

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

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**Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements  
To The Shareholders of Scientific and Medical Equipment House Company  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Scientific and Medical Equipment House Company, A Saudi Joint Stock Company (the "Company") and its subsidiaries (collectively referred to as "Group") as at 30 September 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**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 Matters**

The interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ended 30 September 2022, and three-month period ended 31 March 2023 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 12 Rabi al-Thani 1444H (corresponding to 6 November 2022) and 2 Dhul Qadah 1444H (corresponding to 22 May 2023) respectively. Furthermore, the consolidated financial statements of the Group for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 8 Ramadan 1444H (corresponding to 30 March 2023).

For and on behalf of Alluhaid and Alyahya Chartered Accountants

  
Saleh A. Al-Yahya  
Certified Public Accountant  
License No. 473

Riyadh: 23 Rabi' al-Thani 1445H  
(7 November 2023)



**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

	Notes	30 September 2023 SAR (Unaudited)	31 December 2022 SAR (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment		39,980,335	36,698,464
Right-of-use assets		28,044,466	20,545,054
Investment properties		31,658,794	31,918,144
Intangible assets		3,141,510	3,693,434
<b>Total non-current assets</b>		<b>102,825,105</b>	<b>92,855,096</b>
<b>Current Assets</b>			
Cash and cash equivalents		23,349,825	54,558,170
Trade receivables and contract assets	5	748,624,887	594,062,749
Inventories		112,717,033	97,679,230
Prepayments and other debit balances		100,123,500	73,111,872
Due from related parties	6b	21,636,419	18,766,227
<b>Total current assets</b>		<b>1,006,451,664</b>	<b>838,178,248</b>
<b>TOTAL ASSETS</b>		<b>1,109,276,769</b>	<b>931,033,344</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	300,000,000	200,000,000
Statutory reserve		36,586,165	36,586,165
Retained earnings		160,255,189	233,786,599
<b>Equity attributable to the shareholders of the Parent</b>		<b>496,841,354</b>	<b>470,372,764</b>
Non-controlling interests		(3,312,999)	(1,744,361)
<b>TOTAL EQUITY</b>		<b>493,528,355</b>	<b>468,628,403</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	8	9,837,500	9,837,500
Employees' defined benefits obligations		70,375,944	63,610,909
Lease liabilities		13,735,440	10,606,791
<b>Total non-current liabilities</b>		<b>93,948,884</b>	<b>84,055,200</b>
<b>Current liabilities</b>			
Lease liabilities– current portion		10,950,903	8,232,953
Notes payable	8	8,943,581	7,841,356
Short-term borrowings	8	304,119,584	170,038,472
Trade payables		67,594,266	68,490,730
Accrued expenses and other credit balances		102,096,440	102,672,508
Due to related parties	6c	6,429,287	-
Contract liabilities		10,106,283	8,910,731
Zakat provision		11,559,186	12,162,991
<b>Total current liabilities</b>		<b>521,799,530</b>	<b>378,349,741</b>
<b>TOTAL LIABILITIES</b>		<b>615,748,414</b>	<b>462,404,941</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,109,276,769</b>	<b>931,033,344</b>



Chief Financial Officer  
Mr. Yasser Ahmed El-Safadi



Chief Executive Officer  
Mr. Barakat Bin Saud Al-Arifi




Chairman of the Board of Directors  
Mr. Basil Bin Saud Al-Arifi

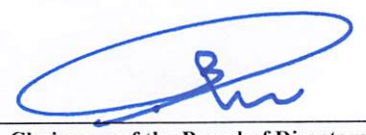
The accompanying notes form an integral part of these interim condensed consolidated financial statements.

