

**MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTHS PERIOD  
ENDED 31 MARCH 2022**

**MIDDLE EAST HEALTHCARE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MIDDLE EAST HEALTHCARE COMPANY (A SAUDI JOINT STOCK COMPANY)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Middle East Healthcare Company - a Saudi Joint Stock Company - ("the Company") and its subsidiary (collectively referred to as "the Group") as at 31 March 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-months period then ended and the related interim condensed consolidated statements of 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 International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") 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" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily to 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 Kingdom of Saudi Arabia.

### Other Matter

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2021 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 24 May 2021.

for Ernst & Young Professional Services

Ahmed I. Reda  
Certified Public Accountant  
Licence No. 356

Jeddah: 18 Shawwal 1443H  
19 May 2022




Middle East Healthcare Company (A Saudi Joint Stock Company)


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

For the three-months period ended 31 March 2022

	<i>For the three-months period ended 31 March 2022 (Unaudited) SR</i>	<i>For the three-months period ended 31 March 2021 (Unaudited) SR</i>
Revenue from contract with customers	513,322,162	418,369,216
Cost of revenue	(348,300,386)	(295,212,563)
<b>GROSS PROFIT</b>	<b>165,021,776</b>	<b>123,156,653</b>
Selling and distribution expenses	(4,591,649)	(6,466,689)
General and administrative expenses	(125,154,260)	(99,197,659)
<b>OPERATING PROFIT</b>	<b>35,275,867</b>	<b>17,492,305</b>
Finance costs	(11,509,914)	(10,511,934)
Other income, net	2,310,734	3,601,871
<b>PROFIT BEFORE ZAKAT</b>	<b>26,076,687</b>	<b>10,582,242</b>
Zakat	(6,015,736) <sup>4</sup>	(1,500,000)
<b>PROFIT FOR THE PERIOD</b>	<b>20,060,951</b>	<b>9,082,242</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD:</b>		
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	6,966	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>20,067,917</b>	<b>9,082,242</b>
<b>PROFIT OF THE PERIOD ATTRIBUTABLE TO:</b>		
Shareholders of the Parent Company	20,487,776	12,101,505
Non-controlling interests	(426,825)	(3,019,263)
	<b>20,060,951</b>	<b>9,082,242</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>		
Shareholders of the Parent Company	20,494,742	12,101,505
Non-controlling interests	(426,825)	(3,019,263)
	<b>20,067,917</b>	<b>9,082,242</b>
<b>EARNINGS PER SHARE</b>		
Basic and diluted earnings per share	0.22 <sup>16</sup>	0.13

  
Sobhi Abduljalil Batterjee  
Chairman

  
Ahmed Mohamed Shebl  
Chief Executive Officer

  
Madani Hozaien  
Chief Financial Officer

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	2,378,093,334	2,356,537,613
Right-of-use assets	9	34,378,904	32,596,931
Intangible assets		7,027,598	7,377,440
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,419,499,836</b>	<b>2,396,511,984</b>
<b>CURRENT ASSETS</b>			
Inventories	7	151,959,438	155,627,028
Trade receivables, net	6	1,388,090,426	1,282,307,794
Prepayments and other current assets	8	121,156,956	109,683,178
Bank balances and cash	10	44,989,355	28,129,407
<b>TOTAL CURRENT ASSETS</b>		<b>1,706,196,175</b>	<b>1,575,747,407</b>
<b>TOTAL ASSETS</b>		<b>4,125,696,011</b>	<b>3,972,259,391</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	11	920,400,000	920,400,000
Statutory reserve		193,627,813	193,627,813
Retained earnings		164,014,088	143,519,346
Equity attributable to the shareholders' of the parent		1,278,041,901	1,257,547,159
Non-controlling interests		37,333,757	37,760,582
<b>TOTAL EQUITY</b>		<b>1,315,375,658</b>	<b>1,295,307,741</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	12	1,145,002,328	1,028,196,534
Other financial liabilities		9,695,829	11,350,561
Lease obligations	9	28,578,401	27,498,037
Deferred income		10,724,288	12,128,117
Employees' end of service benefits		233,003,932	230,608,896
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,427,004,778</b>	<b>1,309,782,145</b>
<b>CURRENT LIABILITIES</b>			
Short-term loans and borrowings	12	844,341,257	903,808,566
Other financial liabilities		7,177,326	7,178,313
Lease obligations	9	8,442,671	7,308,873
Trade payables	13	318,934,683	299,035,268
Accrued expenses and other current liabilities	15	188,167,476	139,602,059
Zakat payable	4	16,252,162	10,236,426
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,383,315,575</b>	<b>1,367,169,505</b>
<b>TOTAL LIABILITIES</b>		<b>2,810,320,353</b>	<b>2,676,951,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,125,696,011</b>	<b>3,972,259,391</b>

  
Sobhi Abduljalil Batterjee  
Chairman

  
Ahmed Mohamed Shebl  
Chief Executive Officer

  
Madani Hozaien  
Chief Financial Officer

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements.

