

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL  
APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements (Unaudited)  
and Independent Auditor's Review Report  
For the Three-Months Period Ended March 31, 2022**

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**and Independent Auditor's Review Report**  
**For the Three-Months Period Ended March 31, 2022**

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**Independent Auditor's Review Report on the  
Interim Condensed Consolidated Financial Statements**

**To the Shareholders****Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

Riyadh - Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH) (the "Company") and its subsidiaries collectively referred to as the ("Group") as at March 31, 2022 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-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 the International Accounting Standard (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of the interim financial statements 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 the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified 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.

**Baker Tilly MKM & Co.**  
Certified Public Accountants



**Majed Moneer AlNemer**  
(Certified Public Accountant - License No. 381)  
Riyadh on Shawwal 16, 1443H  
Corresponding to May 17, 2022G





**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Financial Position**  
**As at March 31, 2022**  
(Saudi Riyals)

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,081,863,613	1,097,782,937
Assets under construction	5	741,469,297	718,799,460
Intangible assets		32,896,160	39,107,568
Right-of-use assets		34,177,573	33,830,180
Investments in associates and joint venture	6	30,495,321	63,300,064
Deferred tax assets		18,352,079	18,929,094
<b>Total non-current assets</b>		<b>1,939,254,043</b>	<b>1,971,749,303</b>
<b>Current assets</b>			
Inventories		429,778,922	419,092,503
Trade and other receivables	7	1,212,823,871	1,016,688,920
Investments at fair value through profit or loss (FVTPL)	8	569,659,081	567,674,308
Prepaid expenses and other debit balances		127,179,773	125,955,824
Cash and cash equivalents	9	258,066,782	328,317,600
<b>Total current assets</b>		<b>2,597,508,429</b>	<b>2,457,729,155</b>
Assets from discontinued operations	10	3,202,899	4,595,562
<b>TOTAL ASSETS</b>		<b>4,539,965,371</b>	<b>4,434,074,020</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,200,000,000	1,200,000,000
Statutory reserve		360,684,866	360,684,866
General reserve		150,000,000	150,000,000
Consensual reserve		34,709,740	34,709,740
Foreign currency translation reserve		(19,364,797)	(11,914,760)
Retained earnings		137,607,548	104,282,191
<b>Equity attributable to the Shareholders of the Parent Company</b>		<b>1,863,637,357</b>	<b>1,837,762,037</b>
Non-controlling interests		152,882,558	155,642,581
<b>TOTAL EQUITY</b>		<b>2,016,519,915</b>	<b>1,993,404,618</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	11	512,247,945	417,124,634
Lease liabilities		17,370,273	17,688,706
Employees' end of service benefit obligations		296,722,002	295,886,961
Deferred income		35,975,108	36,364,283
Contract liabilities	12	33,462,030	33,861,020
<b>Total non-current liabilities</b>		<b>895,777,358</b>	<b>800,925,604</b>
<b>Current liabilities</b>			
Loans and borrowings	11	805,626,287	852,748,232
Provision for financial guarantees		37,415,966	45,665,966
Lease liabilities		6,147,136	7,255,079
Zakat and income tax payable		35,042,326	28,842,314
Trade payables and other credit balances		480,573,104	461,365,242
Dividends payable		157,308,448	157,492,830
Contract liabilities	12	103,406,590	83,692,445
<b>Total current liabilities</b>		<b>1,625,519,857</b>	<b>1,637,062,108</b>
Liabilities from discontinued operations	10	2,148,241	2,681,690
<b>TOTAL LIABILITIES</b>		<b>2,523,445,456</b>	<b>2,440,669,402</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,539,965,371</b>	<b>4,434,074,020</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

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



**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)**  
**For the Three-Months Period Ended March 31, 2022**  
(Saudi Riyals)

