



Offering Period is from Tuesday 14/07/1443H (corresponding to 15/02/2022G) to Thursday 16/07/1443H (corresponding to 17/02/2022G)

Arabian International Healthcare Holding Company is a Saudi closed joint stock company having Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G)

Sale of (5,000,000) five million ordinary shares representing 25% of the Company's total shares by offering them in the Parallel Market "Nomu" to Qualified Investors at a price of (SR 82) eighty two Saudi riyals per share

Arabian International Healthcare Holding Company was established as a limited liability company pursuant to the Articles of Association signed on 18/07/1434H (corresponding to 27/05/2013G) and Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's capital upon its establishment amounted to (SR 500,000) five hundred thousand Saudi riyals, divided into (50,000) fifty thousand cash shares of equal value of (SR 10) ten Saudi riyals per share. During 2021G, the Company's capital was increased from (SR 500,000) five hundred thousand Saudi riyals to (SR 200,000,000) two hundred million Saudi riyals divided into (20,000,000) twenty million cash shares of equal value of (SR 10) ten Saudi riyals per share. This increase was documented by the amended Articles of Association dated 22/05/1442H (corresponding to 05/01/2021G) and Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The capital increase of (SR 199,500,000) one hundred and ninety-nine million five hundred thousand Saudi riyals was accomplished by transferring an amount (SR 179,310,546) one hundred and seventy-nine million three hundred and ten thousand five hundred and forty-six Saudi riyals from the capital increase account to the capital account, and transferring an amount of (SR 20,189,454) twenty million one hundred and eighty-nine thousand four hundred and fifty-four Saudi riyals from the retained earnings account to the capital account.

The Company was transformed into a closed joint stock company pursuant to Ministry of Commerce resolution No. (277) dated 17/08/1442H (corresponding to 30/03/2021G) and in accordance with Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's current capital is (SR 200,000,000) two hundred million Saudi riyals, divided into (20,000,000) twenty million ordinary shares, paid in full, at a nominal value of (SR 10) ten Saudi riyals per share, all of which are ordinary shares of one class.

The Offering will be directed to categories of Qualified Investors for (5,000,000) five million ordinary shares (collectively referred to as "Offer Shares" and individually as an "Offer Share") at a nominal value of (SR 10) ten Saudi Riyal per share. The Offering Price will be (SR 82) eighty two Saudi Riyal. The Offer Shares in total represent 25.0% of the Company's capital ("the Offering"). All Company shares are ordinary shares of one class, and the share does not give any shareholder any preferential rights. Every shareholder ("Shareholder"), regardless of the number of his/her shares, is entitled to attend and vote at the meetings of the General Assembly of Shareholders ("the General Assembly"). The Offer Shares are entitled to any profits announced by the Company from the date of this Prospectus and the following fiscal years (refer to Section 5) "Dividends Distribution Policy" of this Prospectus). Existing Substantial Shareholders who own 5% or more of the Company's shares are also prohibited from disposing of their shares for a period of (12) twelve months ("Lock-up Period") from the starting date of trading the Company shares in the Parallel Market, and they may dispose of their shares after elapse of the Lock-up Period without a prior consent from the Capital Market Authority.

The company has one major shareholder (owning 5% or more), which is the Advanced Pharmaceuticals Company, which owns 99.0% of the company's shares as on the date of this prospectus (refer to section No. (4.2) "Substantial Shareholder who owns 5% or more of the Company's shares" from this prospectus).

Trading in The Company shares shall be limited to two Groups of Qualified Investors as follows:

Tranche (A): Qualified Investors (Non Individuals):

1. Capital Market Institutions acting on their own behalf;
2. customers of a capital market institution authorized to perform management activities, provided that the capital market institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on behalf of the customer without the need for his prior approval;
3. the Kingdom's government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom, the Saudi Stock Exchange, or any other stock exchange recognized by the CMA, or the Securities Depository Center;
4. Government-owned companies, whether investing directly or through a portfolio managed by a capital market institution authorized to perform management activities;
5. companies and funds established in GCC countries;
6. investment funds;
7. non-resident foreign investors who may invest in the Parallel Market and meet the requirements set out in the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market;
8. qualified foreign financial institutions;
9. any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center; and
10. any other persons defined by the CMA

(Refereed to collectively as "(Qualified Investors (Non-Individual))").

Qualified Investors (Non-Individuals) will participate in the Offering through the book-building process (See Section 9 "Information relating to the and Subscription Terms and Conditions" of this Prospectus). The number of Offer Shares that will be initially allocated to Qualified Investors (Non-Individuals) is (5,000,000) five million Offer Shares, representing 100% of the total number of Offer Shares. The final allocation of Offer Shares will be made after the end of the subscription period for Qualified Investors (Individuals). In the event that Qualified Investors (Individuals) (defined as Tranche B below) subscribe for the Offer Shares allocated to them, the Lead Bookrunner shall have the right to reduce the number of Offer Shares allocated to Qualified Investors (Non-Individuals) to (4,000,000) four million shares, representing eighty percent (80%) of the total number of Offer Shares. The Subscription Period for Qualified Investors (Non-Individuals) will begin on Wednesday 08/07/1443H (corresponding to 09/02/2022G) and end on Monday 13/07/1443H (corresponding to 14/02/2022G), according to the subscription terms and conditions.

Tranche B: Qualified Investors (Individuals):

Natural persons who may open an investment account in the Kingdom and an account with

the Depository Center and meet any of the following criteria: (a) have made transactions in the securities market with a total value of not less than (SR 40,000,000) forty million Saudi riyals and not less than (10) ten transactions per quarter during the past 12 months; (b) the value of their net assets is not less than (SR 5,000,000) five million Saudi riyals; (c) is working or has worked in the financial sector for at least (3) three years; (d) has a CME-1 approved by the CMA; or (e) holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity collectively "Qualified Investors (Individuals)". In the event of subscribing twice, the second subscription will be considered null and only the first subscription will be taken into account, and the second subscription will be considered void. A maximum of (SR 1,000,000) one million Offer Shares representing 20% of the total Offer Shares will be allocated to Qualified Investors (Individuals) provided that Qualified Investors (Individuals) subscribe to all the Offer Shares allocated to them. If Qualified Investors (Individuals) do not subscribe for all the Shares allocated to them, the Lead Bookrunner may reduce the number of Shares allotted to them in proportion to the number of Shares to which they subscribed.

The Offer Shares will be sold by the Shareholders of the Company whose names appear on page (xvi) (referred to collectively as "Selling Shareholders") who, prior to the Offering, owned 100.0% of The Company's shares. After completion of the Offering, the Selling Shareholders will own 75.0% of The Company's shares, and therefore they will retain a controlling stake in The Company. The Offering Proceeds, after deducting the Offering Expenses, will be paid to the Selling Shareholders according to their ownership percentage of the Offered Shares, and The Company will not receive any amount from the Offering Proceeds (see Section. (6) "Using Offering Proceeds" of this Prospectus).

The Offering Period for Qualified Investors (Individuals) begins on Tuesday 14/07/1443H (corresponding to 15/02/2022G) and will remain open for a period of (3) working days up to and including the subscription closing date at the end of Thursday 16/07/1443H (corresponding to 17/02/2022G) (the "Offering Period"). Subscription to the Offer Shares can be made by Qualified Investors (Individuals) through the electronic channels of the Receiving Entities (Agents) during the Offering Period (for more information, see Section 9.2.2 "Subscription by Qualified Investors (Individuals)" of this Prospectus). Qualified Investors (Non-Individuals) can register their applications for the Offer Shares through the Lead Bookrunner or the Bookrunners, during the book-building period, which takes place before the Shares are offered to Qualified Investors (Individuals) (see Section 9.2.1 "Book-Building Process for Qualified Investors (Non-Individuals)" of this Prospectus). (For more details about contact information, see page (79) of this Prospectus). The Offer Shares will be offered to the Qualified Investors during the Offering Period, and each of them will have the opportunity to study the investment opportunity and view any additional information available through a data room in which all documents referred to in Section (12) "Documents Available for Inspection" of this Prospectus are displayed.

Each (Individual) Qualified Investor who subscribes to the Offer Shares must apply for a minimum of (10) ten Offer Shares and a maximum of (980,000) nine hundred eighty thousand Offer Shares. The minimum allocation per (Individual) Qualified Investor is ten (10) Shares. The remaining Offer Shares, if any, will be allocated on a pro-rata basis based on the number of Offer Shares applied for by each (Individual) Qualified Investor. In the event that the number of Qualified Investors (Individuals) exceeds (100,000) one hundred thousand subscribers, the Company will not guarantee the minimum allocation and the allocation of Offer Shares will be determined at the discretion of the Lead Bookrunner. Announcement of the final allotment will be made no later than Monday 20/07/1443H (corresponding to 21/02/2022G) and refund of excess subscription amounts, if any, will be made within the two days following the allocation dates without any charge or commission being withheld by the Receiving Entities, Lead Manager or the Company (see Section 9 "Information relating to the and Subscription Terms and Conditions" of this Prospectus).