**Middle East Healthcare Company (A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the three-months period ended 31 March 2022

	Attributable to equity holders of the parent				Non-		Total
	Share capital SR	Statutory reserve SR	Translation reserves	Retained earnings SR	controlling interests SR	Total SR	
Balance as at 1 January 2021 (audited)	920,400,000	191,907,712	-	119,422,160	1,231,729,872	43,063,454	1,274,793,326
Total comprehensive income / (loss) for the period	-	-	-	12,101,505	12,101,505	(3,019,263)	9,082,242
Balance as at 31 March 2021 (unaudited)	920,400,000	191,907,712	-	131,523,665	1,243,831,377	40,044,191	1,283,875,568
Balance as at 1 January 2022 (audited)	920,400,000	193,627,813	-	143,519,346	1,257,547,159	37,760,582	1,295,307,741
Profit / (loss) for the period	-	-	6,966	20,487,776	20,487,776	(426,825)	20,060,951
Other comprehensive income for the period	-	-	6,966	-	6,966	-	6,966
Total comprehensive income for the period	-	-	6,966	20,487,776	20,494,742	(426,825)	20,067,917
Balance as at 31 March 2022 (unaudited)	920,400,000	193,627,813	6,966	164,007,122	1,278,041,901	37,333,757	1,315,375,658



Sobhi Abduljalil Batterjee  
Chairman

Ahmed Mohamed Shebli  
Chief Executive Officer

Madani Hozaien  
Chief Financial Officer

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Middle East Healthcare Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2022

	Note	For the three months period ended 31 March 2022 (Unaudited) SR	For the three months period ended 31 March 2021 (Unaudited) SR
<b>OPERATING ACTIVITIES</b>			
Profit for the period before zakat		26,076,687	10,582,242
Non-cash adjustments to reconcile profit before zakat to net cash flow:			
Depreciation of property and equipment	5	30,355,179	32,713,024
Amortisation of right-of-use assets	9	354,166	327,591
Amortisation of intangible assets		2,277,599	2,176,266
Provision for allowance for expected credit losses	6	-	(17,531,490)
Provision for slow moving and obsolete inventories	7	66,739	-
Loss on disposal of property and equipment		865,651	266,894
Amortization deferred income		(1,403,828)	(1,474,122)
Provision for employees end of service benefits		13,676,705	11,099,128
Unwinding impact of other financial liabilities		173,746	258,319
Finance charges related to lease obligation		498,886	494,940
		<b>72,941,530</b>	<b>38,912,792</b>
Changes in operating assets and liabilities			
Inventories		3,600,851	(8,527,976)
Trade receivables		(105,782,635)	100,265,835
Prepayments and other current assets		(11,473,778)	(94,745,698)
Trade payables		19,899,415	(17,315,136)
Accrued expenses and other current liabilities		48,565,411	(11,316,512)
Other financial liabilities		(1,655,719)	(2,815,088)
Cash generated from / (used in) operations		<b>26,095,075</b>	<b>4,458,217</b>
Finance charges paid		(9,088,082)	(8,969,626)
Employee terminal benefits paid		(11,281,670)	(9,430,797)
Net cash flows generated from / (used in) operating activities		<b>5,725,323</b>	<b>(13,942,206)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment, right of use assets and intangible assets		(52,785,208)	(96,959,069)
Proceeds from disposal of property and equipment		4,340	-
Net cash used in investing activities		<b>(52,780,868)</b>	<b>(96,959,069)</b>
<b>FINANCING ACTIVITIES</b>			
Lease liabilities, net	9	(2,344,295)	(2,509,283)
Proceeds of bank borrowings		252,816,505	464,297,493
Repayment of bank borrowings		(186,556,717)	(219,095,795)
Net cash generated from financing activities		<b>63,915,493</b>	<b>242,692,415</b>
<b>INCREASE/(DECREASE) IN BANK BALANCES AND CASH</b>		<b>16,859,945</b>	<b>131,791,140</b>
Bank balances and cash at the beginning of the period		<b>28,129,407</b>	<b>16,909,946</b>
<b>BANK BALANCES AND CASH AT THE END OF THE PERIOD</b>		<b>44,989,355</b>	<b>148,701,086</b>