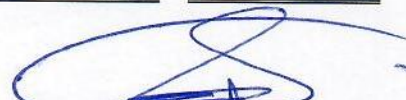
	Note	March 31, 2022	March 31, 2021
Revenues	16	451,270,599	454,807,837
Cost of revenues		<u>(266,489,242)</u>	<u>(312,804,957)</u>
<b>Gross profit</b>		<b>184,781,357</b>	<b>142,002,880</b>
Selling and marketing expenses		(80,358,742)	(75,309,986)
General and administrative expenses		(57,829,282)	(48,494,903)
Research and development expenses		(2,748,458)	(1,552,196)
Impairment reversals on trade receivables		1,975,127	3,173,938
Other (expenses) / income		<u>(8,542,542)</u>	<u>5,774,492</u>
<b>Operating profit</b>		<b>37,277,460</b>	<b>25,594,225</b>
Financial guarantee expenses		-	(1,543,315)
Finance costs		(6,122,727)	(6,275,021)
Share of profit from associates and joint venture	6	5,445,257	5,865,900
Profit from investments at fair value through profit or loss		<u>1,984,773</u>	<u>2,018,384</u>
<b>Profit before zakat, income tax and discontinued operations</b>		<b>38,584,763</b>	<b>25,660,173</b>
Zakat and income tax		<u>(6,863,626)</u>	<u>(810,279)</u>
<b>Net profit for the period before discontinued operations</b>		<b>31,721,137</b>	<b>24,849,894</b>
<b>Discontinued operations</b>			
Loss from discontinued operations	10	<u>(1,056,863)</u>	<u>(394,561)</u>
<b>Net profit for the period</b>		<b>30,664,274</b>	<b>24,455,333</b>
<b>Attributable to:</b>			
Shareholders of the Parent Company		33,325,357	26,145,982
Non-controlling interests		<u>(2,661,083)</u>	<u>(1,690,649)</u>
		<b>30,664,274</b>	<b>24,455,333</b>
<b>Earnings per share attributable to the Shareholders of the Parent Company</b>			
Basic and diluted	13	<u>0.28</u>	<u>0.22</u>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three-Months Period Ended March 31, 2022**  
(Saudi Riyals)

	<u>March 31,</u> <u>2022</u>	<u>March 31,</u> <u>2021</u>
<b>Net profit for the period</b>	<b>30,664,274</b>	24,455,333
<b>Other Comprehensive (Loss) / Income items:</b>		
<b>Items that may be reclassified to profit or loss subsequently:</b>		
Foreign currency translation differences	(7,450,037)	432,562
<b>Items that will not be reclassified to profit or loss subsequently:</b>		
Change from revaluation of the investments at FVTOCI	-	12,472,530
<b>Other Comprehensive (Loss) / Income for the period</b>	<u>(7,450,037)</u>	<u>12,905,092</u>
<b>Total Comprehensive Income for the period</b>	<u><b>23,214,237</b></u>	<u><b>37,360,425</b></u>
<b>Attributable to:</b>		
Shareholders of the Parent Company	25,875,320	39,051,074
Non-controlling interests	<u>(2,661,083)</u>	<u>(1,690,649)</u>
	<u><b>23,214,237</b></u>	<u><b>37,360,425</b></u>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)**

**For the Three-Months Period Ended March 31, 2022**

(Saudi Riyals)

	Share capital	Statutory reserve	General reserve	Consensual reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Shareholders of the Parent	Non-controlling interests	Total equity attributable to the Parent	Total equity
Balance as at January 1, 2021	1,200,000,000	360,684,866	150,000,000	41,751,842	57,649,689	(6,606,020)	112,052,824	1,915,533,201	155,429,857	2,070,963,058	
Net profit for the period	-	-	-	-	-	-	26,145,982	26,145,982	(1,690,649)	24,455,333	
Other comprehensive income for the period	-	-	-	-	12,472,530	432,562	-	12,905,092	-	12,905,092	
<b>Total comprehensive income</b>	-	-	-	-	12,472,530	432,562	26,145,982	39,051,074	(1,690,649)	37,360,425	
Transfer on disposal of investments at FVTOCI	-	-	-	-	(70,122,219)	-	70,122,219	-	-	-	
<b>Balance as at March 31, 2021</b>	<b>1,200,000,000</b>	<b>360,684,866</b>	<b>150,000,000</b>	<b>41,751,842</b>	<b>-</b>	<b>(6,173,458)</b>	<b>208,321,025</b>	<b>1,954,584,275</b>	<b>153,739,208</b>	<b>2,108,323,483</b>	
Balance as at January 1, 2022	1,200,000,000	360,684,866	150,000,000	34,709,740	-	(11,914,760)	104,282,191	1,837,762,037	155,642,581	1,993,404,618	
Net profit for the period	-	-	-	-	-	-	33,325,357	33,325,357	(2,661,083)	30,664,274	
Other comprehensive loss for the period	-	-	-	-	-	(7,450,037)	-	(7,450,037)	-	(7,450,037)	
Total comprehensive income	-	-	-	-	-	(7,450,037)	33,325,357	25,875,320	(2,661,083)	23,214,237	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(98,940)	(98,940)	
<b>Balance as at March 31, 2022</b>	<b>1,200,000,000</b>	<b>360,684,866</b>	<b>150,000,000</b>	<b>34,709,740</b>	<b>-</b>	<b>(19,364,797)</b>	<b>137,607,548</b>	<b>1,863,637,357</b>	<b>152,882,558</b>	<b>2,016,519,915</b>	



