

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 PERIOD ENDED 31 MARCH 2024**

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 PERIOD ENDED 31 MARCH 2024

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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 31 March 2024, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended, 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.

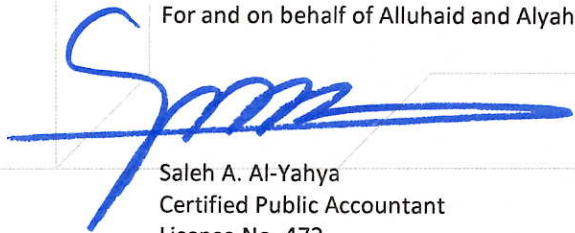
Conclusion

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 period ended 31 March 2023 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 2 Dhul Qadah 1444H (corresponding to 22 May 2023).

For and on behalf of Alluhaid and Alyahya Chartered Accountants



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

Riyadh: 8 Dhul Qadah 1445H
(16 May 2024)




SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	31 March 2024 SAR (Unaudited)	31 December 2023 SAR (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment		34,911,352	38,607,557
Right-of-use assets		20,903,919	23,457,703
Investment properties		31,485,895	31,572,345
Intangible assets		1,905,762	2,500,259
Prepayments and other debit balances-non current portion		5,766,271	5,766,271
Total non-current assets		94,973,199	101,904,135
Current assets			
Inventories		111,296,847	105,033,060
Trade receivables and contract assets	5	741,822,236	798,863,524
Prepayments and other debit balances		59,700,735	66,569,497
Due from related parties	6b	16,713,812	14,724,912
Cash and cash equivalents		74,869,400	16,947,670
Total current assets		1,004,403,030	1,002,138,663
TOTAL ASSETS		1,099,376,229	1,104,042,798
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	300,000,000	300,000,000
Statutory reserve		36,586,165	36,586,165
Retained earnings		182,947,266	174,180,026
Equity attributable to the shareholders of the Parent Company		519,533,431	510,766,191
Non-controlling interests		(4,466,727)	(3,998,442)
TOTAL EQUITY		515,066,704	506,767,749
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		69,060,755	68,079,524
Lease liabilities		10,201,489	11,517,789
Long-term borrowings	8	8,325,000	8,325,000
Total non-current liabilities		87,587,244	87,922,313
Current liabilities			
Lease liabilities – current portion		8,455,409	9,465,143
Long-term borrowings - current portion	8	1,250,000	1,250,000
Notes payable	8	472,915	12,729,229
Short-term borrowings	8	291,705,889	319,543,993
Trade payables		57,142,616	49,727,164
Accrued expenses and other credit balances		108,572,392	94,956,654
Due to a related party	6c	2,319,166	1,079
Contract liabilities		8,263,142	6,221,894
Zakat payable		18,540,752	15,457,580
Total current liabilities		496,722,281	509,352,736
TOTAL LIABILITIES		584,309,525	597,275,049
TOTAL EQUITY AND LIABILITIES		1,099,376,229	1,104,042,798


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

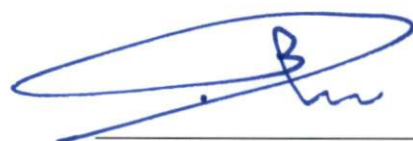

Chief Executive Officer
Mr. Barakat Bin Saud Al-Arifi


Chief Financial Officer
Mr. Yasser Ahmed El-Safadi

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 PERIOD ENDED 31 MARCH 2024

		31 March 2024 (Unaudited) SAR	31 March 2023 (Unaudited) SAR
	Notes		
Revenue	12	217,755,083	164,939,113
Cost of revenue		(180,015,092)	(134,063,760)
Gross profit		37,739,991	30,875,353
Selling and marketing expenses		(4,255,459)	(3,197,294)
General and administrative expenses		(17,068,194)	(16,331,155)
(Provision)/reversal for expected credit losses		(889,812)	949,235
Operating profit		15,526,526	12,296,139
Finance cost		(8,490,967)	(4,691,240)
Other income	9	4,426,970	1,860,834
Profit before zakat		11,462,529	9,465,733
Zakat for the period		(3,163,574)	(3,170,000)
Net profit for the period		8,298,955	6,295,733
Other comprehensive income		-	-
Total comprehensive income for the period		8,298,955	6,295,733
Net profit for the period attributable to:			
Shareholders of the parent company		8,767,240	6,859,886
Non-controlling interests		(468,285)	(564,153)
		8,298,955	6,295,733
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		8,767,240	6,859,886
Non-controlling interests		(468,285)	(564,153)
		8,298,955	6,295,733
Basic and diluted earnings per share	10	0.29	0.23