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Chairman

Ahmed Mohamed Shebl  
Chief Executive Officer

Madani Hozaien  
Chief Financial Officer

The attached notes from 1 to 20 form an integral part of these interim condensed consolidated financial statements

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022

### 1 CORPORATE INFORMATION

Middle East Healthcare Company (the “Company” or “the Parent Company”) and its subsidiary (collectively referred to as “the Group”) consist of the Company and its various branches and a subsidiary in the Kingdom of Saudi Arabia.

The Company was a closed joint stock company operating under commercial registration number 4030149460 dated 6 Rabi Al Thani 1425H, corresponding to 25 May 2004. On 19 Rabi Al-Awal 1437H, corresponding to 30 December 2015, the Company obtained approval from Capital Market Authority (CMA) to offer 27,612,000 shares in Initial Public Offering and the Company’s shares are listed at Saudi Stock Exchange (Tadawul) on 20 Jumada Al Thani 1437H, corresponding to 29 March 2016. Accordingly, the Company was converted to a Public Joint Stock Company.

The main activities of the Company are managing, operating and maintaining hospitals, medical centres, educational centres, rehabilitation centres, physiotherapy, laboratories and radiology centres, pharmacies, to buy land for the purpose of constructing medical projects and to establish, manage, construction and organize exhibitions for the Company.

The accompanying condensed consolidated interim financial statements include assets, liabilities, the results of the operations and the cash flows of the following branches:

<i>Branch name</i>	<i>Commercial registration</i>	<i>Issued on</i>	<i>Corresponding to</i>
Saudi German Hospital – Jeddah	4030124187	5 Safar 1419H	30 May 1998
Saudi German Hospital – Riyadh	1010162269	24 Rajab 1421H	22 October 2000
Saudi German Hospital – Aseer	5855019364	28 Dhul Hijah 1420H	3 April 2000
Saudi German Hospital – Madinah	4650032396	18 Safar 1423H	5 August 2002
Abdul Jaleel Ibrahim Baterjee Sons	4030181710	4 Shaban 1429H	6 August 2008
Saudi German Hospital – Dammam	2050105713	18 Rajab 1436H	7 May 2015
Beverly Clinics – Jeddah	4030297688	26 Safar 1439H	15 November 2017
Saudi German Hospital – Makkah - Under development	4031215509	19 Shawwal 1439H	3 July 2018
MEAHCO – Dubai	Foreign branch	18 Muharram 1442H	6 September 2020
MEAHCO – Cairo	Foreign branch	15 Muharram 1442H	3 September 2020

The Company also has investment in the following subsidiary:

<i>Subsidiary name</i>	<i>Principal activities</i>	<i>Effective holding</i> 31 March 2022	<i>Effective holding</i> 31 December 2021
National Hail Company for Healthcare (NHC) (note below)	Healthcare	47%	47%

During FY 2021, the Parent Company paid an advance to subsidiary to increase its stake from 47% to 53.9%. However, the legal formalities and registration of increase in share capital of the subsidiary is yet to be completed.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These interim condensed financial statements for the three months period ended 31 March 2022 have been prepared in accordance with International Accounting Standard “Interim Financial Reporting” (“IAS 34”) endorsed in the Kingdom of Saudi Arabia. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2021.



# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention. In addition, the results for the three months period ended 31 March 2022, are not an accurate indication of the results that can be expected for the fiscal year ending 31 December 2022.

#### 2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency of the Group.

#### 2.4 Basis of consolidation

These interim condensed consolidated financial statements comprising the financial statements the Company and its subsidiary as set out in note 1. The financial statements of the subsidiary are prepared for the same reporting period as that of the Parent Company.

##### 2.4.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. To meet the definition of control, all of the following three criteria must be met:

- i) the Group has power over an entity;
- ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
- iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

The Group re-assesses whether or not it controls an investee in case facts and circumstances indicate that there are changes to one or more of the criteria of control.