Chief Financial Officer



Chief Executive Officer



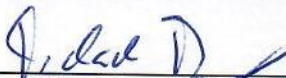
Authorized Board Member

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



**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three-Months Period Ended March 31, 2022**  
(Saudi Riyals)

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before zakat, income tax and discontinued operations	38,584,763	25,660,173
Loss from discontinued operations before Zakat	<u>(1,056,863)</u>	<u>(394,561)</u>
	37,527,900	25,265,612
<i>Adjustments</i>		
Depreciation of property, plant and equipment and right-of-use assets	16,307,889	15,009,290
Amortization of intangible assets	6,210,862	6,112,062
Share of profits from associates and joint venture	<u>(5,445,257)</u>	<u>(5,865,900)</u>
Provision for sales /services discounts and returns	19,315,155	19,874,681
Provision for slow-moving inventories or nearly expired	1,864,963	7,195,772
Profit from investments at FVTPL	<u>(1,984,773)</u>	<u>(2,018,384)</u>
Impairment reversals on trade receivables	<u>(1,975,127)</u>	<u>(3,173,938)</u>
Provision for employees' end of services benefits	10,800,986	9,839,546
Provision for financial guarantees	-	1,543,315
Finance costs	<u>6,122,727</u>	<u>6,304,818</u>
	88,745,325	80,086,874
<b>Change in working capital items:</b>		
Inventories	<u>(11,654,274)</u>	66,325,480
Trade and other receivables	<u>(194,159,824)</u>	<u>(229,484,125)</u>
Prepaid expenses and other debit balances	<u>(1,223,949)</u>	16,291,585
Trade payable and other credit balances	<u>19,207,862</u>	<u>(24,136,530)</u>
<b>Net cash generated from operating activities</b>	<u>(99,084,860)</u>	<u>(90,916,716)</u>
Finance costs paid	<u>(5,912,295)</u>	<u>(3,198,206)</u>
Zakat and income tax paid	<u>(86,601)</u>	-
Employees' end of service benefit obligations paid	<u>(9,965,945)</u>	<u>(7,950,361)</u>
<b>Net cash used in operating activities</b>	<u>(115,049,701)</u>	<u>(102,065,283)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net changes in property, plant, equipment and assets under construction	<u>(25,050,533)</u>	<u>(17,990,704)</u>
Net changes in intangible assets	-	<u>(874,035)</u>
Net changes in investments in associates and joint venture	38,250,000	30,600,000
Net change in investments at FVTPL	-	<u>(145,307,718)</u>
Net change in investments at FVTOCI	-	<u>141,463,001</u>
<b>Net cash generated from investing activities</b>	<u>13,199,467</u>	<u>7,890,544</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net changes in loans and borrowings	48,001,366	<u>(12,453,704)</u>
Net changes in deferred income	<u>(389,175)</u>	447,225
Net changes in lease liabilities	<u>(2,866,467)</u>	235,278
Financial guarantees paid	<u>(8,250,000)</u>	-
Dividends paid	<u>(184,382)</u>	<u>(322,403)</u>
Net changes in non-controlling interests	<u>(2,760,023)</u>	<u>(1,690,649)</u>
<b>Net cash generated from (used in) financing activities</b>	<u>33,551,319</u>	<u>(13,784,253)</u>
<b>Net changes in cash and cash equivalents during the period</b>	<u>(68,298,915)</u>	<u>(107,958,992)</u>
Foreign currency translation adjustments	<u>(2,111,658)</u>	<u>(3,327,339)</u>
Cash and cash equivalents at the beginning of the period	<u>329,663,305</u>	<u>334,081,226</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>259,252,732</u>	<u>222,794,895</u>
<b>Non-cash transactions:</b>		
Change from revaluation of investments at FVTOCI	-	<u>12,472,530</u>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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



**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION  
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three-Months Period Ended March 31, 2022**

(Saudi Riyals)

**1. Information and Activity**

Saudi Pharmaceutical Industries and Medical Appliances Corporation (the “Company” or the “Parent Company”), is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1131006650 dated Rajab 6, 1406H (corresponding to March 16, 1986) and formed according to the Ministerial Resolution No. 884 dated Jumada Al-Awwal 10, 1406H (corresponding to January 21, 1986). These interim condensed consolidated financial statements (“financial statements”) comprise of the Parent Company and its subsidiaries (together referred to as the “Group”).

The Company’s head office is in Buraidah city, King Abdul Aziz Road, Industrial City of Al-Qassim.

The Group is primarily involved in manufacturing of basic chemical substances and products, medicines for human use including cosmetics, pharmaceutical production and wholesale and retail of medicines and related products, development and marketing of medical and pharmaceutical products, research and development in medical science activities, operating and maintaining the healthcare facilities and any investments in related industries, inside and outside the Kingdom of Saudi Arabia.