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Notes	Three-month period ended		Nine-month period ended	
		30 September 2023 SAR	30 September 2022 SAR	30 September 2023 SAR	30 September 2022 SAR
Revenue	13	211,784,715	186,070,344	567,499,573	524,929,662
Cost of revenue		(174,810,450)	(150,040,939)	(469,759,418)	(404,165,137)
<b>Gross profit</b>		<b>36,974,265</b>	<b>36,029,405</b>	<b>97,740,155</b>	<b>120,764,525</b>
Selling and marketing expenses		(3,598,604)	(3,315,649)	(10,229,882)	(9,350,133)
General and administrative expenses		(19,651,374)	(15,714,926)	(52,973,428)	(48,761,182)
Reversal / (provision) for expected credit losses		11,227,074	(1,061,000)	10,976,309	(2,700,000)
<b>Operating profit</b>		<b>24,951,361</b>	<b>15,937,830</b>	<b>45,513,154</b>	<b>59,953,210</b>
Finance cost		(6,654,337)	(5,559,126)	(16,809,988)	(14,251,035)
Other income	9	2,054,645	2,168,224	5,766,670	7,778,026
<b>Profit before zakat</b>		<b>20,351,669</b>	<b>12,546,928</b>	<b>34,469,836</b>	<b>53,480,201</b>
Zakat for the period		(3,183,731)	(3,880,000)	(9,569,884)	(11,688,000)
<b>Net profit for the period</b>		<b>17,167,938</b>	<b>8,666,928</b>	<b>24,899,952</b>	<b>41,792,201</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>17,167,938</b>	<b>8,666,928</b>	<b>24,899,952</b>	<b>41,792,201</b>
<b>Net profit for the period attributable to:</b>					
Shareholders of the parent company		17,668,989	8,787,558	26,468,590	42,871,774
Non-controlling interests		(501,051)	(120,630)	(1,568,638)	(1,079,573)
		<b>17,167,938</b>	<b>8,666,928</b>	<b>24,899,952</b>	<b>41,792,201</b>
<b>Total comprehensive income for the period attributable to:</b>					
Shareholders of the parent company		17,668,989	8,787,558	26,468,590	42,871,774
Non-controlling interests		(501,051)	(120,630)	(1,568,638)	(1,079,573)
		<b>17,167,938</b>	<b>8,666,928</b>	<b>24,899,952</b>	<b>41,792,201</b>
<b>Basic and diluted earnings per share</b>	10	<b>0.59</b>	<b>0.29</b>	<b>0.88</b>	<b>1.43</b>

  
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Chief Financial Officer  
Mr. Yasser Ahmed El-Safadi

  
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Chief Executive Officer  
Mr. Barakat Bin Saud Al-Arifi

  
\_\_\_\_\_  
Chairman of the Board of Directors  
Mr. Basil Bin Saud Al-Arifi

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

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

	Attributable to the shareholders of the parent			Total SAR	Non-controlling interests	Total equity
	Share capital SAR	Statutory Reserve SAR	Retained Earnings SAR		SAR	SAR
As at 1 January 2022	200,000,000	34,829,506	238,628,179	473,457,685	218,049	473,675,734
Net profit for the period	-	-	42,871,774	42,871,774	(1,079,573)	41,792,201
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	42,871,774	42,871,774	(1,079,573)	41,792,201
Dividends (note 11)	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
As at 30 September 2022	200,000,000	34,829,506	261,499,953	496,329,459	(861,524)	495,467,935
As at 1 January 2023	200,000,000	36,586,165	233,786,599	470,372,764	(1,744,361)	468,628,403
Net profit for the period	-	-	26,468,590	26,468,590	(1,568,638)	24,899,952
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	26,468,590	26,468,590	(1,568,638)	24,899,952
Issuance of bonus shares (note 7)	100,000,000	-	(100,000,000)	-	-	-
As at 30 September 2023	300,000,000	36,586,165	160,255,189	496,841,354	(3,312,999)	493,528,355



**Chief Financial Officer**  
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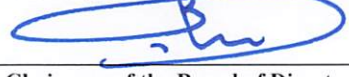
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**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