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

##### 2.4.2 Non-controlling interests

Non-controlling interests represent the portion of net income and net assets of subsidiaries not owned, directly or indirectly, by the Group in its subsidiaries and are presented separately in the interim condensed consolidated statement of income and within equity in the interim condensed consolidated statement of financial position, separately from the Group's equity. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### 2.4.3 Transactions eliminated on consolidation

Balances between the Group entities, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### 2.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, were disclosed in annual consolidated financial statements for the year ended 31 December 2021.

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

***Reference to the Conceptual Framework – Amendments to IFRS 3***

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

***Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16***

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

***IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter***

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter

***IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no significant impact on the interim condensed consolidated financial statements of the Group during the period.

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 4 ZAKAT

The movement in the zakat provision during the period/year is as follows:

	<i>For the three-months period ended 31 March 2022 (Unaudited) SR</i>	<i>For the year ended 31 December 2021 (Audited) SR</i>
At the beginning of the period/year	<b>10,236,426</b>	6,309,663
Provided during the period/year	<b>6,015,736</b>	7,500,000
Paid during the period/year	-	(3,573,237)
At the end of the period/year	<b>16,252,162</b>	10,236,426

The Group's latest zakat assessment status is as follows:

#### Zakat status of Middle East Health Care Company

The Company finalized its Zakat status up to the year 2008.

The Company filed the Zakat/tax returns for the years ended 31 December 2009 to 31 December 2013. The Zakat, Tax and Customs Authority ("ZATCA") did not issue the final Zakat/tax assessments for the said years till to date. In this respect, and as per our understanding of the Zakat/tax bylaws, we believe that the status of the Company for the said years is considered finalized.

In addition to that, the Company has the balance of SR 11.7 million with the ZATCA on its Zakat account to be used to settle Zakat differences based on ZATCA Zakat assessments.

The Company filed its Zakat/ tax return for the year ended 31 December 2014. The ZATCA issued the preliminary assessment for the year 2014, which has shown Zakat differences of SR 4.6 million due from the Company. The said differences resulted from rejecting the application of Fatwa No. 23408 by the ZATCA. The said Fatwa stated that Zakat is to be calculated on the Zakat base even if it is less than the net result of the year. The Company submitted a bank guarantee against the said Zakat differences and objected against such treatment. The ZATCA refused the Company's objection for the year 2014. The Company transferred the objection to the Committee for Resolution of Tax Violations and Disputes (CRTVD), which is still under study by the CRTVD till to date.

The Company filed its Zakat/tax returns for the years ended 31 December 2015 to 31 December 2018. The ZATCA issued the Zakat and withholding tax (WHT) assessment for the said years. The Company objected against the said assessment. The ZATCA issued its revised Zakat and tax assessment. The Company transferred the objection to the Committee for Resolution of Tax Violations and Disputes (CRTVD), which is still under study by the CRTVD till to date. Management believes a favourable outcome of the objection with CRTVD.

The Company filed the returns for FY 2019 and FY 2020 ZATCA issued the Zakat assessment for the years 2020 and 2019. Subsequently, the Company submitted a bank guarantee amounting to SR 12.4 million and objected against the said assessment, ZATCA issued it's revised zakat assessment. Subsequently, the Company escalated it's objection to the CTRVD, which is still under study by the CTRVD till date.

The Company filed the Zakat/tax returns for the years ended 31 December 2021 and obtained the unrestricted Zakat/tax certificate for the year 2022.

#### Zakat status of Subsidiary Company ("National Hail Company for Health Care" or "NHC")

NHC has finalized its Zakat assessment up to the year ended 31 December 2018. The Subsidiary Company filed the Zakat /tax returns for the years ended 31 December 2021,2020 and 2019 and obtained the unrestricted Zakat / tax certificate for the year 2022. The ZATCA did not issue the Zakat and tax assessment for the said years.