The Company operates through the following branches in the Kingdom of Saudi Arabia:

<u>Commercial Registration No.</u>	<u>Date of registration</u>	<u>City</u>
1010134224	02/11/1415H	Riyadh
4030086146	12/09/1412H	Jeddah
2051058378	15/10/1435H	Khobar
4031222626	05/06/1440H	Makkah
4650207091	05/06/1440H	Medina

**1.1 Subsidiaries**

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of ownership</u>	
			<u>March 31, 2022</u>	<u>December 31, 2021</u>
ARAC Healthcare Company (ARAC)	Pharmaceutical products distributor	Saudi Arabia	100%	100%
Pharmaceutical Industries Company for Distribution (*)	Pharmaceutical products distributor	Saudi Arabia	100%	100%
ARACOM Medical Company	Pharmaceutical products distributor	Saudi Arabia	100%	100%
AL-WATAN Arabian Pharmaceutical Industries (**)	Pharmaceutical manufacturer	Saudi Arabia	100%	100%
ANORA Trading Company (***)	Pharmacy - retail	Saudi Arabia	99%	99%
Dammam Pharmaceutical Company	Pharmaceutical manufacturer	Saudi Arabia	85%	85%
Qassim Medical Service Company	Healthcare services provider	Saudi Arabia	57.27%	57.27%
SPIMACO Saudi Foundation – Algeria	Pharmaceutical products distributor	Algeria	100%	100%
SPIMACO Misr Company for Marketing (*)	Pharmaceutical products marketing	Egypt	100%	100%
SPIMACO Misr Company for Distribution (*)	Pharmaceutical products distributor	Egypt	100%	100%
SPIMACO Egypt Company	Pharmaceutical products distributor	Egypt	100%	100%
SPIMACO Misr for Pharmaceutical industries	Pharmaceutical manufacturer	Egypt	51.6%	51.6%
SPIMACO Morocco for Pharmaceutical Industries	Pharmaceutical manufacturer	Morocco	72.54%	72.54%
SPIMACO ILAJ (*)	Pharmaceutical products distributor	Turkey	100%	100%

(\*) There has been no activity in these subsidiaries.



**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION  
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three-Months Period Ended March 31, 2022**

(Saudi Riyals)

**1. Information and Activity (Continued)**

**1.1 Subsidiaries (Continued)**

(\*\*) On September 16, 2020, the shareholders of AL-WATAN Arabian Pharmaceutical Industries (“Al-Watan Pharma”) (a subsidiary Limited Liability Company) resolved to voluntarily liquidate the Company and appointed a legal liquidator for that purpose. SPIMACO will produce some of the subsidiary’s products from the Company’s factory in Al Qassim and there is no financial impact from the liquidation of Al-Watan Pharma since the subsidiary did not start its commercial activity and does not have capital projects. Accordingly, the Group stopped consolidating the financial statements of Al-Watan Pharma (note 10).

(\*\*\*) On November 17, 2021, the shareholders of ANORA Trading Company (a subsidiary Limited Liability Company), resolved to voluntarily liquidate the Company and appointed a legal liquidator for that purpose. The financial impact from the liquidation of ANORA Trading Company is immaterial as it has insignificant commercial activity and does not have financial commitments. Accordingly, the Group stopped consolidating the financial statements of ANORA Trading Company. It should be noted that ANORA Trading Company is a limited liability company, with a paid-up capital of SR 300 thousand, and it is 99% owned by ARAC Healthcare Company (a wholly owned subsidiary of SPIMACO Group) (note 10).

**1.2 Associates and joint venture**

Name	Principal activities	Country of incorporation	Percentage of ownership %	
			March 31, 2022	December 31, 2021
Arabian Medical Products Manufacturing Company (ENAYAH) – Joint venture	Manufacturing of healthcare products	Saudi Arabia	51%	51%
CAD Middle East Pharmaceutical Company (CAD) – Associate	Active Pharmaceutical Ingredients manufacturing	Saudi Arabia	46.08%	46.08%
Tassili Arab Pharmaceutical Company (TAPHCO) Algeria – Associate	Pharmaceutical manufacturer	Algeria	22%	22%

**2. Statement of compliance with IFRS**

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2021. These interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Specific accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions behind the changes in the Group’s financial position and financial performance since the preparation of the prior year consolidated financial statements.

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



**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION  
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three-Months Period Ended March 31, 2022**

(Saudi Riyals)

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**3. Basis of Preparation**

**3.1 Overall considerations**

These interim condensed consolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of assets, liabilities, income and expense. The measurement bases are further fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the years presented unless otherwise stated. The preparation of these interim condensed consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing these interim condensed consolidated financial statements and their effect are disclosed in note (3.4).