Prior to the Offering, there has been no public market for the Company Shares in Saudi Arabia or elsewhere. The company has filed an application to the Capital Market Authority in the Kingdom of Saudi Arabia ("the Authority" or "CMA") to register and offer its shares in the Parallel Market ("Nomu") in accordance with the Rules on the Offer of Securities and Continuing Obligations, and also submitted an application to list the shares of the Saudi Tadawul Company "Saudi Tadawul" in accordance with the Listing Rules. This Prospectus and all supporting documents requested by the Authority have been approved, and all necessary official approvals have been obtained for the offering and listing of the Shares. It is expected that the trading of shares in the Parallel Market will begin soon after completion of the process of allocating shares, refunding the surplus and completing all relevant regulatory requirements (See section "Important Dates and Offering Procedures" on page (xii) of this Prospectus). After the shares are registered in the Parallel Market, Qualified Investors who meet the conditions, whether inside or outside the Kingdom, will be allowed to trade in the Company's shares. The "Important Notice" and "Risk Factors" sections of this Prospectus should be carefully considered by prospective investors before making any decision to subscribe to the Offer Shares.

Financial Advisor and Lead Bookrunner



Lead Manager

Bookrunners



الراجحي المالية
Al Rajhi Capital



Receiving Entities

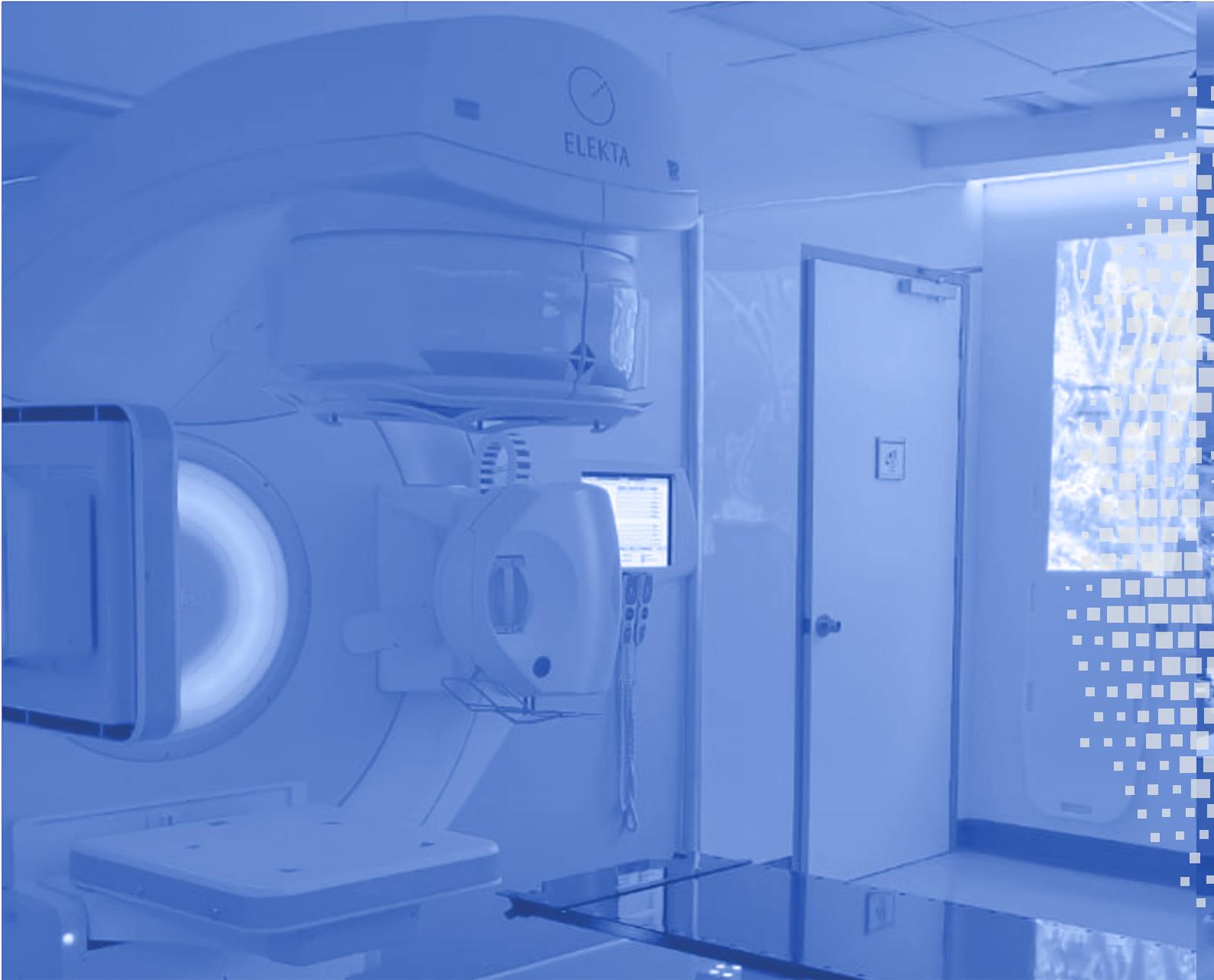


مصرف الراجحي
alrajhi bank



This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority" or "CMA"). The directors, whose names appear on page (iv) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Investors wishing to purchase the shares offered under this Prospectus must investigate the correctness of the information related to the shares subject of the Offering. If he does not understand the contents of this Prospectus, they should consult a licensed financial advisor.

This Prospectus is dated 25/05/1443H, (corresponding to 29/12/2021G).





Prospectus
TIBBIYAH

www.tibbiyah.com

Important Notice

This Prospectus provides complete detailed information about the Arabian International Healthcare Holding Company and the shares offered for subscription in the Parallel Market. Investors who apply to subscribe to the Offered Shares will be treated on the basis that their applications are based on the information contained in this Prospectus, copies of which can be obtained from the Company, the Financial Advisor, the Lead Manager, or from websites of the Company (www.tibbiyah.com), Aldukheil Financial Group (www.aldukheil.com.sa), Capital Market Authority (www.cma.org.sa), Saudi Tadawul Company "**Saudi Tadawul**" (www.saudiexchange.sa), or Derayah Financial Company (www.derayah.com). The Financial Advisor, "**Aldukheil Financial Group Company**" will also announce on the Saudi Tadawul Group website "**Tadawul**" about publishing the Prospectus and making it available to Qualified Investors during the period specified in accordance with the Rules on the Offer of Securities and Continuing Obligations (within a period of no less than (14) days before the listing) and any other developments.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the Kingdom Saudi Arabia. The Directors whose names appear on page (iv) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Exchange Company (Saudi Tadawul) take no responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the information mentioned in the Prospectus or from depending on any part thereof.

The Company has appointed (Aldukheil Financial Group) as a Financial Advisor ("**Financial Advisor**") and Lead Bookrunner ("**Lead Bookrunner**") and appointed Derayah Financial Company as the Lead Manager ("**Lead Manager**") and Bookrunner ("**Bookrunner**") and Receiving Entities (Receiving Entities") in relation to the Offering of Shares indicated in this Prospectus (see Section (10) "**Covenants Relating to the Subscription**" in this Prospectus).

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of The Company and the value of the Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political and other factors, over which the Company has no control (See Section 2 "**Risk Factors**" of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offer Shares is intended to be or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, its directors, the Selling Shareholders, or any of its advisors to participate in the Offering. The information provided in this Prospectus is of general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor who is licensed by CMA in relation to subscription to the Offer Shares and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs including the advantages and risks associated with investing in the Offer Shares. Investment in the Offering Shares may be suitable for some investors and not others. Potential investors should not rely on the decision and vision of another party to invest or not to invest as a basis for the study they are supposed to conduct with regard to their opportunity to invest or on the individual circumstances of those investors.

The Offering is limited to Qualified Investors in the following two tranches according to Rules on the Offer of Securities and Continuing Obligations:

Tranche A: Qualified Investors (Non-Individuals):

- 1- Capital Market Institutions acting on their own behalf;
- 2- customers of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on behalf of the customer without the need for his prior approval;
- 3- the Kingdom's government, any government agency, or any international body recognized by the CMA, the Exchange or any other stock exchange recognized by the CMA or the Depository Center;

- 4- Government-owned companies, whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities;
- 5- companies and funds established in GCC countries;
- 6- investment funds;
- 7- non-resident foreign investors who may invest in the Parallel Market and meet the requirements set out in the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market (for more information, see Section 1 "Definitions and Abbreviations" of this Prospectus);
- 8- qualified foreign financial institutions;
- 9- any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center; and
- 10- any other persons defined by the CMA.