	30 September 2023	30 September 2022
	SAR	SAR
<b>OPERATING ACTIVITIES</b>		
Net profit before zakat	34,469,836	53,480,201
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	8,897,925	7,194,872
Depreciation of investment properties	259,350	259,349
Depreciation of right-of-use assets	7,499,412	4,409,726
Amortization of intangible assets	551,924	186,915
(Reversal) / Provision for expected credit losses	(10,976,309)	2,700,000
Provision for slow-moving inventories	1,800,000	1,646,174
Loss / (Gain) on disposal of property, plant and equipment	164,521	(89,077)
Finance cost	16,809,988	14,251,035
Employees' defined benefits obligation	13,236,877	10,840,448
	<u>72,713,524</u>	<u>94,879,643</u>
<b>Changes in working capital:</b>		
Increase/(decrease) in trade receivables and contract assets	(143,585,829)	1,546,530
Increase in inventories	(16,837,803)	(8,825,105)
Increase in prepayments and other debit balances	(27,011,628)	(9,348,563)
Increase in trade payables	(896,464)	17,672,543
Increase/(decrease) in accrued expenses and other credit balances	(576,068)	(13,073,909)
Increase/(decrease) in contract liabilities	1,195,552	(4,076,696)
Increase/(decrease) in due from / to related parties, net	3,559,094	(22,666,136)
	<u>(111,439,622)</u>	<u>56,108,307</u>
Employees' defined benefits obligation paid	(6,471,842)	(5,277,733)
Zakat paid	(10,173,689)	(6,772,500)
<b>Net cash flows (used in) from operating activities</b>	<u>(128,085,153)</u>	<u>44,058,074</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment	(13,080,467)	(8,089,982)
Proceeds from disposal of property, plant, and equipment	736,150	333,307
Purchase of intangible assets	-	(1,495,324)
Other non-current assets	-	67,694
<b>Net cash flows used in investing activities</b>	<u>(12,344,317)</u>	<u>(9,184,305)</u>
<b>FINANCING ACTIVITIES</b>		
Bank Overdrafts	-	5,495,514
Notes payable	1,102,225	(148,053)
Payment of principal portion of lease liabilities	(9,152,225)	(7,468,427)
Proceeds from short-term borrowings	756,769,575	845,063,093
Proceeds from long-term borrowing	-	2,112,500
Repayments of short-term borrowings	(622,688,463)	(833,880,198)
Dividends paid	-	(20,000,000)
Financing costs paid	(16,809,987)	(13,883,180)
<b>Net cash flows from (used in) financing activities</b>	<u>109,221,125</u>	<u>(22,708,751)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(31,208,345)</u>	<u>12,165,018</u>
Cash and cash equivalents at beginning of the period	54,558,170	45,322,900
<b>Cash and cash equivalents at the end of the period</b>	<u>23,349,825</u>	<u>57,487,918</u>
<b>Non-cash transactions</b>		
Additions to right-of-use assets against lease liabilities	14,998,824	8,294,132
Bonus shares issued	100,000,000	-

  
**Chief Financial Officer**  
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**Chief Executive Officer**  
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**Chairman of the Board of Directors**  
Mr. Basil Bin Saud Al-Arifi

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

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

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**1. ORGANIZATION AND ACTIVITY**

Scientific and Medical Equipment House Company (the "Company" or "Parent Company") is a Saudi joint stock company, under Commercial Registration No. 1010166664, issued in Riyadh dated 3 Rabi` Al- Awwal 1422 H (corresponding to 26 May 2001).

On 28 February 2022, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul") and that was after obtaining the approval of the Capital Market Authority on 3 November 2021 on the Company's request to offer 6 million ordinary shares representing 30% of the Company's share capital in Tadawul.

The Company is licensed to engage in general contracting of buildings, roads, bridges, electrical, electronic and mechanical works, dams, roads and bridges, maintaining, cleaning, managing and operating of medical centers, cities' cleanliness, maintaining and operating of industrial, water and sewage works, maintenance of scientific and medical equipment, wholesale and retail trade in medical, laboratorial and scientific equipment and its accessories, import and export services, and catering services.

The registered address of the Company is P.O. Box 1584, Riyadh 11441, Kingdom of Saudi Arabia.

The accompanying interim condensed consolidated financial statements include the assets and liabilities of the Company and its branches listed below, the Company is also operating under the following sub-commercial registrations:

<b>Commercial registration number</b>	<b>Commercial name</b>	<b>City</b>	<b>Registration date</b>	<b>Activity</b>
1010228685	Scientific and Medical Equipment House Company for Contracting	Riyadh	01/02/1428H	General contracting for buildings, roads and bridges.
1010358380	Scientific and Medical Equipment House Company	Riyadh	06/02/1434H	Operating restaurants, supplying, cooking, serving nutrition services and trading foodstuffs.
1010358386	Scientific and Medical Equipment House Company	Riyadh	06/02/1434H	Sale of safety equipment, installation and maintenance of firefighting and fire alarms equipment, filling and maintenance of fire extinguishers.
1010399879	Scientific and Medical Equipment House Company	Riyadh	27/02/1435H	Importing, selling, installation and maintenance of security surveillance cameras, security detectors, inspection and burglar alarm devices.
1010608122	Scientific and Medical Equipment House Company for Private Civil Security Guards	Riyadh	11/08/1438H	Providing a private civil security guard service.
1010613686	Scientific and Medical Equipment House Company	Riyadh	26/03/1439H	Maintenance and operation contracting.
1010636049	Al-Biruni Medical Industries Co.	Riyadh	26/09/1441H	Manufacture of ordinary radiological equipment, tubes, devices and its accessories for medical, scientific and research purposes, including (X-rays, beta rays, gamma rays).
1010653676	Scientific and Medical Equipment House Company	Riyadh	27/01/1442H	Medical operating of hospitals.
1010653677	Scientific and Medical Equipment House Company	Riyadh	27/01/1442H	Repairing and maintenance of radiological, electronic, medical and therapeutic equipment, cleaning services for governmental buildings, building maintenance services activities.



**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)**

**1. ORGANIZATION AND ACTIVITY (Continued)**

The interim condensed consolidated financial statements include the financial information of the Company and its subsidiaries (collectively referred to as the “Group”), The subsidiaries listed below are limited liability companies registered in the Kingdom of Saudi Arabia:

<b>Company's name</b>	<b>Ownership % as at</b>		<b>Activity</b>
	<b>30 September 2023</b>	<b>31 December 2022</b>	
Girgas Trading Co. Drug Store Co. (A)	<b>100%</b>	100%	A warehouse for wholesale and retail trade in medical supplies.
Protecta Visions Co.	<b>100%</b>	100%	Import, export, wholesale and retail trade in medical, electrical, electrical and mechanical equipment and devices, laundries, incinerator equipment and pumps.
Nabd Medical Industries Co.	<b>51%</b>	51%	Manufacture of pacemakers, manufacture of ECG devices, manufacture of tubes for catheterization, nutrition and liposuction, etc.
Alwateen A/C & Refrigeration Co.	<b>100%</b>	100%	Cooling and air conditioning systems installation, maintenance and repair.
New Era Co. Ltd.	<b>100%</b>	100%	Installation and extension of television, satellite, computer and telecommunications networks. Installation and maintenance of fire alarm, security and lighting systems and equipment. Extension of electrical and communication wires.
Future Doors Contracting Co.	<b>100%</b>	100%	Installation and maintenance of cooling, air conditioning, electric, gas and oil heating systems. Extension and maintenance of gas, steam and fire pipes. Installation, extension and maintenance of air conditioning and irrigation pipes.
The House of Food Supplies Co.	<b>100%</b>	100%	Refrigerated food warehouses, wholesale of food and drinks

(A) Girgas Trading Co. Drug Store owns the following subsidiaries:

<b>Company's name</b>	<b>Ownership % as at</b>		<b>Activity</b>
	<b>30 September 2023</b>	<b>31 December 2022</b>	
United Purity Pharmaceutical Company	<b>99%</b>	99%	Sales agent for drugs, wholesale of medical devices, equipment and supplies and scientific devices, pharmacies, pharmaceutical warehouse, retail of medical devices, equipment and supplies.
First Purity Pharmaceutical Company *	-	99%	Retail sale of pharmaceutical, medical, cosmetic and toiletry products in specialized stores.

\* First Purity Pharmaceutical Company has not conducted any activity since the date of its establishment, and the commercial registration has been cancelled on 17 Jamada Al Thani 1444H (corresponding to 10 January 2023).

**2. BASIS OF PREPARATION**

**Statement of Compliance**

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS 34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group’s last annual consolidated financial statements for the year ended 31 December 2022.

**SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)**

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**2. BASIS OF PREPARATION (CONTINUED)**

**Statement of Compliance (continued)**

These interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2022.

The interim period is considered as an integral part of the full financial year, however, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

**Preparation of Interim Condensed Consolidated Financial Statements**

These interim condensed consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of assets, liabilities, revenues and expenses. The measurement basis are further fully described in the accounting policies included in the annual financial statements.

The principal accounting policies adopted in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the periods presented unless otherwise stated.

The preparation of these interim condensed consolidated financial statements requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for employees' defined benefits obligations, which are measured using the projected unit credit method.

Furthermore, these interim condensed consolidated financial statements are prepared using the accrual basis of accounting and the going concern basis.