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Trade receivables at amortized cost;
- Financial instruments - FVTOCI;
- Financial instruments - FVTPL;
- Murabaha loan at amortized cost;
- Government loan at amortized cost;
- Government granted land at fair value;
- Defined benefits plan is measured at the present value of future obligations using the Projected Unit Credit method; and
- Investment in associates and joint ventures using the equity method accounting

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

**3.2 Presentation and functional currency**

The interim condensed consolidated financial statements are presented in Saudi Riyal, which is the Group's functional and presentation currency.

**3.3 Basis of interim condensed consolidation of financial statements**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there is a change to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of the acquired subsidiary during the year are included within the interim condensed consolidated financial statements effective from the date the Group gains control until the date the Group ceases the control over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Control 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 direct involvement and relationship with the investee;
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement (or arrangements) with the other voting rights holders within the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.



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**3. Basis of Preparation** (Continued)

**3.3 Basis of interim condensed consolidation of financial statements** (Continued).

Income and each component of Other Comprehensive Income (OCI) are attributed to the equity of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Inter-Group assets, liabilities, equity components, revenues, expenses and cash flows resulting from transactions between Group companies are fully eliminated upon consolidating the interim condensed consolidated financial statements.

**3.4 Use of judgment and estimates**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments 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 experience may differ from these estimates and assumptions.

The significant estimates made by the Group for managing the Group's accounting policies and the primary sources of estimating the unreliability the same in the last annual financial statements.

**4. Significant Accounting Policies**

The accounting policies and calculation methods 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 December 31, 2021, except for the application of the new standards that became effective on January 1, 2022. The Group did not early adopt any other 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 January 1, 2022 and have been explained in Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

**5. Property, Plant and Equipment and Assets Under Construction**

	<b>Property, Plant and Equipment (PPE)</b>	<b>Assets under Construction (AUC)</b>
<b>Opening balance</b>	1,097,782,937	718,799,460
Additions during the period	1,484,467	23,202,754
Depreciation during the period	(15,247,148)	-
Foreign currency translation	(2,156,643)	(532,917)
<b>Closing balance</b>	<b>1,081,863,613</b>	<b>741,469,297</b>

**6. Investments in Associates and Joint Venture**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
<b>Opening balance</b>	63,300,064	80,409,122
Additions during the period / year	-	2,416,381
Dividends	(38,250,000)	(30,600,000)
Share of profit during the period / year	5,445,257	11,406,008
Share of OCI during the period / year	-	(331,447)
<b>Closing balance</b>	<b>30,495,321</b>	<b>63,300,064</b>



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**6. Investments in Associates and Joint Venture (Continued)**

<u>Associates and joint venture</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Arabian Medical Products Manufacturing Company (ENAYAH) - Joint venture	30,495,321	63,300,064
Tassili Arab Pharmaceutical Company (TAPHCO) Algeria – Associate	-	-
CAD Middle East Pharmaceutical Company – Associate	-	-
	<u>30,495,321</u>	<u>63,300,064</u>

**7. Trade and Other Receivables**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Trade receivables	1,269,091,167	1,116,498,159
Less: expected credit loss	<u>(162,266,663)</u>	<u>(174,455,371)</u>
	1,106,824,504	942,042,788
Due from associates and joint venture (Note 14)	<u>105,999,367</u>	<u>74,646,132</u>
	<u>1,212,823,871</u>	<u>1,016,688,920</u>

**8. Investments at Fair Value Through Profit or Loss (FVTPL)**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
<b>Opening balance</b>	567,674,308	614,561,295
Additions during the period / year	-	145,307,718
Profit during the period / year	1,984,773	7,805,295
Disposals during the period / year	-	(200,000,000)
<b>Closing balance</b>	<u>569,659,081</u>	<u>567,674,308</u>

**9. Cash and Cash equivalents**

For the purposes of preparing the interim condensed consolidated statement of cash flows, total cash and cash equivalents consist of the following:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Total cash and cash equivalents	258,066,782	328,317,600
Cash and cash equivalents from discontinued operations	<u>1,185,950</u>	<u>1,345,705</u>
	<u>259,252,732</u>	<u>329,663,305</u>

**10. Discontinued Operations**

As disclosed in Note 1.1, the Group resolved to voluntarily liquidate Al-Watan Pharma and ANORA Trading Company on September 16, 2020 and November 17, 2021 respectively. Accordingly, the Group has not consolidated these subsidiaries in its interim condensed consolidated financial statements and classified them as discontinued operations. The results of the operations of Al-Watan Pharma and ANORA Trading Company for the current and previous period have been presented in the interim condensed consolidated statement of profit or loss as follows:



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**10. Discontinued Operations (Continued)**