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 5 PROPERTY AND EQUIPMENT

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Operating assets	<b>1,444,620,681</b>	1,462,526,971
Capital work-in-progress (CWIP)	<b>933,472,653</b>	894,010,642
	<b><u>2,378,093,334</u></b>	<b><u>2,356,537,613</u></b>

- 5.1 CWIP mainly contains the progress payments for construction of a new hospital in Makkah, expansion of hospital in Riyadh, staff accommodation in Dammam, and renovations of several hospitals' buildings and digitalization projects at different locations.
- 5.2 During the period finance charges amounting to SR 2.9 million (31 December 2021: SR 9.4 million, 31 March 2021: SR 7.1 million) have been capitalized in CWIP.
- 5.3 The land and buildings with a net book value of SR 263.8 million (31 December 2021: SR 378.2 million) are mortgaged to secure loan from Ministry of Finance (note 12).
- 5.4 The movement in property and equipment for the period/year is shown below:

	<i>For the three- months period ended 31 March 2022 (Unaudited) SR</i>	<i>For the year ended 31 December 2021 (Audited) SR</i>
<b>Cost:</b>		
At the beginning of the period/year	<b>3,580,641,884</b>	3,208,085,697
Additions during the period/yea	<b>52,779,712</b>	416,561,036
Disposals during the period/year	<b>(19,576,664)</b>	(43,119,330)
Transfers to intangibles	-	(885,519)
At the end of the period/year	<b><u>3,613,844,932</u></b>	<u>3,580,641,884</u>
<b>Depreciation:</b>		
At the beginning of the period/year	<b>1,224,104,271</b>	1,134,447,275
Charge for the period/year	<b>30,354,007</b>	130,906,528
Relating to disposals	<b>(18,706,680)</b>	(41,249,532)
At the end of the period/year	<b><u>1,235,751,598</u></b>	<u>1,224,104,271</u>
<b>Net book amounts:</b>		
<b>At the end of the period/year</b>	<b><u>2,378,093,334</u></b>	<b><u>2,356,537,613</u></b>

### 6 TRADE RECEIVABLES, NET

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Third party customers	<b>1,433,655,359</b>	1,329,492,240
Related parties (note 14)	<b>19,325,132</b>	17,705,619
	<b><u>1,452,980,491</u></b>	<u>1,347,197,859</u>
Less: expected credit losses	<b>(64,890,065)</b>	(64,890,065)
	<b><u>1,388,090,426</u></b>	<b><u>1,282,307,794</u></b>

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 6 TRADE RECEIVABLES, NET (continued)

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on terms of 60 days. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	<i>At 31 March 2022</i>					
	<i>Current SR</i>	<i>&lt;90 days SR</i>	<i>90–180 days SR</i>	<i>181–365 days SR</i>	<i>&gt;1 year SR</i>	<i>Total SR</i>
Total exposure at default	432,425,604	353,261,252	303,078,213	344,890,290	-	1,433,655,359
Expected loss rate	3.0%	3.3%	3.6%	8.6%	-	4.5%
Expected credit loss	(12,901,691)	(11,634,719)	(10,848,501)	(29,505,154)	-	(64,890,065)
	<u>419,523,913</u>	<u>341,626,533</u>	<u>292,229,712</u>	<u>315,385,136</u>	<u>-</u>	<u>1,368,765,294</u>
	<i>At 31 December 2021</i>					
	<i>Current SR</i>	<i>&lt;90 days SR</i>	<i>90–180 days SR</i>	<i>181–365 days SR</i>	<i>&gt;1 year SR</i>	<i>Total SR</i>
Total exposure at default	403,938,199	373,428,364	278,928,840	269,120,743	4,076,094	1,329,492,240
Expected loss rate	3.0%	3.4%	3.3%	11.0%	25.2%	4.9%
Expected credit loss	(12,304,743)	(12,538,125)	(9,313,508)	(29,707,022)	(1,026,667)	(64,890,065)
	<u>391,633,456</u>	<u>360,890,239</u>	<u>269,615,332</u>	<u>239,413,721</u>	<u>3,049,427</u>	<u>1,264,602,175</u>

The movement in expected credit losses for the period/year is shown below:

	<i>For the three-months period ended 31 March 2022 (Unaudited) SR</i>	<i>For the year ended 31 December 2021 (Audited) SR</i>
At the beginning of the period/year	64,890,065	120,726,363
Charge during the period/year	-	3,312,773
Reversal during the period/year	-	(17,053,809)
Written off during the period/year	-	(42,095,262)
At the end of the period/year	<u>64,890,065</u>	<u>64,890,065</u>

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 7 INVENTORIES

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Pharmacy items	62,568,988	60,162,684
Kitchen items	909,126	840,027
Spare parts and consumables	106,282,971	112,359,225
	<u>169,761,085</u>	<u>173,361,936</u>
Less: provision for slow moving and obsolete inventories	(17,801,647)	(17,734,908)
	<u><u>151,959,438</u></u>	<u><u>155,627,028</u></u>

