

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 AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

INDEX	PAGE
Independent auditor's review report on the interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 - 18

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

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.

For and on behalf of Alluhaid and Alyahya Chartered Accountants



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

Riyadh: 5 Jumada I, 1446 AH
(7 November 2024)




SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Notes	30 September 2024 SAR (Unaudited)	31 December 2023 SAR (Audited)
ASSETS			
Non-current assets			
Property, plant, and equipment		30,647,312	38,607,557
Right-of-use assets		19,127,122	23,457,703
Investment properties		31,312,995	31,572,345
Intangible assets		1,009,683	2,500,259
Prepayments and other debit balances-non current portion		3,318,176	5,766,271
Total non-current assets		85,415,288	101,904,135
Current assets			
Inventories		103,286,091	105,033,060
Trade receivables and contract assets	5	616,456,407	798,863,524
Prepayments and other debit balances		75,090,090	66,569,497
Due from related parties	6a	20,801,614	14,724,912
Cash and cash equivalents		96,817,337	16,947,670
Total current assets		912,451,539	1,002,138,663
TOTAL ASSETS		997,866,827	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		201,518,493	174,180,026
Equity attributable to the shareholders of the Parent Company		538,104,658	510,766,191
Non-controlling interests		(4,835,270)	(3,998,442)
TOTAL EQUITY		533,269,388	506,767,749
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		73,783,428	68,079,524
Lease liabilities		10,306,926	11,517,789
Long-term borrowings	8	7,550,000	8,325,000
Total non-current liabilities		91,640,354	87,922,313
Current liabilities			
Lease liabilities – current portion		5,855,220	9,465,143
Long-term borrowings - current portion	8	1,400,000	1,250,000
Notes payable	8	2,260,000	12,729,229
Short-term borrowings	8	173,667,352	319,543,993
Trade payables		57,806,536	49,727,164
Accrued expenses and other credit balances		102,740,363	94,956,654
Due to related parties	6b	1,718,130	1,079
Contract liabilities		10,424,463	6,221,894
Zakat payable		17,085,021	15,457,580
Total current liabilities		372,957,085	509,352,736
TOTAL LIABILITIES		464,597,439	597,275,049
TOTAL EQUITY AND LIABILITIES		997,866,827	1,104,042,798


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

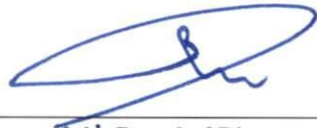

Chief Executive Officer
Mr. Barakat Bin Saud Al-Arifi



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 AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Notes	Three-month period ended		Nine-month period ended	
		30 September 2024 SAR	30 September 2023 SAR	30 September 2024 SAR	30 September 2023 SAR
Continuing operations:					
Revenue	12	218,385,114	206,613,213	650,005,138	546,699,490
Cost of revenue	12	(183,606,335)	(171,029,127)	(542,923,767)	(454,195,016)
Gross profit		34,778,779	35,584,086	107,081,371	92,504,474
Selling and marketing expenses		(5,832,046)	(3,591,325)	(14,110,972)	(10,074,597)
General and administrative expenses		(15,721,765)	(16,479,155)	(46,022,459)	(43,136,156)
Reversal for expected credit losses		4,090,201	11,227,074	5,052,226	10,976,309
Operating profit		17,315,169	26,740,680	52,000,166	50,270,030
Finance cost		(5,964,933)	(6,105,985)	(19,871,334)	(15,278,219)
Other income	9	4,623,898	2,376,604	12,116,926	6,088,629
Profit before zakat from continuing operations		15,974,134	23,011,299	44,245,758	41,080,440
Zakat for the period		(3,195,948)	(3,183,731)	(9,705,833)	(9,569,884)
Net profit for the period from continuing operations		12,778,186	19,827,568	34,539,925	31,510,556
Discontinued operations:					
Net loss for the period from discontinued operation	1	(1,886,807)	(2,659,630)	(7,995,637)	(6,610,604)
Net profit for the period		10,891,379	17,167,938	26,544,288	24,899,952
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		10,891,379	17,167,938	26,544,288	24,899,952
Net profit for the period attributable to:					
Shareholders of the parent company		10,909,564	17,668,989	27,338,467	26,468,590
Non-controlling interests		(18,185)	(501,051)	(794,179)	(1,568,638)
		10,891,379	17,167,938	26,544,288	24,899,952
Net Profit attributable to shareholders arises from:					
Continuing operations		12,777,503	20,302,023	35,254,148	33,013,088
Discontinued operations		(1,867,939)	(2,633,034)	(7,915,681)	(6,544,498)
		10,909,564	17,668,989	27,338,467	26,468,590
Basic and diluted earnings per share:					
From continuing operations attributable to the shareholders of the parent company		0.43	0.68	1.18	1.10
From discontinued operations		(0.06)	(0.09)	(0.26)	(0.22)
Total basic earnings per share attributable to the shareholders of the parent company	10	0.37	0.59	0.91	0.88