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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

	Attributable to the shareholders of the parent				Non-controlling interests	Total equity
	Share capital SAR	Statutory Reserve SAR	Retained Earnings SAR	Total SAR	SAR	SAR
As at 1 January 2023 (Audited)	200,000,000	36,586,165	233,786,599	470,372,764	(1,744,361)	468,628,403
Net profit for the period	-	-	6,859,886	6,859,886	(564,153)	6,295,733
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	6,859,886	6,859,886	(564,153)	6,295,733
As at 31 March 2023 (Unaudited)	200,000,000	36,586,165	240,646,485	477,232,650	(2,308,514)	474,924,136
As at 1 January 2024 (Audited)	300,000,000	36,586,165	174,180,026	510,766,191	(3,998,442)	506,767,749
Net profit for the period	-	-	8,767,240	8,767,240	(468,285)	8,298,955
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	8,767,240	8,767,240	(468,285)	8,298,955
As at 31 March 2024 (Unaudited)	300,000,000	36,586,165	182,947,266	519,533,431	(4,466,727)	515,066,704



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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 THREE-MONTH PERIOD ENDED 31 MARCH 2024

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
OPERATING ACTIVITIES		
Net profit before zakat	11,462,529	9,465,733
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,867,669	2,764,257
Depreciation of investment properties	86,450	86,450
Depreciation of right-of-use assets	2,308,098	2,022,822
Provision/ (Reversal) for expected credit losses	889,812	(949,235)
Provision for slow-moving inventories	450,000	750,000
Amortization of intangible assets	114,600	191,130
Loss / (Gain) on disposal of property, plant and equipment	126,512	(78,991)
Loss on disposal of intangible assets	479,897	-
Finance cost	8,490,967	4,691,240
Employees' defined benefits obligation	4,460,421	3,273,430
	<u>31,736,955</u>	<u>22,216,836</u>
Changes in working capital:		
Decrease/(increase) in trade receivables and contract assets	56,151,476	(31,492,667)
Increase in inventories	(6,713,787)	(3,166,963)
Decrease/(increase) in prepayments and other debit balances	6,868,762	(6,807,307)
Increase in capitalized contracts Costs	-	(1,877,690)
Increase in trade payables	7,415,452	274,479
Increase/(decrease) in accrued expenses and other credit balances	13,615,738	(1,449,185)
Increase/(decrease) in contract liabilities	2,041,248	(270,275)
Increase/(decrease) in due from / to related parties, net	329,187	(1,643,424)
	<u>111,445,031</u>	<u>(24,216,196)</u>
Employees' defined benefits obligation paid	(3,491,753)	(2,432,846)
Zakat paid	(80,403)	(25,325)
Net cash flows from (used in) operating activities	<u>107,872,875</u>	<u>(26,674,367)</u>
INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(610,373)	(7,207,942)
Proceeds from disposal of property, plant, and equipment	1,312,396	86,016
Net cash flows from (used in) investing activities	<u>702,023</u>	<u>(7,121,926)</u>
FINANCING ACTIVITIES		
Notes payable	(12,256,314)	185,618
Payment of principal portion of lease liabilities	(3,857,358)	(3,955,699)
Proceeds from short-term borrowings	282,781,988	142,197,924
Repayments of short-term borrowings	(310,620,092)	(91,366,639)
Finance costs paid	(6,701,392)	(4,421,764)
Net cash flows (used in) from financing activities	<u>(50,653,168)</u>	<u>42,639,440</u>
Net increase in cash and cash equivalents	57,921,730	8,843,147
Cash and cash equivalents at beginning of the period	16,947,670	54,558,170
Cash and cash equivalents at the end of the period	<u>74,869,400</u>	<u>63,401,317</u>
Non-cash transactions		
Additions to right-of-use assets against lease liabilities	2,798,238	8,912,796
Termination of right-of-use assets against lease liabilities	(3,043,925)	-


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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

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).