	<b>March 31, 2022</b>	March 31, 2021
Revenues	<u>195,281</u>	<u>838,128</u>
Cost of revenues	<u>(144,507)</u>	<u>(561,546)</u>
<b>Gross Profit</b>	<b>50,774</b>	276,582
Selling and marketing expenses	<u>(162,910)</u>	<u>(277,690)</u>
General and administrative expenses	<u>(944,727)</u>	<u>(446,431)</u>
Other income	-	82,775
Finance costs	-	<u>(29,797)</u>
<b>Loss before zakat</b>	<b>(1,056,863)</b>	<u>(394,561)</u>
Zakat	-	-
<b>Net loss for the period from discontinued operations</b>	<b>(1,056,863)</b>	<u>(394,561)</u>

**Earnings per share**

Basic and diluted	<u>(0.01)</u>	<u>(0.00)</u>
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The following is the statement of the main classes of assets and liabilities of AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") and ANORA Trading Company as discontinued operations:

	<b>March 31, 2022</b>	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	<b>1,185,950</b>	1,345,705
Inventories	<b>1,569,870</b>	1,749,448
Prepaid expenses and other debit balances	-	43,936
Property, plant and equipment	-	325,001
Right of use assets	<u>447,079</u>	<u>1,131,472</u>
<b>Assets from discontinued operations</b>	<b>3,202,899</b>	<u>4,595,562</u>
<b>Liabilities</b>		
Accrued expenses	<b>95,173</b>	50,154
Zakat	<b>1,435,756</b>	1,435,756
Employees' end of service benefit obligations	<b>119,357</b>	109,460
Lease liabilities	<u>497,955</u>	<u>1,086,320</u>
<b>Liabilities from discontinued operations</b>	<b>2,148,241</b>	<u>2,681,690</u>

The following is the statement of cash flows for AL-WATAN Arabian Pharmaceutical Industries ("Al-Watan Pharma") and ANORA Trading Company:

	<b>March 31, 2022</b>	March 31, 2021
Operating activities	<u>(159,755)</u>	<u>31,703,407</u>
Investing activities	-	(55,074)
Financing activities	-	<u>(50,000,000)</u>
Net changes in cash and cash equivalents during the period	<b>(159,755)</b>	<u>(18,351,667)</u>

During the current period, there was no impairment in the carrying value of the assets directly related to the discontinued operations.



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**11. Loans and Borrowings**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
<b><u>Current</u></b>		
Islamic financing (Murabaha)	573,569,428	565,879,601
Government loans	62,000,000	116,716,213
Short-term loans	170,056,859	170,152,418
	<u>805,626,287</u>	<u>852,748,232</u>
<b><u>Non-Current</u></b>		
Islamic financing (Murabaha)	303,730,053	259,300,097
Government loans	208,517,892	157,824,537
	<u>512,247,945</u>	<u>417,124,634</u>

During the period ended March 31, 2022, the Group capitalized finance costs in the amount of SR 2.1 million (year ended December 31, 2021: SR 9.6 million).

**12. Contract Liabilities**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
<b>Contract Liabilities - Current</b>		
<b>Sales/services discounts provision:</b>		
Opening balance	62,608,735	65,124,139
Discounts provision against sales	62,620,351	160,044,299
Actual discounts adjusted during the period /year	(44,302,441)	(162,559,703)
<b>Closing balance</b>	<u>80,926,645</u>	<u>62,608,735</u>
<b>Sales returns:</b>		
Opening balance	21,083,710	37,198,472
Charge for the period / year	1,396,235	5,627,079
Adjusted during the period / year	-	(21,741,841)
<b>Closing balance</b>	<u>22,479,945</u>	<u>21,083,710</u>
<b>Contract liabilities – Current</b>	<u>103,406,590</u>	<u>83,692,445</u>
<b>Contract liabilities - Non-current</b>	<u>33,462,030</u>	<u>33,861,020</u>

**13. Earnings Per Share**

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Profit for the period	33,325,357	26,145,982
Weighted average number of ordinary shares	120,000,000	120,000,000
Earnings per share - basic and diluted	<u>0.28</u>	<u>0.22</u>

There is no dilutive effect on the basic earnings per share of the Company.

Basic earnings per share have been calculated by dividing the profit attributable to the Shareholders of the parent over the weighted average number of outstanding ordinary shares during the period.



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**14. Transactions and Balances with Related Parties**

Related parties include associates and joint venture, other related companies, and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved either by the Company or its Board of Directors.