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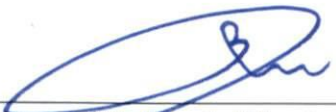

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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Attributable to the shareholders of the parent			Total	Non-controlling	Total equity
	Share capital	Statutory reserve	Retained earnings		interests	
	SAR	SAR	SAR	SAR	SAR	SAR
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
As at 1 January 2024	300,000,000	36,586,165	174,180,026	510,766,191	(3,998,442)	506,767,749
Net profit for the period	-	-	27,338,467	27,338,467	(794,179)	26,544,288
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	27,338,467	27,338,467	(794,179)	26,544,288
Disposal of a subsidiary (note 1)	-	-	-	-	(42,649)	(42,649)
As at 30 September 2024	300,000,000	36,586,165	201,518,493	538,104,658	(4,835,270)	533,269,388


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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 2024

	30 September 2024 SAR	30 September 2023 SAR
OPERATING ACTIVITIES		
Profit before zakat from continuing operations	44,245,758	41,080,440
Loss before zakat from discontinuing operations	(8,695,407)	(6,610,604)
Profit before zakat	35,550,351	34,469,836
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	7,850,445	8,897,925
Depreciation of investment properties	259,350	259,350
Depreciation of right-of-use assets	7,089,203	7,499,412
Amortization of intangible assets	280,304	551,924
Reversal of provision for expected credit losses	(5,052,226)	(10,976,309)
Provision for slow-moving inventories	-	1,800,000
(Gain) / loss on disposal of property, plant and equipment	(41,514)	164,521
(Gain) / loss on lease contracts termination	(409,030)	-
Finance cost	21,287,322	16,809,988
Employees' defined benefits obligation	13,708,572	13,236,877
	80,522,777	72,713,524
Changes in working capital:		
Decrease /(Increase) in trade receivables and contract assets	187,462,512	(143,585,829)
Decrease /(Increase) in inventories	1,746,969	(16,837,803)
Increase in prepayments and other debit balances	(6,072,498)	(27,011,628)
Increase/(decrease) in trade payables	8,079,372	(896,464)
Increase/(decrease) in accrued expenses and other credit balances	7,783,709	(576,068)
Increase in contract liabilities	4,202,569	1,195,552
(Decrease) / Increase in due from / to related parties, net	(4,359,651)	3,559,094
	279,365,759	(111,439,622)
Employees' defined benefits obligation paid	(7,887,700)	(6,471,842)
Zakat paid	(8,078,392)	(10,173,689)
Net cash flows provided by / (used in) operating activities	263,399,667	(128,085,153)
INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	(3,027,843)	(13,080,467)
Proceeds from disposal of property, plant, and equipment	3,179,157	736,150
Proceed from sale of a subsidiary	1,747,256	-
Net cash flows provided by / (used in) investing activities	1,898,570	(12,344,317)
FINANCING ACTIVITIES		
Notes payable	(10,469,229)	1,102,225
Payment of principal portion of lease liabilities	(7,933,500)	(9,152,225)
Proceeds from short-term borrowings	638,141,224	756,769,575
Repayments of short-term borrowings	(784,017,865)	-
Repayments of long-term borrowing	(625,000)	(622,688,463)
Financing costs paid	(20,524,200)	(16,809,987)
Net cash flows (used in) / provided by financing activities	(185,428,570)	109,221,125
Net increase / (decrease) in cash and cash equivalents	79,869,667	(31,208,345)
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	96,817,337	23,349,825
Non-cash transactions		
Additions to right-of-use assets against lease liabilities	7,203,535	14,998,824
Bonus shares issued	-	100,000,000


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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 AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 include the assets and liabilities of the Company and its branches listed below, where the Company is also operating under 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 AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
	30 September 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, electronical, 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
	30 September 2024	31 December 2023	
United Purity Pharmaceutical Company*	-	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.