Tranche B: Qualified Investors (Individuals):

Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria: (a) have made transactions in the securities market with a total value of not less than (SR 40,000,000) forty million Saudi riyals and not less than (10) ten transactions per quarter during the past 12 months; (b) the value of their net assets is not less than (SR 5,000,000) five million Saudi riyals; (c) is working or has worked in the financial sector for at least (3) three years; (d) has a CME-1 approved by the CMA; or (e) holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.

The Offering Period for Qualified Investors (Individuals) begins on Tuesday 14/07/1443H (corresponding to 15/02/2022G) and will remain open for a period of (3) working days up to and including the subscription closing date at the end of Thursday 16/07/1443H (corresponding to 17/02/2022G) (the "Offering Period"). Subscription Applications to the Offer Shares can be submitted by Qualified Investors (Individuals) who have an active investment account to invest in the parallel market to the Lead Manager (Derayah Financial Company) through the electronic channels of the Receiving Entities during the Offering Period (for more information, see Section 9.2.2 "Subscription by Qualified Investors (Individuals)" of this Prospectus). Qualified Investors (Non-Individuals) can register their applications for the Offer Shares through the Lead Bookrunner or one of the Bookrunners, during the book-building period, which takes place before the Shares are offered to Qualified Investors (Individuals) (see Section 9.2.1 "Book-Building Process for Qualified Investors (Non-Individuals)" of this Prospectus). The Company, the Selling Shareholders and the Financial Advisor require the recipient of this Prospectus to consider all legal restrictions related to the Offering or sale of the Offering Shares and to observe compliance with them.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy any of the Offer Shares, by any person in any country in which the applicable law in that country does not permit such person to make such an offer or solicitation. The distribution of this Prospectus or the sale of shares is expressly prohibited to any person in any country other than the Kingdom, except for the category of non-resident foreigners who are permitted to invest in the Parallel Market, and who meet the requirements set forth in the Investment Guide of Non-Resident Foreigners in the Parallel Market, Qualified Foreign Financial Institutions and/or foreign investors, companies and funds established in the GCC States through a swap agreement, provided that the regulations and instructions regulating this Offering are observed.

Financial Information

The audited consolidated financial statements of the Company have been prepared for the fiscal year ending on 31/12/2020G and the audited consolidated financial statements for the fiscal year ending on 31/12/2019G and the comparison consolidated financial statements for the financial year ending on 31/12/2019G, and the consolidated financial statements for the six-month period ending on 30/06/2021G and the comparison financial statements for the six-month period ending on 30/06/2020G, which were included in this Prospectus,

The audited consolidated financial statements of the Company have been prepared for the financial year ending on 31/12/2020, and the comparison consolidated financial statements for the financial year ending on 31/12/2019G, and the audited consolidated financial statements for the six-month period ending on 06/30/2021G and the comparison consolidated financial statements for the six period ending on 06/30/2020G, were all prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants (SOCPA). The financial statements for the fiscal year ending on 31/12/2020G were audited, and the financial statements for the six-month period ending

on 30/06/2021G were reviewed by KPMG Al Fozan & Partners – Certified Public Accountants. The Company issues its financial statements in Saudi Riyal.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the statements contained in this Prospectus were made based on the necessary professional care.

Certain statements in this Prospectus constitute forward-looking statements. Such statements can generally be identified by their use of forward-looking words such as "**intends**", "**plans**", "**estimates**", "**believes**", "**expects**", "**anticipates**", "**may**", "**will**", "**should**", "**expected**", "**would be**" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections thereof. (For further details, see Section 2 "**Risk Factors**" of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware that: (1) there has been a significant change in any material information contained in this Prospectus; or (2) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except in the circumstances mentioned above, the Company does not intend to update or otherwise revise any industry or market information, forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise relating to the Company, industry or risk factors. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Prospectus may not occur as expected by the Company or may not occur at all. Accordingly, potential investors should examine all future statements in the light of these interpretations and not rely primarily on these forward-looking statements.

Company's Directory

Board of Directors

Name	Position	Capacity	Nationality	Age	Direct Percentage of Ownership		Indirect Percentage of Ownership		Year of Appointment
					Before Offering	After Offering	Before Offering	After Offering	
Ziad Mohammed Makki Saleh Al-Tunisi	Chairman of Board of Directors	Non-executive/ Non-independent	Saudi	53	-	-	-	-	2021G
Prince / Mohammed bin Abdul Rahman bin Abdullah Al Saud	Deputy Chairman of the Board	Non-executive/ Non-independent	Saudi	32	-	-	-	-	2021G
Steven Swinson	Board Member	Non-executive/ independent	Swiss	66	-	-	-	-	2021G
Mohamed Omar Idriss Khoukli	Board Member	Non-executive/ Non-independent	French	59	-	-	-	-	2021G
Rami Hassan Naim Farhat	Board Member	Non-executive/ Non-independent	Lebanese	42	-	-	-	-	2021G
Basem Mohamed Bendari Hussein	Board Member	Non-executive/ Non-independent	Egyptian	51	-	-	-	-	2021G
Keith Lustaglio	Board Member	Non-executive/ Non-independent	American	57	-	-	-	-	2021G

Source: Arabian International Healthcare Holding Company

The members of the Board of Directors were appointed by the Company's transformational general assembly, which was held on 10/08/1442H (corresponding to 23/03/2021G) for a period of (5) five years.

The standard adopted in assessing independence for the members of the board of directors have been determined based on the Corporate Governance Regulations issued by the Capital Market Authority, which are as follows: 1) To own 5% or more of the Company's shares, or of the shares of another company from its group, or to be a relative with someone who owns this percentage. 2) To be a representative of a legal person who owns 5% or more of the Company's shares or of the shares of another company from its group. 3) To be a relative to any of the members of the board of directors in the Company or in another company of its group. 4) To be related to any of the senior executives of the Company or any other company of its group. 5) To be a member of the board of directors in another company of the group of the Company nominated for membership in its board of directors. 6) To be currently working or was working as an employee during the past two years for the Company or any party dealing with it or another company of its group, such as auditors and major suppliers, or he has been the owner of controlling stakes with any of those parties during the past two years. 7) To have a direct or indirect interest in the business and contracts that are made for the Company's account. 8) To receive sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of the committees, in excess of (SR 200,000) two hundred thousand Saudi riyals or more than 50% of the remuneration of the previous year that he received in return for membership in the Board of Directors or any of the committees, whichever is less. 9) To participate in a business that would compete with the Company, or to trade in one of the branches of the Company's activity. 10) He must have spent more than (9) nine consecutive or separate years as a member of the Company's board of directors.

Company's Registered Address

Arabian International Healthcare Holding Company

Business Gate Complex, Eastern Ring Road,
Airport Road, Riyadh
B.O. Box 1646 Riyadh 11464
Kingdom Saudi Arabia
Phone: +966 11 2439892
Fax: +966 11 2439952
Website: www.tibbiyah.com
Email: info@tibbiyah.com



Company's First Representatives

Name: Ziad Mohammed Makki Saleh Al-Tunisi
Position: Chairman of the Board of Directors
Address: Business Gate Complex, Eastern Ring Road,
Airport Road, Riyadh
B.O. Box 1646 Riyadh 11464
Kingdom Saudi Arabia
Phone: +966 11 2439552
Fax: +966 11 2439952
Website: www.tibbiyah.com
Email: ztunisi@tibbiyah.com

Company's Second Representatives

Name: Alaa Ahmed Abdul Majeed Amin
Position: CEO
Address: Business Gate Complex, Eastern Ring Road,
Airport Road, Riyadh
B.O. Box 1646 Riyadh 11464
Kingdom Saudi Arabia
Phone: +966 11 2439222
Fax: +966 11 2439952
Website: www.tibbiyah.com
Email: aameen@tibbiyah.com

Stock Exchange

Saudi Exchange Company (Saudi Tadawul)

Unit No: 15, King Fahd Road – Olaya, Riyadh
P.O. Box 6897, Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 920001919
Fax: +966 11 2189133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa



Advisors

Financial Advisor and Lead Bookrunner

Aldukheil Financial Group
 Naeem bin Hammad Street, Wazarat District, Riyadh
 P.O. Box 2462 Riyadh 11451
 Kingdom of Saudi Arabia
 Tel: + 966 (11) 4309800
 Fax: + 966 (11) 4787795
 Website: www.aldukheil.com.sa
 E-mail: info@aldukheil.com.sa

**Auditor**

KPMG
 KPMG Tower, Riyadh Front, Airport Road, Riyadh
 B.O. Box. 92876 Riyadh 11663
 Kingdom Saudi Arabia
 Tel: +966 11 8748500
 Fax: +966 11 8748600
 Website: www.home.kpmg/sa
 E-mail: marketingsa@kpmg.com



Lead Manager

Derayah Financial Company

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 P.O. Box 286546 Riyadh 11323
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 Fax: +966 11 2998071
 Website: www.derayah.com
 E-mail: support@derayah.com



Bookrunners

Derayah Financial Company

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 P.O. Box 286546 Riyadh 11323
 Kingdom Saudi Arabia
 Tel: +966 11 2998000
 Fax: +966 11 2998071
 Website: www.derayah.com
 E-mail: support@derayah.com

**Al Rajhi Capital**

King Fahad Road, Riyadh
 P.O. Box 5561, Riyadh 11432
 Kingdom Saudi Arabia
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 Fax: +966 11 4600625
 Website: www.alrajhi-capital.com
 E-mail: PR@alrajhi-capital.com

الراجحي المالية
 Al Rajhi Capital



Receiving Entities

Derayah Financial Company

Olaya Main Street, Riyadh
P.O. Box 286546 Riyadh 11323
Kingdom Saudi Arabia
Tel: +966 11 2998000
Fax: +966 11 2998071
Website: www.derayah.com
E-mail: support@derayah.com

**Alrajhi Bank**

King Fahad Road
P.O. Box 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 11 211600
Fax: +966 11 2119368
Website: www.alrajhi.com
E-mail: contactcenter@alrajhibank.com.sa

**Notice:**

All of the above advisors as well as the Auditor have given and not withdrawn their written consent to the publication of their names and logos in the form indicated in the Prospectus; and none of them has withdrawn its approval up to the date of this Prospectus. Neither the advisors, nor their employees and relatives have any shares or interests of any kind in the Company as at the date of this Prospectus.

Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, this summary does not contain all information that are significant to the prospective investors. Therefore, this summary should be read as an introduction to this Prospectus. prospective investors should read this entire Prospectus in full, and any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. Any decision related to investing in the Offered Shares by prospective investors should be based on all information mentioned in this Prospectus as a whole, especially the "Important Notice" and Section 2 "Risk Factors" prior to making an investment decision with respect to the Offer Shares.

Source: Arabian International Healthcare Holding Company

<p>"The Company" or "the Issuer"</p>	<p>Arabian International Healthcare Holding Company was established as a limited liability company under the Memorandum of Association signed on 18/07/1434H (corresponding to 27/05/2013G) and Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's capital upon its establishment amounted to (SR 500,000) five hundred thousand Saudi riyals, divided into (50,000) fifty thousand cash shares of equal value of (SR 10) ten Saudi riyals per share. During 2021G, the Company's capital was increased from (SR 500,000) five hundred thousand Saudi riyals to (SR 200,000,000) two hundred million Saudi riyals divided into (20,000,000) twenty million cash shares of equal value of (SR 10) ten Saudi riyals per share. This increase was documented by the amended Articles of Association dated 22/05/1442H (corresponding to 05/01/2021G) and Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The capital increase of (SR 199,500,000) one hundred and ninety-nine million five hundred thousand Saudi riyals was accomplished by transferring an amount (SR 179,310,546) one hundred and seventy-nine million three hundred and ten thousand five hundred and forty-six Saudi riyals from the capital increase account to the capital account, and transferring an amount of (SR 20,189,454) twenty million one hundred and eighty-nine thousand four hundred and fifty-four Saudi riyals from the retained earnings account to the capital account. The Company was transformed into a closed joint stock company pursuant to Ministry of Commerce Resolution No. (277) dated 17/08/1442H (corresponding to 30/03/2021G) and in accordance with Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's current capital is (SR 200,000,000) two hundred million Saudi riyals, divided into (20,000,000) twenty million ordinary shares, paid in full, at a nominal value of (10) ten Saudi riyals per share, all of which are ordinary shares of one class. The head office of the Company is located in Riyadh.</p>
<p>Summary of Company Activity</p>	<p>The Company provides integrated medical solutions to healthcare providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. Its activities include providing integrated medical solutions, encompassing devices, instruments, and equipment, designing, implementing, and managing health projects comprising furnishing medical sites, providing integrated medical solutions incorporating devices, instruments, and equipment, in addition to support services, medical programs, maintenance and warranty. The Company's activity, per its commercial registration, is managing holding companies' subsidiaries, investing the funds of holding companies' subsidiaries, owning movable and immovable properties necessary for the holding companies, providing loans, warrantees, and financing for holding companies' subsidiaries, and owning and leasing holding companies' subsidiaries industrial property rights. The Company objectives, per its Articles of Association, are as follows:</p> <ul style="list-style-type: none"> • Managing its subsidiaries or participating in the management and support of other companies in which it has shares. • Investing its funds in shares and other securities. • Owning movable and immovable properties necessary to carry out its activities. • Owning, utilizing, and leasing industrial property rights including patents, commercial and industrial trademarks, privileges as well as other moral rights to its subsidiaries or other parties. • Providing loans, warrantees, and financing to its subsidiaries. <p>The Company practices its main activities through its headquarters in Riyadh. The Company conducts its activities only after obtaining the regulatory licenses required under the prevailing laws applicable in the Kingdom of Saudi Arabia. The Company has obtained all the required regulatory licenses, which are all still valid until the date of this prospectus (Please refer to section no. 3.12 "Company Licenses" of this Prospectus.</p>

Substantial Shareholders (who own 5% or more of the Company shares) There is only one Substantial Shareholder who owns 5% or more of the Company's shares as of the date of this Prospectus. The following table shows the number of his shares and the percentage of his ownership before and after the Offering:

Major Shareholder	Before Offering				After Offering			
	Number of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage *	Number of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage *
Advanced Pharmaceuticals Company	19,800,000	198,000,000	99.00%	-	15,000,000	150,000,000	75.00%	-

Company's Capital	(SR 200,000,000) two hundred million Saudi riyals.
Total number of shares	(20,000,000) twenty million shares.
Nominal Value of the share	(SR 10) ten Saudi riyals per share.
Total Number of new Offered Shares	(5,000,000) five million ordinary shares, fully paid in value.
Percentage of Offer Shares to the Company's Capital	(25.0%) twenty five percent.
Offering Price	(SR 82) eighty two Saudi riyals.
Total Offering Amount	(SR 410,000,000) four hundred and ten million Saudi riyals.
Use of Offering Proceeds	The net proceeds from the offering amounting to (SR 398,500,000) three hundred ninety eight million and five hundred thousand Saudi riyals will be distributed after deducting the Offering expenses estimated at (SR 11,500,000) eleven million and five hundred thousand Saudi riyals will be distributed after deducting the Offering expenses estimated at (SR 11,500,000) eleven million five hundred thousand Saudi Riyals to the Selling Shareholders according to the number of shares owned by each selling shareholder of the Offered Shares. The Company will not receive any part of the Offering Proceeds (see Section No. (6) "Use of the Offering Proceeds" of this Prospectus).
Categories of Targeted Investors	<p>Offering of the Company's shares is directed only to two Groups of Qualified Investors as follows:</p> <p>Tranche (A): Qualified Investors (Non-Individuals):</p> <ol style="list-style-type: none"> 1- Capital Market Institutions acting on their own behalf; 2- customers of a capital market institution authorized to perform management activities, provided that the capital market institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on behalf of the customer without the need for his prior approval; 3- the Kingdom's government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom, the Saudi Stock Exchange, or any other stock exchange recognized by the CMA, or the Securities Depository Center; 4- Government-owned companies, whether investing directly or through a portfolio managed by a capital market institution authorized to perform management activities; 5- companies and funds established in GCC countries; 6- investment funds; 7- non-resident foreign investors who may invest in the Parallel Market and meet the requirements set out in the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market; 8- qualified foreign financial institutions; 9- any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center; and 10- any other persons defined by the CMA <p>Tranche B: Qualified Investors (Individuals):</p> <p>Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria: (a) have made transactions in the securities market with a total value of not less than (SR 40,000,000) forty million Saudi riyals and not less than (10) ten transactions per quarter during the past 12 months; (b) the value of their net assets is not less than (SR 5,000,000) five million Saudi riyals; (c) is working or has worked in the financial sector for at least (3) three years; (d) has a CME-1 approved by the CMA; or (e) holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.</p>