**Basis of Consolidation**

The interim condensed consolidated financial statements comprise the interim condensed financial statements of the Company and subsidiaries controlled by the Company (collectively referred to as Group). Subsidiaries' interim condensed financial statements are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Subsidiaries are the companies controlled by the Group. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure or rights to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls the investee, if facts and circumstances indicate that there is a change to one or more of the control's elements mentioned above.

In general, there is an assumption that a majority of voting rights results in control. To support this presumption, when the Group has less than a majority of voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Balances between the Company and its subsidiaries, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements.

**Functional and Presentation Currency**

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

### 3. USE OF JUDGMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Judgements and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

The significant judgements made by the management in applying the Group's accounting policies and the primary sources of estimating the unreliability were the same as those described in the last annual consolidated financial statements.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the application of the new standards that became effective on 1 January 2023. The Group did not early adopt any standard, interpretation or amendment issued but not yet effective.

#### **New standards, amendment to standards and interpretations**

There are no new standards issued; however, there are number of amendments to standards which are effective from 1 January 2023 and have been explained in the Group's annual financial statements for year ended 31 December 2022, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

#### ***Definition of Accounting Estimates - Amendments to IAS 8***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

#### ***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

#### ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)  
New standards, amendment to standards and interpretations (continued)

Following are the new amendments to the standards which have been issued but not yet effective:

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipts of a waiver or a breach of covenant). The amendment also clarified that IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB issued a new exposure draft proposing change to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024.
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024
IFRS S2 - Climate related disclosures	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

5. TRADE RECEIVABLES AND CONTRACT ASSETS

		(SAUDI RIYAL)	
		30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	5-A	604,283,125	480,189,453
Contract assets	5-B	182,815,980	163,323,823
		787,099,105	643,513,276
Provision for expected credit losses	5-C	(38,474,218)	(49,450,527)
		748,624,887	594,062,749

5 -A Trade receivables

		(SAUDI RIYAL)	
		30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables – Government and semi-government sector		575,245,221	453,496,391
Trade receivables – Private sector		29,037,904	26,693,062
		604,283,125	480,189,453

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**5 -B Contract assets**

It represents balances relating to the performance completed against operation and maintenance contracts and constructions projects that were not billed as of period / year end:

	<b>(SAUDI RIYAL)</b>	
	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Operation and maintenance contracts	<b>179,209,131</b>	163,089,885
Construction projects	<b>3,606,849</b>	233,938
	<b>182,815,980</b>	163,323,823

**5 -C Provision for expected credit losses**

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

	<b>(SAUDI RIYAL)</b>	
	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Balance at the beginning of the period / year	<b>49,450,527</b>	9,235,668
(Reversal) / Charge for the period / year	<b>(10,976,309)</b>	40,214,859
<b>Balance at the end of the period / year</b>	<b>38,474,218</b>	49,450,527

**6. RELATED PARTIES BALANCES AND TRANSACTIONS**

The related parties represent the Group's shareholders, key management personnel and the entities owned or managed by these parties, as well as the entities that have control or joint control or has significant influence over these parties.

The following is a summary of significant transactions took place between the Group and related parties during the three-month and nine-month period ended 30 September:

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**6. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)**