**Transactions**

<b>Related party</b>	<b>Relation with the Company</b>	<b>Nature of transactions</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Arabian Medical Products Manufacturing Company (ENAYAH)	Joint Venture	Dividend	<b>9,562,500</b>	30,500,000
CAD Middle East Pharmaceutical Company	Associate	Expenses	<b>2,677,380</b>	-
Arab Company for Drugs Industries and Medical Appliances (ACDIMA)	Key foreign shareholder	Research cost	<b>1,491,986</b>	-
Tassili Arab Pharmaceutical Company (TAPHCO)	Associate	Sales	<b>2,613,908</b>	-

**Balances**

<b>Related party</b>	<b>Nature of balance</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Tassili Arab Pharmaceutical Company (TAPHCO)	Non-Trading	<b>34,274,583</b>	32,531,511
Tassili Arab Pharmaceutical Company (TAPHCO)	Trading	<b>27,999,613</b>	29,754,328
Arabian Medical Products Manufacturing Company (ENAYAH)	Non-Trading	<b>31,534,867</b>	2,847,368
CAD Middle East Pharmaceutical Company	Non-Trading	<b>12,190,304</b>	9,512,925
		<b>105,999,367</b>	74,646,132

**Remuneration of key management personnel**

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Remuneration of key management personnel	<b>8,926,452</b>	12,376,835

Compensation of key management personnel consists of salaries, benefits, end of service benefits and other provisions.



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**15. Financial Instruments**

The Group measures financial instruments, such as investments in equity securities at fair value at the interim condensed consolidated financial statement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must have access to the principal or the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the in the interim condensed consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. External valuers are involved in the valuation of significant assets. The involvement of external valuers is decided by the Group after discussion with the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with its external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing with the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics, and risks of the assets or liabilities and the level of the fair value hierarchy, as explained above.



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**15. Financial Instruments (Continued)**

**Financial instrument by category**

<i>March 31, 2022</i>	Total	Financial assets/liabilities at amortized cost	Financial assets at FVTOCI	Financial assets/liabilities at FVTPL	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets</b>								
<b>Current:</b>								
Investments at FVTPL	569,659,081	-	-	569,659,081	569,659,081	569,659,081	-	-
Trade and other receivables	1,212,823,871	1,212,823,871	-	-	N/A	-	-	-
Cash and cash equivalents	259,252,732	259,252,732	-	-	N/A	-	-	-
<b>Total financial assets</b>	<b>2,041,735,684</b>	<b>1,472,076,603</b>	<b>-</b>	<b>569,659,081</b>	<b>569,659,081</b>	<b>569,659,081</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Non-current:</b>								
Loans and borrowings	512,247,945	512,247,945	-	-	N/A	-	-	-
Lease liabilities	17,370,273	17,370,273	-	-	N/A	-	-	-
<b>Current:</b>								
Loans and borrowings	805,626,287	805,626,287	-	-	N/A	-	-	-
Trade payables	323,824,476	323,824,476	-	-	N/A	-	-	-
Lease liabilities	6,147,136	6,147,136	-	-	N/A	-	-	-
<b>Total financial liabilities</b>	<b>1,665,216,117</b>	<b>1,665,216,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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**15. Financial Instruments (Continued)**

**Financial instrument by category (Continued)**

<i>December 31, 2021</i>	Total	Financial assets/liabilities at amortized cost	Financial assets at FVTOCI	Financial assets/liabilities at FVTPL	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets</b>								
<b>Current:</b>								
Investments at FVTPL	567,674,308	-	-	567,674,308	567,674,308	567,674,308	-	-
Trade and other receivables	1,016,688,920	1,016,688,920	-	-	N/A	-	-	-
Cash and cash equivalents	329,663,305	329,663,305	-	-	N/A	-	-	-
<b>Total financial assets</b>	<b>1,914,026,533</b>	<b>1,346,352,225</b>	<b>-</b>	<b>567,674,308</b>	<b>567,674,308</b>	<b>567,674,308</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>								
<b>Non-current:</b>								
Loans and borrowings	417,124,634	417,124,634	-	-	N/A	-	-	-
Lease liabilities	17,688,706	17,688,706	-	-	N/A	-	-	-
<b>Current:</b>								
Loans and borrowings	852,748,232	852,748,232	-	-	N/A	-	-	-
Trade payables	303,650,697	303,650,697	-	-	N/A	-	-	-
Lease liabilities	7,255,079	7,255,079	-	-	N/A	-	-	-
<b>Total financial liabilities</b>	<b>1,598,467,348</b>	<b>1,598,467,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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**16. Segment Information**

The Board of Directors reviews the operating results of the business separately to make decisions about resource allocation and performance assessment. Transactions between the operating segments are on terms approved by the management. The following schedule represents the distribution of revenue by type:

**Revenues**

<b>Type of revenue</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Revenue from sale of products	<b>387,432,017</b>	407,340,430
Revenue from services	<b>63,838,582</b>	47,467,407
	<b>451,270,599</b>	454,807,837
<b>Other revenues</b>		
Share of profit from associates and joint venture	<b>5,445,257</b>	5,865,900
Profit from investment at fair value through profit or loss	<b>1,984,773</b>	2,018,384
<b>Total revenues</b>	<b>458,700,629</b>	462,692,121

The following table shows the disaggregation of revenues by the primary geographical markets and based on the Group's four strategic divisions, which are its reportable segments.