<p>Total number of Offered Shares for each category of targeted investors</p>	<p>Number of Offer Shares for Qualified Investors (Non-individuals): (5,000,000) five million shares, representing 100% of the total Offer Shares. In the event that Qualified Investors (Individuals) subscribe to all the Offer Shares allocated to them, the Lead Bookrunner has the right to reduce the number of shares allocated to Qualified Investors (Non-individuals) to (4,000,000) four million Offer Shares, as a minimum, representing 80% of the total Offer Shares</p> <p>Number of Offer Shares for Qualified Investors (Individuals): (1,000,000) one million Offer Shares - in maximum - representing 20% of the total Offer Shares.</p>
<p>Method of Subscription to the Offer Shares for each targeted category of Investors</p>	<p>Subscription method for Qualified Investors (Non-Individuals): Qualified Investors (Non-Individuals) are entitled to apply to participate in the book-building process, and the Lead Bookrunner and Bookrunners will provide the participation application forms to the Qualified Investors (Non-Individuals) during the book-building process. After the initial allotment, the Lead Bookrunner and the Bookrunners will provide the Subscription Application Forms to the Qualified Investors (Non-individuals) to whom shares have been allocated and which they must complete.</p> <p>Subscription method for Qualified Investors (Individuals): Qualified Investors (Individuals) who have an active investment account to invest in the Parallel Market may submit their applications to subscribe to the Offer Shares through electronic channels of one of the Receiving Entities during the Offering Period.</p> <p>(See Section (9) "Information Related to Shares and Offering Terms and Conditions" of this Prospectus).</p>
<p>Minimum number of shares that can be subscribed to by each targeted category of Investors</p>	<p>The minimum number of shares that can be subscribed to by Qualified Investors (Non-individuals): (10,000) ten thousand shares.</p> <p>The minimum number of shares that can be subscribed to by Qualified Investors (Individuals): (10) ten shares.</p>
<p>Value of the minimum number of shares that can be subscribed to by each targeted category of Investors</p>	<p>The value of the minimum number of shares that can be subscribed to by Qualified Investors (Non-individuals): (SR 820,000) eight hundred and twenty thousand Saudi riyals.</p> <p>The value of the minimum number of shares that can be subscribed to by Qualified Investors (Individuals): (SR 820) eight hundred and twenty Saudi riyals.</p>
<p>Maximum number of shares that can be subscribed to by each targeted category of Investors</p>	<p>The maximum number of shares that can be subscribed to by Qualified Investors (Non-individuals): (980,000) nine hundred and eighty thousand ordinary shares.</p> <p>The maximum number of shares that can be subscribed to by Qualified Investors (Individuals): (980,000) nine hundred and eighty thousand ordinary shares.</p>
<p>Value of the maximum number of shares that can be subscribed to by each targeted category of Investors</p>	<p>The value of the maximum number of shares that can be subscribed to by Qualified Investors (Non-individuals): (SR 80,360,000) eighty million and three hundred sixty thousand Saudi riyals.</p> <p>The value of the maximum number of shares that can be subscribed to by Qualified Investors (Individuals): (SR 80,360,000) eighty million and three hundred sixty thousand Saudi riyals.</p>
<p>Offering Expenses</p>	<p>The offering expenses represent the expenses and costs related to the Offering, which are estimated at about (SR 11,500,000) eleven million five hundred thousand Saudi Riyals. Such Offering expenses include the fees of the Financial Advisor, Lead Bookrunner, Lead Manager, Bookrunners, the Receiving Entities, the Auditor, expenses of opening a Escrow Account, marketing and printing costs, and other expenses related to the Offering. All offering expenses will be deducted from the total Offering Proceeds on a proportional basis with the Offer Shares sold or issued.</p>

<p>Method of Allocation and Refund of the Surplus for each targeted category of Investors</p>	<p>Method of Allocation for Qualified Investors (Non-Individuals): The initial allocation of the Offer Shares will be made at the discretion of the Financial Advisor in coordination with the Company, using the discretionary share allocation mechanism. The Offer Shares will be finally allocated to Qualified Investors (Non-individuals) through the Lead Bookrunner after the Qualified Investors (Individual) subscription process is completed. The number of the Offer Shares that will be initially allocated to the Qualified Investors (Non-individuals) participating in the subscription is (5,000,000) five million shares, representing 100% of the total Offer Shares, bearing in mind that if there is a sufficient demand from Qualified Investors (Individuals) in the Offer Shares, the Lead Bookrunner has the right to reduce the number of shares allocated to the participating classes to (4,000,000) four million Offer Shares, as a minimum, which represents 80% of the total Offer Shares after completing the subscription process of the Qualified Investors (Individuals).</p> <p>Method of Allocation for Qualified Investors (Individuals): It is expected that the Offer Shares will be allocated no later than Monday 20/07/1443H (corresponding to 21/02/2022G). A maximum of 20% of the total Offer Shares being (1,000,000) one million Offer Shares will be allocated to the Qualified Investors (Individuals), bearing in mind that the minimum allocation for each (Individuals) Qualified Investor will be ten (10) Offer Shares, and the remainder of the Offer Shares (if any) will be allocated on a pro-rata basis, based on the percentage of shares requested by each (Individuals) Qualified Investor to the total shares to be subscribed to. In the event that the number of the Qualified Investors (Individuals) exceeds (100,000) one hundred thousand subscribers, the Company does not guarantee the minimum allocation, and the allocation will be made as suggested by the Lead Bookrunner.</p> <p>(See Section (9) "Information Related to the Shares and Offering Terms and Conditions" of this Prospectus).</p> <p>Refund of oversubscribed monies: The Lead Manager and the Issuer will open an Escrow Account to receive the subscription amounts. Each subscriber must submit a subscription application and deposit the subscription amount in this account.</p> <p>After the Offering Period ends, the final allotment will be announced by notification to the investors, no later than Monday 20/07/1443H (corresponding to 21/02/2022G). The shares offered for subscription will be allotted as suggested by the Financial Advisor in consultation with the Issuer. The refund of the surplus (if any) will be effected within the two working days following the allotment process, and the subscription surplus (if any) will be returned to the Qualified Investors without any commissions or deductions from the Receiving Entities of the Offering Proceeds, and it will be deposited in the subscriber's accounts specified in the Subscription Applications (see Section (9) "Information related to Shares and Offering Terms and Conditions" of this Prospectus).</p>
<p>Qualified Investors (Non-Individuals)' Subscription</p>	<p>Begins on Wednesday 08/07/1443H (corresponding to 09/02/2022G) and ends on Monday 13/07/1443H (corresponding to 14/02/2022G).</p>
<p>Offering Period</p>	<p>The Offering Period begins on Tuesday 14/07/1443H (corresponding to 15/02/2022G) and ends on Thursday 16/07/1443H (corresponding to 17/02/2022G).</p>
<p>Entitlement to Dividends</p>	<p>The Offer Shares will be entitled to receive dividends declared by the Company for the period following the end of the Offering Period and for subsequent fiscal years. (Refer to Section (5) "Dividend Distribution Policy" in this Prospectus).</p>
<p>Voting Rights</p>	<p>All the Company's shares are of one class, and no share gives its holder preferential rights. Each of the Offer Shares gives its holder the right to attend the Shareholders Assembly and vote in its meetings. A shareholder may authorize any other shareholder, who is not a member of the Company's Board of Directors or its employees; to represent him in attending the meetings of the General Assembly and voting on its decisions.</p>
<p>Restrictions relating to the Shares</p>	<p>The Existing Substantial Shareholders who own 5% or more of the Company's shares (whose names are mentioned on page No (ix) may not dispose of any shares during a period of 12 months from the date on which trading of the Offer Shares commences on the Parallel Market ("Restriction Period"). After the said share restriction period has elapsed, the Securities Depository Center will lift the restrictions on those shares directly.</p>
<p>Company's previously issued shares</p>	<p>Prior to the Offering, there has been no public market for the Company Shares in Saudi Arabia or elsewhere. The Company has filed an application with the Authority to register and offer its shares in the Parallel Market according to the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Exchange (Saudi Tadawul) for listing in accordance with the Listing Rules. All relevant approvals necessary to complete the Offering have been obtained. All supporting documents requested by the Authority have been completed.</p>

Key Dates and Subscription Procedures

Projected Offering Timetable

Event	Date
Processing Qualified Investors (Non-Individuals)' Applications and Book-Building Period	A period of (5) five working days, starting from Sunday 07/06/1443H (corresponding to 30/01/2022G) and continuing until the end of Thursday 02/07/1443H (corresponding to 03/02/2022G)
Qualified Investors (Non-Individuals)' Subscription	A period of (4) four working days, starting from Wednesday 08/07/1443H (corresponding to 09/02/2022G) and continuing until the end of Monday 13/07/1443H (corresponding to 14/02/2022G)
Qualified Investors (Individuals)' Subscription	A period of (3) three working days, starting from Tuesday 14/07/1443H (corresponding to 15/02/2022G) and continuing until the end of Thursday 16/07/1443H (corresponding to 17/02/2022G)
Deadline for Qualified Investors (Non-Individuals) to submit Subscription Application Forms Based on the Provisionally Allocated Offer Shares to every one of them	On Monday 13/07/1443H (corresponding to 14/02/2022G)
Deadline for Qualified Investors (Non-Individuals) to Pay Subscription Monies Based on the Provisionally Allocated Offer Shares to every one of them	On Monday 13/07/1443H (corresponding to 14/02/2022G)
Deadline for Qualified Investors (Individuals) to Submit Application Forms and Pay Subscription Monies	On Thursday 16/07/1443H (corresponding to 17/02/2022G)
Announcement of Final Offer Shares Allotment and Notifying Investors	Maximum on Monday 20/07/1443H (corresponding to 21/02/2022G)
Refund of Excess Subscription Monies (if any)	Maximum on Wednesday 22/07/1443H (corresponding to 23/02/2022G)
Expected Start Date of Trading on the Exchange	Trading in the Offer Shares is expected to commence after all relevant legal requirements and procedures have been completed. An announcement of the commencement of trading of the shares will be made on the local newspapers and on Saudi Tadawul's website: www.saudiexchange.sa

Note: All dates mentioned in the above Timetable are approximate. Actual dates will be announced in the local newspapers, the Saudi Tadawul's website (www.saudiexchange.sa), Aldukheil Financial Group's website (www.aldukheil.com.sa) and Arabian International Healthcare Holding Company's website (www.tibbiyah.com).