Related party name	Relationship	Nature of transactions	Three-month period ended		Nine-month period ended	
			30-Sep	30-Sep	30-Sep	30-Sep
			2023 (Unaudited) SAR	2022 (Unaudited) SAR	2023 (Unaudited) SAR	2022 (Unaudited) SAR
Rawabi Marketing International Co.	Affiliate	Expenses paid on behalf of an Affiliate	<b>(98,392)</b>	265,374	<b>674,122</b>	3,076,141
		Rental income	<b>216,000</b>	216,000	<b>648,000</b>	648,000
		Revenue from construction	<b>2,024,437</b>	-	<b>2,116,437</b>	-
		Revenue from maintenance and operating contracts	<b>1,421,582</b>	1,614,649	<b>4,592,871</b>	4,896,208
Rawabi for Smart Services & Devices Co.	Affiliate	Purchases	<b>956,249</b>	1,310,000	<b>2,637,000</b>	2,780,000
National Company for Sulfur Products	Affiliate	Expenses paid on behalf of an Affiliate	<b>455,764</b>	879,294	<b>980,776</b>	2,803,363
		Rental income	<b>96,000</b>	96,000	<b>288,000</b>	288,000
		Revenue from construction	<b>3,039,831</b>	(2,398,433)	<b>5,961,247</b>	6,393,497
		Revenue from maintenance and operating contracts	-	3,649,508	-	3,649,508
German Metal Surface Treatment Chemicals Co	Affiliate	Expenses paid on behalf of an Affiliate	<b>53,419</b>	2,933,363	<b>81,270</b>	2,933,363
		Rental income	<b>66,000</b>	66,000	<b>198,000</b>	198,000
		Revenue from construction contract	<b>224,128</b>	185,373	<b>596,952</b>	652,719
		Revenue from maintenance and operating contracts	-	2,633,158	-	2,633,158
Dirat Al Amar Real Estate Co.	Affiliate	Expenses paid on behalf of an Affiliate	<b>843,670</b>	360,191	<b>1,689,211</b>	1,841,954
		Purchase	-	375,900	-	527,700
		Revenue from construction	<b>2,521,274</b>	-	<b>4,224,492</b>	2,993,392
Uni Land for Trading Est.	Affiliate	Expenses paid on behalf of an Affiliate	-	1,959,541	<b>298,313</b>	3,485,327
		Purchases	<b>44,315</b>	-	<b>1,160,221</b>	2,805,313
Barakat Al Khair for Trading Est.	Affiliate	Expenses paid on behalf	<b>50,860</b>	1,972,473	<b>420,025</b>	5,822,564
		Purchases	-	-	<b>2,387,875</b>	3,350,990

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**6 (b). DUE FROM RELATED PARTIES**

	(SAUDI RIYAL)	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Dirat Al Amar Real Estate Co.	9,146,254	8,902,813
Rawabi Marketing International Co.	8,327,582	7,388,152
Uni Land for Trading Est.	1,432,560	1,010,469
National Company for Sulfur Products	2,730,023	-
Barakat Al Khair for Trading Est.	-	1,464,793
	<u>21,636,419</u>	<u>18,766,227</u>

**6 (c). DUE TO RELATED PARTIES**

	(SAUDI RIYAL)	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Rawabi for Smart Services & Devices Co.	3,208,500	-
Rawabi Marketing International Co.	2,642,982	-
Barakat Al Khair for Trading Est.	503,056	-
German Metal Surface Treatment Chemicals Company	74,749	-
	<u>6,429,287</u>	<u>-</u>

**7. AUTHORIZED SHARE CAPITAL**

The authorized, issued and fully paid share capital of the Company consists of 30 million shares of SAR 10 each (31 December 2022: 20 million shares of SAR 10 each).

On 3 September 2023, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SAR 100 million and the commensurate increase of the number of the Company's issued ordinary shares by 10 million without par value. Such increase was affected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every two (2) shares owned. The Company's share capital after the increase is SAR 300 million divided into 30 million fully paid ordinary shares with equal voting rights without par value.

**8. BANK FACILITIES**

The Group has obtained Islamic bank facilities from local banks in the form of term loans (Murabaha and Tawarruq) and notes payable. Balance outstanding as at period end from these facilities amounts to SR 322.9 million (31 December 2022: SR 187.7 million). These facilities were obtained in accordance with the conditions stated in the bank facilities' agreements. The following are the facilities details:

	(SAUDI RIYAL)	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Short-term borrowings (a)	304,119,584	170,038,472
Long-term borrowings (b)	9,837,500	9,837,500
Notes payable (c)	8,943,581	7,841,356
	<u>322,900,665</u>	<u>187,717,328</u>

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**8. BANK FACILITIES (Continued)**

(a) The movement of short-term borrowings is as follows:

	(SAUDI RIYAL)	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Opening balance	170,038,472	232,884,177
Additions during the period / year	756,769,575	1,006,447,936
Paid during the period / year	(622,688,463)	(1,069,293,641)
<b>Ending balance</b>	<b>304,119,584</b>	<b>170,038,472</b>

(b) This represents the amount withdrawn from a long-term loan facility which has been obtained by a subsidiary from the Saudi Industrial Development Fund with a total value of SR 6,200,000 as well as a long-term loan amounting to SR 3,750,000 obtained by the subsidiary from Saudi Aramco Entrepreneurship “Waed” in order to finance projects in progress. The movement of the long-term borrowings is as follows:

	(SAUDI RIYAL)	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Opening balance	9,837,500	7,725,000
Additions during the period / year	-	2,112,500
<b>Ending balance for the period / year</b>	<b>9,837,500</b>	<b>9,837,500</b>

c) Notes payable arise from borrowing activities from banks. These liabilities involve the repayment of principal amounts and interest as stipulated in corresponding agreements. These are current liabilities that represent short-term obligations that are scheduled to be settled within 2023.