* During the period ended 30 September 2024, Girgas signed a sale purchase agreement (“Girgas” or the “Seller”) with Nada Al Hayat Medical Company – Holding (“Nada” or the “Buyer”) for the sale of United Purity Pharmaceutical Company dated 25 August 2024. The subsidiary was sold before 30 September 2024, and it is reported in the current period as a discontinued operation. Financial information relating to the discontinued operations for the period to the date of disposal is set out below:

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)**

1. ORGANIZATION AND ACTIVITY (Continued)

a) Financial performance and cash flow information

The financial performance presented below is for the three- and nine-month period ended 30 September 2024 and 2023 and cash flow information presented below is for the nine-month period ended 30 September 2024 and 2023.

	Three-month period ended		Nine-month period ended	
	30 September 2024 (Unaudited) SAR	30 September 2023 (Unaudited) SAR	30 September 2024 (Unaudited) SAR	30 September 2023 (Unaudited) SAR
Revenue	90,334	5,171,502	3,047,619	20,800,083
Cost of revenue	(1,307,106)	(3,781,323)	(4,959,522)	(15,564,402)
Gross (loss) / profit	(1,216,772)	1,390,179	(1,911,903)	5,235,681
Selling and marketing expenses	(47,154)	(7,279)	(167,020)	(155,285)
General and administrative expenses	(763,709)	(3,172,219)	(4,303,012)	(9,837,272)
Operating loss	(2,027,635)	(1,789,319)	(6,381,935)	(4,756,876)
Finance cost	(357,718)	(548,352)	(1,415,988)	(1,531,769)
Other expenses	(201,224)	(321,959)	(897,484)	(321,959)
Loss before zakat	(2,586,577)	(2,659,630)	(8,695,407)	(6,610,604)
Zakat reversal for the period	160,000	-	160,000	-
Net loss after zakat	(2,426,577)	(2,659,630)	(8,535,407)	(6,610,604)
Gain on disposal of the subsidiary (see (b) below)	539,770	-	539,770	-
Loss from discontinued operations	(1,886,807)	(2,659,630)	(7,995,637)	(6,610,604)

The net cash flows incurred by United Purity Pharmaceutical Company are, as follows

	30 September 2024 (Unaudited) SAR	30 September 2023 (Unaudited) SAR
Operating	1,214,615	3,258,831
Investing	1,762,091	(648,921)
Financing	(3,363,811)	(2,630,375)
Net cash (outflow)	(387,105)	(20,465)

b) Details of the disposal of the subsidiary

	Amount (SAR)
Total consideration	4,761,713
Carrying amount of net assets sold	(4,221,943)
Gain on sale	539,770

c) The carrying amounts of assets and liabilities as at the date of sale were:

	(Unaudited) SR
Property and equipment	1,118,703
Intangible assets	384,173
Inventories	2,502,884
Trade receivables	420,421
Prepayments and other receivables	1,031,595
Cash and cash equivalents	6,067
Total assets	5,463,843
Trade payable	1,068,362
Accrued expenses & other liabilities	130,892
Total liabilities	1,199,254
Net Assets	4,264,589

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)

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

The material 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. 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 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. MATERIAL ACCOUNTING POLICY INFORMATION

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

Several amendments apply for the first time in 2024, 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 International Accounting Standards Board (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.

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)****4. MATERIAL ACCOUNTING POLICY INFORMATION (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.

New /amended standards interpretations and amendments 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 AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)**

5. TRADE RECEIVABLES AND CONTRACT ASSETS

		(SAUDI RIYAL)	
		30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	5-A	480,854,764	637,516,367
Contract assets	5-B	158,491,473	189,292,382
		639,346,237	826,808,749
Provision for expected credit losses	5-C	(22,889,830)	(27,945,225)
		616,456,407	798,863,524

5 -A Trade receivables

		(SAUDI RIYAL)	
		30 September 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables – Government and semi-government sector		431,427,073	602,787,142
Trade receivables – Private sector		49,347,356	34,689,056
Retentions		80,335	40,169
		480,854,764	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)	
		30 September 2024 (Unaudited)	31 December 2023 (Audited)
Operation and maintenance contracts		152,977,785	184,037,434
Construction projects		5,513,688	5,254,948
		158,491,473	189,292,382

5 -C Provision for expected credit losses

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

		(SAUDI RIYAL)	
		30 September 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period / year		27,945,225	49,450,527
Reversal for the period / year		(5,052,226)	(21,505,302)
Disposal of a subsidiary (note 1)		(3,169)	
Balance at the end of the period / year		22,889,830	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 have 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:

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)

6. RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

Related party name	Relationship	Nature of transactions	Three-month period ended		Nine-month period ended	
			30-Sep 2024	30-Sep 2023	30-Sep 2024	30-Sep 2023
			(Unaudited) SAR	(Unaudited) SAR	(Unaudited) SAR	(Unaudited) SAR
Rawabi Marketing International Co.	Affiliate	Expenses paid on behalf of an Affiliate	2,009,907	391,833	2,235,447	164,681
		Rental income	216,000	216,000	648,000	648,000
		Revenue from construction	2,943,702	2,328,102	2,943,702	2,420,102
		Revenue from maintenance and operating contracts	1,198,339	1,347,271	3,752,082	4,518,559
Rawabi for Smart Services & Devices Co.	Affiliate	Purchases	1,207,500	956,249	3,105,000	2,637,000
National Company for Sulfur Products	Affiliate	Expenses paid on behalf of an Affiliate	844,298	429,677	1,215,445	954,689
		Rental income	96,000	96,000	288,000	288,000
		Revenue from construction	-	1,723,281	-	1,723,281
		Revenue from maintenance and operating contracts	1,272,674	1,342,637	3,941,675	4,264,053
German Metal Surface Treatment Chemicals Co	Affiliate	Expenses paid on behalf of an Affiliate	493,016	53,419	463,131	127,833
		Rental income	66,000	66,000	198,000	198,000
		Maintenance and operating revenues	189,047	224,128	643,792	588,218
Dirat Al Amar Real Estate Co.	Affiliate	Expenses paid on behalf of an Affiliate	821,153	843,670	1,684,277	1,689,211
		Payment of lease liability	1,391,022	1,547,547	2,941,390	2,987,518
		Revenue from construction	-	2,521,274	-	4,224,492
Uni Land for Trading Est.	Affiliate	Expenses paid on behalf of an Affiliate	331,188	-	331,188	1,582,313
		Purchases	438,217	44,315	438,217	1,160,221
Barakat Al Khair for Trading Est.	Affiliate	Expenses paid on behalf	2,625	50,860	2,625	420,025
		Purchases	-	-	-	2,387,875

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)****6 (a). DUE FROM RELATED PARTIES**

	(SAUDI RIYAL)	
	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Rawabi Marketing International Company	15,209,074	5,662,990
Uni Land for Trading Establishment	2,609,533	2,716,560
Dirat Al Amar Real Estate Company	2,510,535	6,345,362
German Metal Surface Treatment Chemicals Company	470,923	-
Barakat Al Khair for Trading Establishment	1,549	-
	<u>20,801,614</u>	<u>14,724,912</u>

6 (b). DUE TO RELATED PARTIES

	(SAUDI RIYAL)	
	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Rawabi for Smart Services & Devices Company	1,207,500	-
National Company for Sulfur Products	510,630	-
Barakat Al Khair for Trading Establishment	-	1,079
	<u>1,718,130</u>	<u>1,079</u>

7. 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).

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 SR 100 million and the commensurate increase of the number of the Company's issued ordinary shares by 10 million. Such an 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 SR 300 million divided into 30 million fully paid ordinary shares with equal voting rights.

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 SAR 184.9 million (31 December 2023: SAR 341.9 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 2024 (Unaudited)	31 December 2023 (Audited)
Short-term borrowings (a)	173,667,352	319,543,993
Long-term borrowings (b)	8,950,000	9,575,000
Notes payable (c)	2,260,000	12,729,229
	<u>184,877,352</u>	<u>341,848,222</u>

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)****8. BANK FACILITIES (Continued)**

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

	(SAUDI RIYAL)	
	30 September 2024 (Unaudited)	31 December 2023 (Audited)
Opening balance	319,543,993	170,038,472
Additions during the period / year	638,141,224	1,065,780,713
Paid during the period / year	(784,017,865)	(916,275,192)
Ending balance	173,667,352	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 SAR 6,200,000 as well as a long-term loan amounting to SAR 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 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	(625,000)	(375,000)
Balance at the end of the year	8,950,000	9,575,000
Current portion	1,400,000	1,250,000
Non-current portion	7,550,000	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.