The movement in provision for slow moving and obsolete inventories for the period/year is shown below:

	<i>For the three-months period ended 31 March 2022 (Unaudited) SR</i>	<i>For the year ended 31 December 2021 (Audited) SR</i>
At the beginning of the period/year	17,734,908	16,378,305
Charge during the period/year	66,739	1,356,603
At the end of the period/year	<u><u>17,801,647</u></u>	<u><u>17,734,908</u></u>

### 8 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Advances to suppliers	29,008,871	25,163,008
Prepayments	38,511,513	42,569,884
Advances to staff	1,547,195	1,043,894
Deposits	13,757,676	1,336,218
Others (note below)	38,331,701	39,570,174
	<u><u>121,156,956</u></u>	<u><u>109,683,178</u></u>

Others included amounts of SR 18.98 million and SR 11.7 million, paid against ongoing appeals for VAT and Zakat assessments.

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 9 RIGHT OF USE AND LEASE LIABILITIES

The movement in right-of-use assets and lease liability for the year is as follows:

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
<b>Right of use assets</b>		
At the beginning of the period/year	<b>32,596,931</b>	25,576,972
Addition during the period/year	<b>4,059,572</b>	16,965,127
Depreciation for the period / year	<b>(2,277,599)</b>	(9,121,488)
Related to contract terminations	-	(823,680)
	<hr/> <b>34,378,904</b> <hr/>	<hr/> 32,596,931 <hr/>
At the end of the period/year		
	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
<b>Lease liabilities</b>		
At the beginning of the period/year	<b>34,806,910</b>	27,132,548
Interest expense for the period/year	<b>498,886</b>	2,043,928
Addition for the period/year	<b>4,059,571</b>	16,965,127
Related to terminated contracts	-	(1,098,242)
Payments made during the period / year	<b>(2,344,295)</b>	(10,236,451)
	<hr/> <b>37,021,072</b> <hr/>	<hr/> 34,806,910 <hr/>
At the end of the period/year		

### 10 BANK BALANCES AND CASH

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Cash in hand	<b>4,947,219</b>	1,505,013
Cash at bank – current accounts	<b>40,042,136</b>	26,624,394
	<hr/> <b>44,989,355</b> <hr/>	<hr/> 28,129,407 <hr/>

### 11 SHARE CAPITAL

As at 31 March 2022, the Parent Company's authorized, issued and fully paid share capital is SR 920.4 million (31 December 2021: SR 920.4 million) which is divided into 92.04 million (31 December 2021: 92.04 million) shares of SR 10 par value each (31 December 2021: SR 10 par value each).

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 12 LOANS AND BORROWINGS

Loans and borrowings comprise of the following:

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Loan from commercial banks	<b>1,823,815,819</b>	1,762,323,775
Loan from Ministry of Finance	<b>177,655,883</b>	183,283,563
Less: Unamortised portion of transaction cost	<b>(12,128,117)</b>	(13,602,238)
Loan from Ministry of Finance, net	<b>165,527,766</b>	169,681,325
	<b><u>1,989,343,585</u></b>	<b><u>1,932,005,100</u></b>
	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
<b>Current portion:</b>		
Long term loans	<b>127,199,047</b>	174,475,468
Short-term borrowings	<b>710,063,543</b>	722,324,720
Loan from Ministry of Finance	<b>7,078,667</b>	7,008,378
	<b><u>844,341,257</u></b>	<b><u>903,808,566</u></b>
<b>Non-current portion:</b>		
Long term loans	<b>986,553,229</b>	865,523,588
Loan from Ministry of Finance	<b>158,449,099</b>	162,672,946
	<b><u>1,145,002,328</u></b>	<b><u>1,028,196,534</u></b>
	<b><u>1,989,343,585</u></b>	<b><u>1,932,005,100</u></b>

Loan from Ministry of Finance are secured by the mortgage of land and building of Saudi German Hospital – Dammam and Hail (Note 5.3).

Loans from commercial banks are borrowed at SIBOR plus agreed mark ups. These loans are secured through promissory notes issued by the Group. These loan agreements with the banks contain covenants, which, among other things, require the Group to maintain a minimum current, gearing band debt service coverage ratio. As at 31 March 2022, the Company was noncompliant with certain financial covenants of a short-term loan agreement with a bank.