**9. OTHER INCOME**

	(SAUDI RIYAL)			
	Three-month period ended		Nine-month period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Compensation from human resources development fund	2,031,984	1,789,226	4,717,910	6,510,454
Rental income	344,625	378,000	1,134,375	1,134,000
(Loss) / Gain on disposal of property, plant and equipment	(321,964)	998	(164,521)	89,077
Others	-	-	78,906	44,495
	<b>2,054,645</b>	<b>2,168,224</b>	<b>5,766,670</b>	<b>7,778,026</b>

**10. BASIC AND DILUTED EARNINGS PER SHARE**

The earnings per share is calculated based on the net profit for the period attributable to the Company’s shareholders on the basis of the weighted average number of outstanding shares during that period, which amounted to 30 million shares. The diluted earnings per share is the same as the basic earnings per share as the Group does not have any issued dilutive instruments. Earnings per share for the three-month and nine-month periods ended September 30, 2023 and 2022 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of the bonus shares (note 7).

**11. DIVIDENDS**

During the prior period ended 30 September 2022, the shareholders approved in the meeting held on 30 Thul-Qi’ dah 1443H corresponding to 29 June 2022 to distribute dividend of 1 SR per share amounting to SR 20 million, which was paid in 2022.

**12. COMMITMENTS AND CONTINGENCIES**

The Group has commitments in the form of letters of credit as of 30 September 2023 amounting to SR 51.7 million (31 December 2022: SR 38.5 million) and contingent liabilities against the letters of guarantee as of 30 September 2023 amounting to SR 260.9 million (31 December 2022: SR 270.6 million).



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The operating segments are recorded in a manner consistent with the internal reporting structure. The Management monitors the operating results of its segments independently for the purpose of performance evaluation:

**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)**

	<b>Operation and maintenance</b>	<b>Trading</b>	<b>Construction</b>	<b>Meat and food</b>	<b>Other activities</b>	<b>Eliminations</b>	<b>Total</b>
External customer	466,375,795	41,404,276	29,188,162	5,445,420	25,085,920		567,499,573
Inter-segment	7,300,830	1,311,912	-	-		(8,612,742)	-
Total revenue	473,676,625	42,716,188	29,188,162	5,445,420	25,085,920	(8,612,742)	567,499,573
Cost of revenue	(397,603,734)	(22,304,263)	(17,265,833)	(6,941,057)	(34,257,272)	8,612,742	(469,759,418)
Gross profit/ (loss)	76,072,891	20,411,924	11,922,328	(1,495,637)	(9,171,352)	-	97,740,155
Net profit/ (loss) for the period	17,085,611	3,093,284	6,289,695	(4,722,410)	(22,932,487)	26,086,259	24,899,952

**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (Unaudited)**

	<b>Operation and maintenance</b>	<b>Trading</b>	<b>Construction</b>	<b>Meat and food</b>	<b>Other activities</b>	<b>Eliminations</b>	<b>Total</b>
External customer	417,543,155	22,422,558	38,999,302	6,626,554	39,338,093	-	524,929,662
Inter-segment	315,889	3,404,697	-	-	-	(3,720,586)	-
Total revenue	417,859,044	25,827,255	38,999,302	6,626,554	39,338,093	(3,720,586)	524,929,662
Cost of revenue	(326,694,952)	(16,201,365)	(29,438,025)	(5,760,908)	(29,790,473)	3,720,586	(404,165,137)
Gross profit	91,164,092	9,625,890	9,561,277	865,646	9,547,620	-	120,764,525
Net profit/ (loss) for the period	39,181,696	374,453	3,951,139	(483,386)	(13,595,314)	12,363,613	41,792,201

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**13. SEGMENT INFORMATION (Continued)**

**FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)**

	Operation and maintenance	Trading	Construction	Meat and food	Other activities	Eliminations	Total
External customer	182,621,239	12,514,822	9,538,476	1,754,867	5,355,311	-	211,784,715
Inter-segment	1,899,874	533,290	-	-	-	(2,433,164)	-
Revenue	184,521,113	13,048,112	9,538,476	1,754,867	5,355,311	(2,433,164)	211,784,715
Cost of revenue	(149,699,955)	(1,187,283)	(4,389,062)	(2,028,626)	(19,938,688)	2,433,164	(174,810,450)
Gross profit/ (loss)	34,821,158	11,860,829	5,149,414	(273,759)	(14,583,377)	-	36,974,266
Net profit/ (loss) for the period	15,131,088	5,067,763	2,680,114	(1,384,722)	(14,727,902)	10,401,597	17,167,938

**FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (Unaudited)**

	Operation and maintenance	Trading	Construction	Meat and food	Other activities	Eliminations	Total
External customer	143,489,482	11,320,660	15,372,017	1,186,853	14,701,332	-	186,070,344
Inter-segment	619,730	-	-	-	-	(619,730)	-
Total revenue	144,109,212	11,320,660	15,372,017	1,186,853	14,701,332	(619,730)	186,070,344
Cost of revenue	(118,214,479)	(7,510,182)	(12,208,299)	(1,075,274)	(11,652,435)	619,730	(150,040,939)
Gross profit	25,894,733	3,810,478	3,163,718	111,579	3,048,897	-	36,029,405
Net profit/ (loss) for the period	7,694,956	501,526	1,170,879	(395,881)	(4,464,649)	4,160,097	8,666,928

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Group's financial instruments included in the interim condensed consolidated statement of financial position include cash and cash equivalents, trade receivables, contract assets, other debit balances, due from / to related parties, overdrafts, notes payable, short and long-term loans, trade payables, and other credit balances.

**Currency risks**

Currency risks are the risk arising from the fluctuation in the value of financial instruments due to changes in foreign exchange rates. The risks are managed by periodic monitoring of the relevant exchange rates.

**Credit risks**

Credit risks are the risk that a party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's credit risks arise primarily from its dealings with government agencies. The government parties are part of the government of the Kingdom of Saudi Arabia which has a strong credit rating in the Saudi market.

The Group's management monitors the unpaid balances, and, when appropriate, trade receivables is stated at net, after deducting the provision for expected credit losses. Cash is placed with banks with investment grade credit ratings.

**Commission rate risks**

Commission rate risks are the risk that the value of financial instruments will fluctuate due to changes in commission rates prevailing in the market. The Group is exposed to commission rate risk on its interest-bearing financial liabilities as of 30 September 2023.

**Liquidity risks**

This is the risk that the Group will not be able to secure the necessary liquidity to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through periodic monitoring to ensure that sufficient liquidity is available to meet any future commitments.

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount with which an asset is exchanged or a liability is settled between parties who have knowledge and desire to do so with fair transaction conditions. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values. As of 30 September 2023, and 31 December 2022, the Group has no financial instruments measured at fair value.

**16. COMPARATIVE FIGURES**

Certain comparative figures from annual financial statements for 31 December 2022 have been reclassified to conform with the current period presentation as follows:

<i>Reclassified from</i>	<i>Reclassified to</i>	Amount SAR
Capitalized contract costs	Prepayments and other debit balances	12,241,632
Accrued expenses and other credit balances	Contract liabilities	5,122,058
Long-term borrowings – current portion	Long-term borrowings	163,750

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**17. SUBSEQUENT EVENTS**

A subsidiary of the Group, Protecta Visions Co. was engaged in litigation against National Unified Procurement Company (NUPCO) over non-payment of dues for air purifiers purchased by the subsidiary against purchase order issued by NUPCO to the subsidiary.

The subsidiary has subsequent to the reporting date received judgement from the Fourth Appellate Circuit of the Riyadh Commercial Court in its favor and NUPCO has been ordered to pay SR 61,203,459 in total to the subsidiary as dues for the legal and expert fees along with the dues for the air purifiers. No payments have been received till date against the judgement.

There are no other subsequent events that require disclosure or amendment to the accompanying interim condensed consolidated financial statements.

**18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved by the Board of Directors on 23 Rabi' al-Thani 1445H corresponding to 7 November 2023.