allowance for expected credit losses (4,247,140) (3,603,330)		Accounts receivable - public sector	83,526,307	
Less: allowance for expected credit losses 117,149,380 103,389,027 (4,247,140) (3,603,330)		Accounts receivable - private sector	33,465,745	28,885,453
Less: allowance for expected credit losses (4,247,140) (3,603,330)		Accounts receivable - related parties	157,328	152,328
<u> </u>			117,149,380	103,389,027
112,902,240 99,785,697		Less: allowance for expected credit losses	(4,247,140)	(3,603,330)
			112,902,240	99,785,697

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:

The movement in the allowance for expected credit losses is as follows:		
	For the six-	For the year
	month period	ended 31
	ended 30	December
	June 2023	2022
	SR	SR
Balance at the beginning of the period / year	3,603,330	1,211,219
Additions during the period / year	643,810	2,392,111
Balance at the end of the period / year	4,247,140	3,603,330
PREPAYMENTS AND OTHER RECEIVABLES		
	30 June	31 December
	30 June 2023	31 December 2022
Refundable IPO costs *	2023	2022
Refundable IPO costs * Cash margin on LGs	2023 SR	2022 SR
	2023 SR 8,555,929	2022 SR 2,615,327
Cash margin on LGs	2023 SR 8,555,929 6,479,305	2022 SR 2,615,327 1,002,791
Cash margin on LGs Advances to suppliers	2023 SR 8,555,929 6,479,305 1,749,628	2022 SR 2,615,327 1,002,791 912,063
Cash margin on LGs Advances to suppliers Prepaid expenses	2023 SR 8,555,929 6,479,305 1,749,628 2,786,581	2022 SR 2,615,327 1,002,791 912,063 326,112

^{*}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

8

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 Novemebr 2023 (year ended 31 December 2022: declared dividends of SR 14,000,000).

11 TRADE PAYABLES AND OTHER ACCRUALS

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

(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:

30 June	31 December
2023	2022
SR	SR
67,055,183	54,998,323

Short-term bank loans

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:

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

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

(A Saudi Joint Stock Company)

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

15 RELATED PARTY DISCLOSURES

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:

		For the six-month period	
		30 June	30 June
Related party	Nature of transaction	2023	2022
		SR	SR
Elite Specialist Clinics	Sales	5,000	74,807
Accounts receivable com	prise the following:		
		30 June	31 December
		2023	2022
		SR	SR
Elite Specialist Clinics		157,328	152,328
The amounts are classified	as trade receivables (see note 7).		
Compensation of key ma	nagement personnel of the Company		
		For the six-month period ended	
		30 June 2023	30 June 2022
		SR	SR
Short term employee bene-	fits	2,101,092	1,433,726
Termination benefits		291,128	112,326
Total compensation of key	management personnel	2,392,220	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.

(A Saudi Joint Stock Company)

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.

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

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.