At 31 March 2022, the Group had available SR 538.6 million (31 December 2021: SR 824.9 million) of undrawn committed borrowing facilities.

### 13 TRADE PAYABLES

Accounts payable comprise of the following:

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Third party suppliers	<b>216,075,300</b>	166,980,068
Due to related parties (note 14)	<b>102,859,383</b>	132,055,200
	<b><u>318,934,683</u></b>	<b><u>299,035,268</u></b>



# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2022

### 14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Following is the list of related party transactions and balances of the Group:

<i>Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>Transactions for the three- months period ended</i>		<i>Balance as at</i>	
			<i>31 March 2022 SR</i>	<i>31 March 2021 SR</i>	<i>31 March 2022 SR</i>	<i>31 December 2021 SR</i>
<b>a) Amounts due from related parties</b>						
Bait Al Batterjee Company for Education & Training	Related party, due to shareholder / Board member	Staff training	-	124,225	-	-
Emirates Healthcare Development Company	Related party, due to shareholder / Board member	Management fee	<b>2,020,374</b>	5,954,285	<b>12,484,443</b>	10,702,133
Egypt Healthcare Company	Related party, due to shareholder / Board member	Management fee	<b>1,284,529</b>	117,058	<b>1,904,222</b>	787,004
Bait Al Batterjee Medical College	Related party, due to shareholder / Board member	Training fee	-	213,018	<b>4,394,539</b>	4,349,873
Al Bait International Company	Board member	Medical services	-	628,139	-	-
Saudi German Hospital Sana'a	Related party, due to shareholder / Board member	Medical services	-	-	-	895,675
Saudi German Hospital Ajman	Related party, due to shareholder / Board member	Medical services	-	-	<b>428,972</b>	857,979
Bait Al Batterjee Fitness Company	Related party, due to shareholder / Board member	Medical services	-	29,892	<b>112,956</b>	112,955
					<b><u>19,325,132</u></b>	<b><u>17,705,619</u></b>

## Middle East Healthcare Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2022

#### 14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The above balances are unsecured, interest free and have no fixed repayment. The management estimate the allowance on due from related party balance at the reporting date at an amount equal to lifetime expected credit losses., taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

<i>Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>Transactions for the three-</i> <i>months period ended</i>		<i>Balance as at</i>	
			<i>31 March</i> <i>2022</i> <i>SR</i>	<i>31 March</i> <i>2021</i> <i>SR</i>	<i>31 March 2022</i> <i>SR</i>	<i>31</i> <i>December</i> <i>2021</i> <i>SR</i>
<b>b) Amounts due to related parties</b>						
Abdul Jalil Khalid Batterjee Medical Instrumentation Maintenance Company	Related party, due to shareholder / Board member	Repair of medical instruments	<b>112,718</b>	500,323	<b>369,675</b>	475,573
International Hospital Construction Company	Related party, due to shareholder / Board member	Construction and renovation	<b>59,453,941</b>	72,842,648	<b>98,391,284</b>	128,436,823
Bait Al Batterjee Medical Company	Related party, due to shareholder / Board member	Advisory fee	<b>1,597,140</b>	5,402,978	<b>3,591,441</b>	3,199,452
Gulf Youth Company for Investment and Real Estate Development (JAN-PRO)	Related party, due to shareholder / Board member	Janitorial services	<b>2,510,983</b>	7,225,151	<b>1,617,004</b>	-
Megamind IT Solution Company	Related party, due to shareholder / Board member	Advance against outsourced IT services	<b>35,846,085</b>	44,968,467	<b>(5,143,328)</b>	(2,585,038)
Bait Al Batterjee Pharmaceutical Company	Related party, due to shareholder / Board member	Supplies of certain pharmaceutical products	<b>3,530,380</b>	5,701,764	<b>4,033,307</b>	2,528,390
					<b>102,859,383</b>	132,055,200

Amount due from / to related parties are shown in notes 6 and 13, respectively.

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### c) Compensation of key management personnel of the Group:

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is shown below:

	<i>For the three- months period ended 31 March 2022 SR</i>	<i>For the three- months period ended 31 March 2021 SR</i>
Board of Directors	<b>510,000</b>	506,888
Key Management Personnel	<b>2,063,288</b>	1,268,693
	<b><u>2,573,288</u></b>	<u>1,775,581</u>

The amounts disclosed in the table are the amounts recognised as an expense during the year related to key management personnel.