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 also include the assets and liabilities of the Company's branches listed below. The Company is also operating under the following sub-commercial registrations:

Commercial registration number	Commercial name	City	Registration date	Activity
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 PERIOD ENDED 31 MARCH 2024 (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:

Company's name	Ownership % as at		Activity
	31 March 2024	31 December 2023	
Girgas Trading Co. Drug Store Co. (A)	100%	100%	A warehouse for wholesale and retail trade in medical supplies.
Protecta Visions Co.	100%	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.	51%	51%	Manufacture of pacemakers, manufacture of ECG devices, manufacture of tubes for catheterization, nutrition and liposuction, etc.
Alwateen A/C & Refrigeration Co.	100%	100%	Cooling and air conditioning systems installation, maintenance and repair.
New Era Co. Ltd.	100%	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.	100%	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.	100%	100%	Refrigerated food warehouses, wholesale of food and drinks

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

Company's name	Ownership % as at		Activity
	31 March 2024	31 December 2023	
United Purity Pharmaceutical Company	99%	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.

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 2023.

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 2023.

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.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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. Judgments 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 material 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 MATERIAL 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 2023, except for the application of the new standards that became effective on 1 January 2024. 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 new standards issued and number of amendments to standards which are effective from 1 January 2024 and have been explained in the Group's annual financial statements for year ended 31 December 2023, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial statements.

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of liability do not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

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

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information (subject to endorsement from SOCPA)

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

IFRS S2, ‘Climate-related disclosures’ (subject to endorsement from SOCPA)

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

New /amended standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 21 - Lack of Exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (Continued)

5. TRADE RECEIVABLES AND CONTRACT ASSETS

		(SAUDI RIYAL)	
		31 March 2024	31 December 2023
		(Unaudited)	(Audited)
Trade receivables	5-A	574,604,732	637,516,367
Contract assets	5-B	196,052,541	۱۸۹,۲۹۲,۳۸۲
		770,657,273	826,808,749
Provision for expected credit losses	5-C	(28,835,037)	(27,945,225)
		741,822,236	798,863,524

5 -A Trade receivables

		(SAUDI RIYAL)	
		31 March 2024	31 December 2023
		(Unaudited)	(Audited)
Trade receivables – Government and semi-government sector		536,832,513	602,787,142
Trade receivables – Private sector		37,714,624	34,689,056
Retentions		57,594	40,169
		574,604,732	637,516,367

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:

		(SAUDI RIYAL)	
		31 March 2024	31 December 2023
		(Unaudited)	(Audited)
Operation and maintenance contracts		189,479,989	184,037,434
Construction projects		6,572,552	5,254,948
		196,052,541	189,292,382

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (Continued)

5. TRADE RECEIVABLES AND CONTRACT ASSETS (Continued)

5 -C Provision for expected credit losses

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

	(SAUDI RIYAL)	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year	27,945,225	49,450,527
Charge/ (Reversal) for the period / year	889,812	(21,505,302)
Balance at the end of the period / year	28,835,037	27,945,225

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 period ended 31 March:

Related party name	Relationship	Nature of transactions	Three-month period ended	
			31 March 2024	31 March 2023
			(Unaudited) SAR	(Unaudited) SAR
Rawabi Marketing International Co.	Affiliate	Paid on behalf of an Affiliate	143,511	491,857
		Rental income	216,000	216,000
		Revenue from maintenance and operating contracts	1,288,714	1,614,061
Rawabi for Smart Services & Devices Co.	Affiliate	Purchases	948,750	855,751
National Company for Sulfur Products	Affiliate	Paid on behalf of an Affiliate	206,970	338,686
		Maintenance and operating revenues	1,283,438	1,425,909
		Rental income	96,000	96,000
German Metal Surface Treatment Chemicals Co	Affiliate	Maintenance and operating revenues	235,641	187,149
		Paid on behalf of an Affiliate	(22,254)	18,028
		Rental income	66,000	66,000
Dirat Al Amar Real Estate Co.	Affiliate	Paid on behalf of an Affiliate	373,198	308,239
		Rent Expenses	(1,378,322)	-
Uni Land for Trading Est.	Affiliate	Paid on behalf of an Affiliate	-	162,972
		Purchases	-	1,725
Barakat Al Khair for Trading Est.	Affiliate	Paid on behalf of an Affiliate	-	218,178
		Purchases	-	383,379

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6. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

6 (b). DUE FROM RELATED PARTIES

	(SAUDI RIYAL)	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Dirat Al Amar Real Estate Company	7,924,648	6,345,362
Rawabi Marketing International Company	6,027,216	5,662,990
Uni Land for Trading Establishment	2,716,561	2,716,560
German Metal Surface Treatment Chemicals Company	45,387	-
	16,713,812	14,724,912

6 (c). DUE TO RELATED PARTIES

	(SAUDI RIYAL)	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
National Company for Sulfur Products	1,369,340	-
Rawabi for Smart Services & Devices Company	948,750	-
Barakat Al Khair for Trading Establishment	1,076	1,079
	2,319,166	1,079

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 2023: 30 million shares of SAR 10 each).