How to apply for subscription

Subscription to the Company's shares is limited to two Groups of Qualified Investors as follows:

Tranche (A): Qualified Investors (Non-Individuals):

- 1- Capital Market Institutions acting on their own behalf;
- 2- customers of a capital market institution authorized to perform management activities, provided that the capital market institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on behalf of the customer without the need for his prior approval;
- 3- the Kingdom's government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom, the Saudi Stock Exchange, or any other stock exchange recognized by the CMA, or the Securities Depository Center;
- 4- Government-owned companies, whether investing directly or through a portfolio managed by a capital market institution authorized to perform management activities;
- 5- companies and funds established in GCC countries;
- 6- investment funds;
- 7- non-resident foreign investors who may invest in the Parallel Market and meet the requirements set out in the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market;
- 8- qualified foreign financial institutions;
- 9- any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center; and
- 10- any other persons defined by the CMA

Tranche B: Qualified Investors (Individuals):

Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria: (a) have made transactions in the securities market with a total value of not less than (SR 40,000,000) forty million Saudi riyals and not less than (10) ten transactions per quarter during the past 12 months; (b) the value of their net assets is not less than (SR 5,000,000) five million Saudi riyals; (c) is working or has worked in the financial sector for at least (3) three years; (d) has a CME-1 approved by the CMA; or (e) holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.

The following is a brief summary on the method of subscription by Qualified Investors (Non-Individuals) and Qualified Investors (Individuals):

Qualified Investors (Non-individuals): Qualified Investors (Non-individuals) can obtain a Participation Application Form to participate in the book-building process from the Lead Bookrunner and the Bookrunners during the book-building period and obtain Subscription Application Form from the Lead Bookrunner and the Bookrunner after the initial allotment. The Bookrunner - after obtaining approval of the Authority - offers the Offer Shares to the Qualified Investors (Non-individuals) during the book-building period. The subscription process for Qualified Investors (Non-individuals) begins during the Offering Period, which also includes Qualified Investors (Individuals), in accordance with the terms and instructions detailed in the Subscription Application Forms. The signed Subscription Application Forms must be delivered to the Bookrunner, so that the Subscription Application Form represents a binding agreement between the Selling Shareholders, the Company and the Qualified Investor who submits the application.

Qualified Investors (Individuals): Qualified Investors (Individuals) who have an active investment account to invest in the Parallel Market can submit applications for subscription to the Offer Shares with one of the Bookrunners (Derayah Financial Company) through the electronic channels of the Receiving Entities during the Offering Period.

Subscription application forms must be filled out in accordance with the instructions contained in Section (9) **"Information Related to the Shares and the Terms and Conditions of the Offering"** of this Prospectus. Each applicant must complete all relevant entries of the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if it does not meet any of the Offering terms and conditions. It is not allowed to make any amendments to the subscription application or to withdraw it after it has been submitted, and the subscription application, if it is handed over to the Lead Manager, constitute a binding agreement between the relevant subscriber, the Selling Shareholders and the Company (see Section **"Information Related to the Shares and the Terms and Conditions of the Offering"** of this Prospectus).

It is also not guaranteed that applications will be accepted from qualified investors (individuals) whose investment account has not been activated with a Bookrunner for investing in the Parallel Market before Thursday 16/07/1443H (corresponding to 17/02/2022G).

The subscription surplus, if any, will be returned to the Qualified Investor's account specified in the Subscription Application Form, without any commissions or deductions by the Lead Manager or the Receiving Entities. The subscription surplus amount may not be refunded in cash or to third party accounts.

For more information about the subscription of Qualified Investors (Non-individuals) and Qualified Investors (Individuals), please refer to Section (9) **"Information Related to Shares and Offering Terms and Conditions"** of this Prospectus.

Summary of Key Information

Note to Investors

This summary aims to provide an overview of the information contained in this Prospectus, but it does not include all the information that may be important to the Qualified Investors. Therefore, this summary is considered a summary of the key information included in this Prospectus. Recipients of this Prospectus should read it in full before deciding to invest in The Company. Some of the terms and abbreviated terms contained in this Prospectus have been defined in Section (1) "Terms and Definitions" of this Prospectus.

Company Overview

Arabian International Healthcare Holding Company was established as a limited liability company under the Memorandum of Association signed on 18/07/1434H (corresponding to 27/05/2013G) and Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's capital upon its establishment amounted to (SR 500,000) five hundred thousand Saudi riyals, divided into (50,000) fifty thousand cash shares of equal value of (SR 10) ten Saudi riyals per share. During 2021G, the Company's capital was increased from (SR 500,000) five hundred thousand Saudi riyals to (SR 200,000,000) two hundred million Saudi riyals divided into (20,000,000) twenty million cash shares of equal value of (SR 10) ten Saudi riyals per share. This increase was documented by the amended Articles of Association dated 22/05/1442H (corresponding to 05/01/2021G) and Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The capital increase of (SR 199,500,000) one hundred and ninety-nine million five hundred thousand Saudi riyals was accomplished by transferring an amount (SR 179,310,546) one hundred and seventy-nine million three hundred and ten thousand five hundred and forty-six Saudi riyals from the capital increase account to the capital account, and transferring an amount of (SR 20,189,454) twenty million one hundred and eighty-nine thousand four hundred and fifty-four Saudi riyals from the retained earnings account to the capital account. The Company was transformed into a closed joint stock company pursuant to Ministry of Commerce Resolution No. (277) dated 17/08/1442H (corresponding to 30/03/2021G) and in accordance with Commercial Registration No. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's current capital is (SR 200,000,000) two hundred million Saudi riyals, divided into (20,000,000) twenty million ordinary shares, paid in full, at a nominal value of (10) ten Saudi riyals per share, all of which are ordinary shares of one class.

The Company provides integrated medical solutions to healthcare service providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. Its activities include providing integrated medical solutions of devices, machines and equipment, designing, implementing and managing health projects, starting from the preparing medical sites to providing integrated medical solutions of devices and machines and equipment, in addition to support services, medical programs, operation, maintenance and warranty. The head office of the company is located in the Riyadh at the following address:

Arabian International Healthcare Holding Company

Business Gate Complex, Eastern Ring Road,

Airport Road, Riyadh

B.O. Box 1646 Riyadh 11464

Kingdom Saudi Arabia

Phone: +966 11 2439892

Fax: +966 11 2439952

Website: www.tibbiyah.com

Email: info@tibbiyah.com

Company's Ownership Structure before and After the Offering

The following table shows the Company's Ownership Structure before and After the Offering:

Shareholders	Before Offering				After Offering			
	Number of Shares	Nominal Value (SR)	Direct ownership percentage	Indirect ownership percentage *	Number of Shares	Nominal Value (SR)	Direct ownership percentage	Indirect ownership percentage *
1 Advanced Pharmaceuticals Company	19,800,000	198,000,000	99.00%	-	15,000,000	150,000,000	75.00%	-
2 Al Faisaliah Commercial Investment Company	200,000	2,000,000	1.00%	0.99%	0	0	0.00%	0.75%
3 Public	-	-	-	-	5,000,000	50,000,000	25.00%	-
Total	20,000,000	200,000,000	100.00%	0.99%	20,000,000	200,000,000	100.00%	0.75%

Source: Arabian International Healthcare Holding Company

* The indirect ownership of Al Faisaliah Commercial Investment Company is represented by its 1.00% ownership in the Advanced Pharmaceutical Company, which owns 99.00% of the Arabian International Healthcare Holding Company.

Substantial Shareholder who owns 5% or more of the Company's shares

Substantial Shareholder	Before Offering				After Offering			
	Number of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage *	Number of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage *
1 Advanced Pharmaceuticals Company	19,800,000	198,000,000	99.00%	-	15,000,000	150,000,000	75.00%	-

Source: Arabian International Healthcare Holding Company

General information about the two companies participating in the Arab International Medical Holding Company

Advanced Pharmaceutical Company

Advanced Pharmaceuticals Company for Pharmaceuticals is a limited liability company having Commercial Registration No. (1010437739) issued from Riyadh on 04/12/1436H (corresponding to 17/09/2015G). The headquarters of the Advanced Pharmaceutical Company is located in Riyadh, and its capital is (SR 50,000) fifty thousand Saudi riyals divided into (5,000) five thousand ordinary shares, with a nominal value of (10) Saudi riyals per share. Its activities, according to its articles of association, are wholesale, retail trade, repair of motor vehicles and motorcycles and wholesale of electronic and communication equipment and spare parts.