9. OTHER INCOME

	(SAUDI RIYAL)			
	Three-month period ended		Nine-month period ended	
	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Compensation from Human Resources Development Fund	4,247,825	2,353,943	10,949,308	5,039,869
Rental income	376,073	344,625	1,126,104	1,134,375
(Loss) / gain on disposal of property, plant and equipment	-	(321,964)	41,514	(164,521)
Others	-	-	-	78,906
	4,623,898	2,376,604	12,116,926	6,088,629

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: 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.

11. COMMITMENTS AND CONTINGENCIES

The Group has commitments in the form of letters of credit as of 30 September 2024 amounting to SR 35.7 million (31 December 2023: SR 25.8 million) and contingent liabilities against the letters of guarantee as of 30 September 2024 amounting to SR 335.8 million (31 December 2023: SR 289 million)

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)

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 and all the operations are carried out in the Kingdom of Saudi Arabia, the segments are 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and Medical Supplies	Eliminations	Total
External customer	537,127,800	60,808,729	35,960,947	10,961,148	5,146,514	-	650,005,138
Inter-segment	13,783,591	2,243,685	-	-	-	(16,027,276)	-
Total revenue	550,911,391	63,052,414	35,960,947	10,961,148	5,146,514	(16,027,276)	650,005,138
Cost of revenue	(475,806,179)	(43,792,689)	(25,699,085)	(9,999,543)	(3,653,547)	16,027,276	(542,923,767)
Gross profit/ (loss)	75,105,212	19,259,725	10,261,862	961,605	1,492,967	-	107,081,371
Net profit / (loss) for the period from continuing operations	17,401,241	(2,957,787)	6,231,176	(2,233,761)	(1,116,505)	17,215,561	34,539,925

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and Medical Supplies	Eliminations	Total
External customer	466,375,795	41,404,276	29,188,162	5,445,420	4,285,837	-	546,699,490
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	4,285,837	(8,612,742)	546,699,490
Cost of revenue	(397,603,734)	(22,304,263)	(17,265,833)	(6,941,057)	(18,692,871)	8,612,742	(454,195,016)
Gross profit	76,072,891	20,411,925	11,922,329	(1,495,637)	(14,407,034)	-	92,504,474
Net profit / (loss) for the period from continuing operations	17,085,611	3,093,284	6,289,695	(4,722,410)	(1,265,458)	11,029,834	31,510,556

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)

12. SEGMENT INFORMATION (Continued)

FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

	Operation and maintenance	Medical equipment sales and post-sale maintenance services revenue	Construction	Meat and food	Medicine and Medical Supplies	Eliminations	Total
External customers	183,618,496	19,288,794	11,156,680	2,985,959	1,335,185	-	218,385,114
Inter-segment	5,077,526	1,624,976	-	-	-	(6,702,502)	-
Revenue	188,696,022	20,913,770	11,156,680	2,985,959	1,335,185	(6,702,502)	218,385,114
Cost of revenue	(164,873,698)	(13,599,194)	(7,976,613)	(2,951,521)	(907,811)	6,702,502	(183,606,335)
Gross profit/ (loss)	23,822,324	7,314,576	3,180,067	34,438	427,374	-	34,778,779
Net profit / (loss) for the period from continuing operations	8,097,870	(1,287,607)	2,052,493	(1,087,544)	(418,497)	5,421,471	12,778,186

FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Operation and maintenance	Medical equipment sales and post- sale maintenance services revenue	Construction	Meat and food	Medicine and Medical Supplies	Eliminations	Total
External customers	182,621,239	12,514,822	9,538,476	1,754,867	183,809	-	206,613,213
Inter-segment	1,899,874	533,290	-	-	-	(2,433,164)	-
Total revenue	184,521,113	13,048,112	9,538,476	1,754,867	183,809	(2,433,164)	206,613,213
Cost of revenue	(149,699,955)	(1,187,283)	(4,389,062)	(2,028,626)	(16,157,365)	2,433,164	(171,029,127)
Gross profit	34,821,158	11,860,829	5,149,414	(273,759)	(15,973,556)	-	35,584,086
Net profit / (loss) for the period from continuing operations	15,131,088	5,067,763	2,680,114	(1,384,722)	(923,311)	(743,364)	19,827,568

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (CONTINUED)**

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 agencies 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 commission-bearing financial liabilities as of 30 September 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 30 September 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. COMPARATIVE FIGURES

Certain comparative figures from interim condensed consolidated financial statements for 30 September 2023 have been reclassified to conform with the current period presentation.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 5 Jumada I 1446H corresponding to 7 November 2024.