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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 301.8 million (31 December 2023: SR 341.3 million). These facilities were obtained in accordance with the conditions stated in the bank facilities' agreements. The following are the facilities details:

	(SAUDI RIYAL)	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Short-term borrowings (a)	291,705,889	319,543,993
Long-term borrowings (b)	9,575,000	9,575,000
Notes payable (c)	472,915	12,729,229
	301,753,804	341,848,222

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

	(SAUDI RIYAL)	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	319,543,993	170,038,472
Additions during the period / year	282,781,988	1,065,780,713
Paid during the period / year	(310,620,092)	(916,275,192)
Ending balance	291,705,889	319,543,993

(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 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the year	9,575,000	9,837,500
Adjustment	-	112,500
Paid during the year	-	(375,000)
Balance at the end of the year	9,575,000	9,575,000
Current portion	1,250,000	1,250,000
Non-current portion	8,325,000	8,325,000

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 2024.

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9. OTHER INCOME

	(SAUDI RIYAL)	
	Three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Compensation from human resources development fund	4,655,376	1,340,857
Rental income	378,000	394,875
(Loss) / Gain on disposal of property, plant and equipment	(606,406)	78,991
Others	-	46,111
	<u>4,426,970</u>	<u>1,860,834</u>

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 (2023: 20 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.

11. COMMITMENTS AND CONTINGENCIES

The Group has commitments in the form of letters of credit as of 31 March 2024 amounting to SR 28.6 million (31 December 2023: SR 25.8 million) and contingent liabilities against the letters of guarantee as of 31 March 2024 amounting to SR 346.3 million (31 December 2023: SR 289 million).

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12. SEGMENT INFORMATION

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 management purposes, the Group is organized into business units based on its products and services and has five reportable segments, as follows:

- **Operation and maintenance:** Deals with supply of medical and non-medical staff and medical equipment maintenance services
- **Medical equipment sales and post-sale maintenance services revenue:** Supplier of medical equipment and related spare parts
- **Construction segment:** Deals in general contracting of buildings, roads, electrical, electronic and mechanical works.
- **Meat and food segment:** Supplies refrigerated food warehouses, wholesale of food and drinks.
- **Medicine and medical supplies:** Supplies segment is involved in wholesale and retail trade in medical supplies through pharmacies.

No operating segments have been aggregated to form the above reportable operating segments.

FOR THE THREE-MONTHS PERIOD ENDED 31 March 2024 (Unaudited)

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External customer	174,838,652	22,028,042	11,941,440	4,930,278	4,016,671	-	217,755,083
Inter-segment	4,075,759	277,732	-	-	-	(4,353,491)	-
Total revenue	178,914,411	22,305,774	11,941,440	4,930,278	4,016,671	(4,353,491)	217,755,083
Cost of revenue	(152,569,900)	(15,931,156)	(8,814,243)	(4,278,528)	(2,774,756)	4,353,491	(180,015,092)
Gross profit	26,344,511	6,374,618	3,127,197	651,750	1,241,915	-	37,739,991
Net profit/ (loss) for the period	4,367,461	319,722	1,766,711	(145,419)	(5,397,496)	7,387,976	8,298,955

FOR THE THREE-MONTHS PERIOD ENDED 31 March 2023 (Unaudited)

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and medical supplies	Eliminations	Total
External customer	128,620,558	14,340,312	10,872,549	1,862,033	9,243,661	-	164,939,113
Inter-segment	4,169,687	-	-	-	-	(4,169,687)	-
Total revenue	132,790,245	14,340,312	10,872,549	1,862,033	9,243,661	(4,169,687)	164,939,113
Cost of revenue	(112,286,063)	(10,469,727)	(6,319,442)	(2,492,018)	(6,666,197)	4,169,687	(134,063,760)
Gross profit/ (loss)	20,504,182	3,870,585	4,553,107	(629,985)	2,577,464	-	30,875,353
Net profit/ (loss) for the period	3,933,155	(499,309)	2,972,161	(1,672,974)	(3,318,221)	4,880,921	6,295,733

13. 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 31 March 2024.

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.

14. 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 31 March 2024, and 31 December 2023, the Group has no financial instruments measured at fair value.

15. SUBSEQUENT EVENTS

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

16. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 8 Dhul Qadah 1445H corresponding to 16 May 2024.