The following table shows the ownership structure of the Advanced Pharmaceutical Company:

Partners	No. of Shares	Nominal value of Shares (SR)	Ownership %
1 Al Faisaliah Group Holding Company	4,950	49,500	99.00%
2 Al Faisaliah Commercial Investment Company	50	500	1.00%
Total	5,000	50,000	100.00%

Al Faisaliah Commercial Investment Company

Al Faisaliah Commercial Investment Company is a sole proprietorship company with limited liability under Commercial Registration No. (1010187830) issued from Riyadh on 23/04/1424H (corresponding to 23/06/2003G). The head office of Al-Faisaliah Commercial Investment Company is located in Riyadh, and its capital is (SR 1,000,000) one million Saudi riyals, divided into (100,000) one hundred thousand ordinary shares, with a nominal value of (10) Saudi riyals per share. Its activities, according to its articles of association, are as follows:

- Mining and quarrying
 - hard coal mining
- Agriculture, forestry and fishing
 - Rice cultivation
- information and communication
 - Computer consultancy and computer facility management activities
- Wholesale and retail trade and repair of motor vehicles and motorcycles
 - Wholesale of electronic and communication equipment and spare parts
 - Wholesale of minerals and metal ores
 - Retail sale of computers and computer peripheral equipment, software and communications equipment in specialized stores

The following table shows the ownership structure of Al Faisaliah Commercial Investment Company:

Partners	No. of Shares	Nominal value of Shares (SR)	Ownership %
1 Al Faisaliah Group Holding Company	100,000	1,000,000	100,00%
Total	100,000	1,000,000	100,00%

Source: Arabian International Healthcare Holding Company

Company main activities

The Company provides integrated medical solutions to healthcare providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. Its activities include providing integrated medical solutions, encompassing devices, instruments, and equipment, designing, implementing, and managing health projects comprising furnishing medical sites, providing integrated medical solutions incorporating devices, instruments, and equipment, in addition to support services, medical programs, maintenance and warrantee. The Company's activity, per its commercial registration, is managing holding companies' subsidiaries, investing the funds of holding companies' subsidiaries, owning movable and immovable properties necessary for the holding companies, providing loans, warrantees, and financing for holding companies' subsidiaries, and owning and leasing holding companies' subsidiaries industrial property rights. The Company objectives, per its Articles of Association, are as follows:

- Managing its subsidiaries or participating in the management and support of other companies in which it has shares.
- Investing its funds in shares and other securities.
- Owning movable and immovable properties necessary to carry out its activities.
- Owning, utilizing, and leasing industrial property rights including patents, commercial and industrial trademarks, privileges as well as other moral rights to its subsidiaries or other parties.
- Providing loans, warrantees, and financing to its subsidiaries.

The Company practices its main activities through its headquarters in Riyadh. The Company conducts its activities only after obtaining the regulatory licenses required under the prevailing laws applicable in the Kingdom of Saudi Arabia. The Company has obtained all the required regulatory licenses, which are all still valid until the date of this prospectus (Please refer to section no. 3.12 "Company Licenses" of this Prospectus).

Company Vision

To develop the healthcare provision system in the Kingdom of Saudi Arabia in order to provide an extraordinary experience from prevention to treatment.

Company Mission

To contribute to improving the health and lives of the Saudi population by providing pioneer and innovative healthcare solutions that result in the best possible health outcomes.

Company Strategy

The Company seeks to continue to be a provider of world-class integrated medical services and solutions, based on a business model that is efficient in all its aspects, and use its best endeavors to achieve sustainable growth aiming at developing the Company's business and improving its competitiveness. The Company works on achieving these objectives through developing the current business fields, utilizing growth opportunities in new fields via pumping investments, establishing new partnerships, and availing a maximum level of acquisitions in the medical services sector. The Company's strategy is pivoted on three main pillars:

First: Fostering and developing the Company's main business:

- Maintaining the continuous development by providing the best integrated medical solutions and innovative healthcare technologies in the Kingdom.
- Expanding the provision of the best-in-class products and integrated solutions to the health sector.
- Paying attention to public relations and developing the relationship with the major customers with whom the Company is dealing.
- Expanding the coverage of additional therapeutic areas.
- Increasing the volume of the Company's business with customers in the private sector.

Second: Supporting the health sector transformation strategy in line with vision 2030:

- Participating effectively and substantially in public-private partnership initiatives in the health sector.
- Providing support services for these partnerships such as biomedical equipment management and maintenance services.
- Participating in the management of radiation diagnostic centers and laboratories in the public sector.
- Working on nationalizing the health field related industries by increasing the local component in health products and services.

Third: Investment in health services and medical technology, including but not limited to:

- Oncology centers in accordance with the highest international standards.
- Radiation diagnostic centers and laboratories in accordance with the latest scientific technologies.
- One day surgery centers of different specialties.
- Virtual healthcare platforms and telemedicine.

The Company's strengths and competitive advantages

The Company is one of the leading companies in providing integrated medical solutions in the Kingdom of Saudi Arabia through:

- The ability to provide various options of integrated medical solutions to meet the evolving needs of customers in the best value possible.
- An effective work team with extensive health experience, under the leadership of a distinct management team.
- A proven track record of achievements in carrying out major health projects in the Kingdom of Saudi Arabia.
- Providing logistic services and highly efficient supply chains.
- The preferred strategic partner for customers and major international suppliers.
- Excellence in the operational areas and business efficiency, which contributed to the creation of a distinct business feature.

Summary of Financial Information

The summary of financial statements listed below should be read in conjunction with the consolidated audited financial statements for the financial year ending on 31/12/2020G, including the notes attached thereto, and the consolidated audited financial statements for the six-month period ending on 30/06/2021G, including the notes attached thereto. The comparative figures of the period ending on 31/12/2019G have been extracted from the consolidated audited financial statements for the period ending on 31/12/2020G, and the comparative figures for the period ending on 30/06/2020G have been extracted from the consolidated audited financial statements for the six-month period ending on 30/06/2021G.

Statement of Income (SR)	Fiscal year ending on 31/12/2019G (Audited)	Fiscal year ending on 31/12/2020G (Audited)	Six-month period ending on 30/06/2020G (Reviewed)	Six-month period ending on 30/06/2021G (Reviewed)
Revenues	697,033,413	818,689,016	193,646,399	249,238,527
Cost of revenue	(525,689,241)	(620,309,116)	(154,705,015)	(191,513,913)
Gross profit	171,344,172	198,379,900	38,941,384	57,724,614
Selling and marketing expenses	(64,610,004)	(66,260,322)	(32,038,860)	(30,274,141)
General and administrative expenses	(25,860,450)	(31,554,981)	(15,910,965)	(15,929,265)
Impairment loss on trade receivables and contract assets	(19,164,526)	(2,950,000)	(1,975,000)	(2,125,000)
Share of profit from a joint venture	19,229,863	8,157,007	(2,246,440)	5,374,033
Other income, net	13,997,508	46,422,212	3,312,970	2,884,136
Other expenses, net	(12,590,111)	(10,353,652)	0	0
Operational Profit	82,346,452	141,840,164	(9,916,911)	17,654,357
Financing charges	(25,617,820)	(22,049,760)	(12,540,754)	(5,558,667)
Profit before Zakat	56,728,632	119,790,404	(22,457,665)	12,095,690
Profit of the year	41,128,632	95,790,404	(30,957,665)	5,095,690

Source: The consolidated audited financial statements for the fiscal year ending on 31/12/2020G and the consolidated reviewed financial statements for the six-month period ending on 30/06/2021G

Statement of Financial Position (SAR)	As of 31/12/2019G (Audited)	As of 31/12/2020G (Audited)	As of 31/12/2021G (Reviewed)
Total current assets	1,274,073,429	1,243,561,230	1,313,290,079
Total Non-current assets	69,967,732	65,672,951	68,388,600
Total assets	1,344,041,161	1,309,234,181	1,381,678,679
Total Current liabilities	1,008,359,665	809,908,639	952,553,146
Total Non-current liabilities	69,403,493	166,883,281	174,267,582
Total Liabilities	1,077,763,158	976,791,920	1,126,820,728
Equity	266,278,003	332,442,261	254,857,951
Total Equity and Liabilities	1,344,041,161	1,309,234,181	1,381,678,679

Source: The consolidated audited financial statements for the fiscal year ending on 31/12/2020G and the consolidated reviewed financial statements for the six-month period ending on 30/06/2021G

Statement of Cash Flows (SAR)	Fiscal year ending on 31/12/2019G (Audited)	Fiscal year ending on 31/12/2020G (Audited)	Six-month period ending on 30/06/2020G (Reviewed)	Six-month period ending on 30/06/2021G (Reviewed)
Net cash from (used in) operating activities	(22,072,479)	222,763,137	(23,744,843)	(71,626,536)
Net cash generated from investing activities	9,066,170	6,579,382	559,501	171,368
Net cash from (used in) financing activities	23,445,980	(230,453,041)	23,835,946	92,458,326
Cash and Cash Equivalents at the end of the year	14,220,793	13,110,271	14,871,757	34,113,429