#### d) Terms and conditions of transactions with related parties

Outstanding balances at the period ended 31 March 2022 are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2022 and year ended 31 December 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

### 15 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise of the following:

	<i>31 March 2022 (Unaudited) SR</i>	<i>31 December 2021 (Audited) SR</i>
Accrued expenses	<b>132,663,769</b>	94,750,612
Value added tax (VAT) payable	<b>6,857,371</b>	479,193
Other liabilities	<b>48,646,336</b>	44,372,254
	<b><u>188,167,476</u></b>	<u>139,602,059</u>

### 16 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period have been computed by dividing the net profit attributable to shareholders of the Parent Company for the period by the weighted average number of shares outstanding during the period.

	<i>For the three-months period ended 31 March 2022 Unaudited SR</i>	<i>For the three-months period ended 31 March 2021 Unaudited SR</i>
Profit for the period attributable to ordinary shareholders of the Parent	<b><u>20,487,776</u></b>	<u>12,101,505</u>
Weighted average number of ordinary shares in issue	<b><u>92,040,000</u></b>	<u>92,040,000</u>
Basic and diluted earnings per share	<b><u>0.22</u></b>	<u>0.13</u>

# Middle East Healthcare Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2022

### 17 COMMITMENTS AND CONTINGENCIES

- 17.1 Various employees have filed cases against the Group for various claims. These claims include unlawful dismissal, dismissal without notice and other compensation as per the contractual arrangements. The total claims amount to SR 4.4 million (31 December 2021: SR 6.1 million). Most of the cases are under hearing in various labour courts. The management is confident that the outcome will be in the favour of the Group and no provision is required in this regard. In addition, potential Zakat and VAT exposure amounting to SR 4.6 million and SR 18.9 million as disclosed in note 4 and 8 respectively.
- 17.2 The Company and its Subsidiary is also contesting various cases on account of alleged non-compliance of regulations. The total amount under consideration is SR 1.4 million (31 December 2021: SR 1.6 million). Most of the cases are under hearing. The management is confident that the outcome will be in favour of the Group and no provision is required in this regard.
- 17.3 At 31 March 2022, the Group had commitments of SR 277.8 million (31 December 2021: SR 304.1 million) relating to capital expenditures.

### 18 SEGMENTAL INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments. Information regarding the Group's reportable segments is presented below:

#### Based on nature of services

	<i>31 March 2022 (unaudited)</i>				
	<i>In patient services</i>	<i>Outpatient services</i>	<i>Pharmacy</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>sales</i>	<i>SR</i>	<i>SR</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Revenue	290,287,985	141,032,362	78,898,358	3,103,457	513,322,162
Cost of revenue	(186,567,670)	(95,372,344)	(66,356,514)	(3,858)	(348,300,386)
Gross profit	103,720,315	45,660,018	12,541,844	3,099,599	165,021,776
Operating expenses					(129,745,909)
Operating profit					35,275,867
Finance charges					(11,509,914)
Other income					2,310,734
Zakat					(6,015,736)
Net profit					20,060,951

	<i>31 March 2021 (unaudited)</i>				
	<i>In patient services</i>	<i>Outpatient services</i>	<i>Pharmacy</i>	<i>Others</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>sales</i>	<i>SR</i>	<i>SR</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Revenue	236,944,707	115,003,426	61,884,120	4,536,963	418,369,216
Cost of revenue	(167,604,570)	(83,541,544)	(43,988,226)	(78,223)	(295,212,563)
Gross profit	69,340,137	31,461,882	17,895,894	4,458,740	123,156,653
Operating expenses					(105,664,348)
Operating profit					17,492,305
Finance charges					(10,511,934)
Other income					3,601,871
Zakat					(1,500,000)
Net profit					9,082,242

#### Geographical information

All of the Group's operating assets and principal markets of activity are located in the Kingdom of Saudi Arabia.

**19 FAIR VALUE OF ASSETS AND LIABILITIES**

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 principal or the most advantageous market must be accessible by the Group.

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 by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, 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.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the period ended 31 March 2022, there were no movements between the levels.

As at 31 March 2022 and 31 December 2021, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

**20 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements of the Group for the three-months period ended 31 March 2022 have been approved by the Board of Directors on 15 May 2022, corresponding to 14 Shawwal 1443H.