**For the three-months period ended March 31, 2022**

<b>Primary geographical markets</b>	<b><u>Sale of goods</u></b>	<b><u>Distribution services</u></b>	<b><u>Contract manufacturing arrangements</u></b>	<b><u>Medical services</u></b>	<b><u>Total</u></b>
Kingdom of Saudi Arabia	352,176,429	33,479,689	-	30,217,278	415,873,396
Middle East	21,318,097	-	-	-	21,318,097
Egypt	7,314,939	-	141,615	-	7,456,554
Morocco	5,110,500	-	-	-	5,110,500
Algeria	1,512,052	-	-	-	1,512,052
	<b>387,432,017</b>	<b>33,479,689</b>	<b>141,615</b>	<b>30,217,278</b>	<b>451,270,599</b>
<b>Timing of revenue recognition</b>					
At a point in time	387,432,017	33,479,689	141,615	-	421,053,321
Over time	-	-	-	30,217,278	30,217,278
	<b>387,432,017</b>	<b>33,479,689</b>	<b>141,615</b>	<b>30,217,278</b>	<b>451,270,599</b>

**For the three-months period ended March 31, 2021**

<b>Primary geographical markets</b>	<b><u>Sale of goods</u></b>	<b><u>Distribution services</u></b>	<b><u>Contract manufacturing arrangements</u></b>	<b><u>Medical services</u></b>	<b><u>Total</u></b>
Kingdom of Saudi Arabia	362,724,939	26,288,901	150,778	20,923,643	410,088,261
Middle East	29,003,809	-	-	-	29,003,809
Egypt	7,735,108	-	77,661	-	7,812,769
Morocco	6,678,530	-	26,424	-	6,704,954
Algeria	1,198,044	-	-	-	1,198,044
	<b>407,340,430</b>	<b>26,288,901</b>	<b>254,863</b>	<b>20,923,643</b>	<b>454,807,837</b>
<b>Timing of revenue recognition</b>					
At a point in time	407,340,430	26,288,901	254,863	-	433,884,194
Over time	-	-	-	20,923,643	20,923,643
	<b>407,340,430</b>	<b>26,288,901</b>	<b>254,863</b>	<b>20,923,643</b>	<b>454,807,837</b>



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**17. Contingent Liabilities and Capital Commitments**

**Contingent liabilities**

As at March 31, 2022, the Group has letters of guarantees amounting to SR 91.8 million (December 31, 2021: SR 77.8 million).

In addition, the Group has contingent liability amounting to SR 4.7 million which have been issued on behalf of the Group in the normal course of business (December 31, 2021: SR 3.2 million).

During its normal business operations, some cases may arise against the Company and some of the Group's subsidiaries, and are currently being defended, but the ultimate outcome of these cases cannot be currently determined with certainty. The management believes that the results of these cases will not have a material impact on the Group's interim condensed consolidated financial statements for the three-months period ended March 31, 2022.

**Status of zakat and income tax assessments**

Late 2021, the Company received inquiries from ZATCA regarding the Group Zakat returns for the years 2019 and 2020. The Company responded to ZATCA inquiries within the deadline. The outcome of the zakat assessments on those years is still to be received and it is too early to determine the impact of any additional zakat liability that may arise as a result of the final zakat assessment. Management believes that the zakat as per the final assessment will not vary significantly from the zakat paid and reported on zakat returns previously submitted.

**Capital commitments**

As at March 31, 2022, the Group has capital commitments amounting to SR 34.5 million (December 31, 2021: SR 57.7 million).

**18. Subsequent Events**

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

**19. Important Matters During the Period and the Related Financial and Operational Risks**

The emerging pandemic of the Coronavirus (COVID-19) continues to evolve and spread. The management of the Company has been monitoring the consequences of (COVID-19) and believe that there is no significant impact needed to reflect in the interim condensed consolidated financial statements for the three-months ended March 31, 2022.

**20. Proposed Dividends**

The Board of Directors of the Company recommended in its meeting held on March 24, 2022 to the General Assembly to distribute cash dividends to the Shareholders of the Company for an amount of SR 72 million for the year ended on December 31, 2021 at the rate of SR 0.6 per share.

**21. Comparative figures**

Certain comparative figures have been reclassified to comply with the current period presentation of these interim condensed consolidated financial statements.

**22. Approval of the Interim Condensed Consolidated Financial Statements**

The interim condensed consolidated financial statements have been approved by the Group's Board of Directors on Shawwal 16, 1443H (corresponding to May 17, 2022G).