Source: The consolidated audited financial statements for the fiscal year ending on 31/12/2020G and the consolidated reviewed financial statements for the six-month period ending on 30/06/2021G

Key Performance Indicators	Fiscal year ending on 31/12/2019G (Audited)	Fiscal year ending on 31/12/2020G (Audited)	Six-month period ending on 30/06/2020G (Reviewed)	Six-month period ending on 30/06/2021G (Reviewed)
Revenue Growth Rate	N/A	17.45%	N/A	28.71%
Selling & Marketing Expenses as a percentage of Revenues	(9.27%)	(8.09%)	(16.55%)	(12.15%)
General & Administrative Expenses as a percentage of Revenues	(3.71%)	(3.85%)	(8.22%)	(6.39%)
Gross Profit Margin	24.58%	24.23%	20.11%	23.16%
Net Profit Margin	5.90%	11.70%	(15.99%)	2.04%
Net Profit Growth Rate	N/A	132.90%	N/A	(116.46%)
Revenue to Total Assets Ratio	51.86%	62.53%	N/A	14.02%
Total Liabilities to Total Equity	404.75%	293.82%	N/A	442.14%
Total Liabilities to Total Assets	80.19%	74.61%	N/A	81.55%
Total Assets to Total Equity	504.75%	393.82%	N/A	542.14%
Current Ratio (times)	1.26	1.54	N/A	1.38
Return on Assets	3.06%	7.32%	N/A	0.37%
Return on Equity	15.45%	28.81%	N/A	2.00%

Source: The consolidated audited financial statements for the fiscal year ending on 31/12/2020G and the consolidated reviewed financial statements for the six-month period ending on 30/06/2021G

Summary of Risk Factors

A- Risks related to the Company's Activity and Operations

- 1- Risks related to Non-compliance with the Companies Law and the Company's Articles of Association
- 2- Risks related to Issuance of the New Companies Law
- 3- Risks related to Newness of Formation of the Board of Directors and Committees and Inability to Apply Governance Rules
- 4- Risks related to Lack of Experience in Management of Listed Joint Stock Companies
- 5- Risks related to Non-compliance with the Capital Market Law and its Implementing Regulations
- 6- Risks of Management Decisions
- 7- Risks related to Employee Errors or Misconduct
- 8- Risks related to Difficulty of Hiring Experienced Employees in the Health Sector
- 9- Credit Risks
- 10- Risks related to the Company's Dependence on Al-Faisaliah Group Holding Company to obtain Financing
- 11- Liquidity Risks
- 12- Risks related to Availability of Financing in the Future
- 13- Risks related to the Company Accounts Payables and Notes Payable
- 14- Risks related to Saudization Requirements
- 15- Risks related to Natural Disasters
- 16- Risks related to the Operation and Unexpected Interruption of Business
- 17- Risks related to Inventory Expiry
- 18- Risks related to Non-compliance with Quality Standards and Specifications required by Clients
- 19- Risks related to Non-issuance or Non-renewal of Licenses, Permits and Regulatory Certificates
- 20- Risks related to Potential Zakat Dues and Additional Claims
- 21- Risks related to Changes in Important Accounting Standards and the New Standards
- 22- Risks related to Relaying on Suppliers
- 23- Risks related to International Suppliers going to work directly inside the Kingdom
- 24- Risks related to Standardize Procurement of Medicines, and Medical Equipment and Supplies
- 25- Risks related to the Volume of Government Spending on the Health Sector
- 26- Risks related to Concentration of the Company's Revenues
- 27- Risks of Clients Concentration
- 28- Risks related to Protection of Trademarks and Proprietary Rights
- 29- Risks related to Lawsuits and Fines
- 30- Risks related to Adequacy of Insurance Coverage
- 31- Risks related to Transactions with Related Parties
- 32- Risks related to Inability to Implement the Company's Strategic Plan
- 33- Risks related to Operating Systems and Information Technology
- 34- Risks related to Government Fees Applicable to non-Saudi Employees
- 35- Risks related to Relying on non-Saudi Employees
- 36- Risks related to Reliance on Key Persons
- 37- Risks related to Having only one Independent Board Member
- 38- Risks Associated with Vacant Positions of Department Managers in the Company
- 39- Risks related to Existing and Future Projects and their Implementation
- 40- Risks related to the Guarantees of Government Projects
- 41- Risks related to Memoranda of Conditions and Alliance
- 42- Risks related to the Contingent Liabilities

- 43- Risks related to Value-added tax (VAT)
- 44- Risks related to the Coronavirus (COVID-19) Pandemic

B- Risks related to the Market and Sector in which the Company Operates

- 1- Risks related to the Economic Performance of the Kingdom
- 2- Risks related to Political and Economic instability in the Middle East
- 3- Risks related to the Competition Environment
- 4- Risks of Growth Opportunities
- 5- Risks related to Non-compliance with Existing Regulations and Laws and/or the Issuance of New Regulations and Laws
- 6- Risks related to VAT
- 7- Risks related to Fluctuations in Supply and Demand
- 8- Risks Associated with the Mandatory Application of Corporate Governance Regulations
- 9- Risks related to Withdrawal of Licenses
- 10- Risks related to Currency Exchange Rate Fluctuations
- 11- Risks related to Interest Rate Volatility
- 12- Risks related to Changing the Calculation Mechanism of Zakat and Income Tax
- 13- Risks related to the Imposition of New Fees or Taxes

C- Risks related to the Offering of the Shares in the Parallel Market

- 1- Risks related to the Actual Control by the Substantial Shareholder (Advanced Pharmaceutical Company)
- 2- Risks related to the Liquidity of the Offer Shares
- 3- Risks related to Limiting the Trading on Qualified Investors
- 4- Risks related to the Lack of Previous Market of the Company's Shares and Fluctuation of the Share
- 5- Risks related to Non-distribution of Dividends
- 6- Risks related to Selling or Offering Additional Shares in the Future
- 7- Risks related to Selling a Large Number of Shares in the Market after the Offering Process
- 8- Risks related to the Company not being able to Meet the Current Requirements to move to the Main Market or any Future Regulatory Requirements
- 9- Risks related to the Company's Desire to Continue in the Parallel Market

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1. Terms and Definitions

The following table provides a list of definitions and abbreviations for terms used in this Prospectus:

Term or Abbreviation	Definition
The Company or the Issuer	Arabian International Healthcare Holding Company, a closed joint stock company.
Management or Senior Management or Executive Management	The Management of Arabian International Healthcare Holding Company.
Board or Board of Directors	The Company's Board of Directors whose names appear on page No. (iv) of this Prospectus.
Bylaws	The Company By-Laws.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Offering	The Initial Public Offering of (5,000,000) five million ordinary shares of the Company's shares representing 25.0% of the Company's capital for listing in the Parallel Market.
Offering Shares	(5,000,000) five million ordinary shares of the Company's shares
Offering Price	(SR 82) eighty two Saudi Riyals per share.
Share	An ordinary share with a nominal value of (SR 10) ten Saudi Riyals
Nominal Value	The nominal value of The Company's share, which is (10) ten Saudi Riyals per share.
Shareholder or Shareholders	Holder or shareholders of the Company shares at any time.
Shares of existing shareholders before the Offering	100.0% of the Company's total capital shares, totaling to (20,000,000) twenty- million ordinary shares of equal value.
Shareholders' shares after the Offering	75.0% of The Company's total shares, totaling to (15,000,000) fifteen million ordinary shares of equal value.
Selling Shareholders	The Company's Shareholders whose names appear on page No. (56) of this Prospectus.
Substantial Shareholders	They are the shareholders who own 5.0% or more of the Company's Shares, and whose names appear on page (ix) of this Prospectus.
Voting Rights	Voting rights in the Company's general assemblies. The Company has only one class of shares, which is the ordinary shares. No shareholder has preferential voting rights. Each share gives its holder one vote, and each shareholder, regardless of the number of shares he owns, has the right to attend and vote at the General Assembly.
Person	A natural or legal person.
Investor	Each person invests in the Offer Shares.
Subscriber	Each eligible investor submits an application for subscription in accordance with the subscription terms and conditions.
Subscription Application Form	Subscription Application form that Qualified Investors must fill out and submit to the Receiving Entities when they intend to subscribe
Prospectus	This Prospectus prepared by the Company, which is the document required to offer The Company's shares for subscription and to register them with the Authority for the purpose of listing them in the Parallel Market in accordance with the Rules on the Offer of Securities and Continuing Obligations.
Offering Proceeds	The total value of the subscribed shares is amounting to (SR410,000,000) four hundred and ten million Saudi Riyals.
Net Offering Proceeds	The net Offering Proceeds after deducting the Offering expenses.
Offering Period	The Period starting on Wednesday 08/07/1443H (corresponding to 09/02/2022G) and ends on Monday 13/07/1443H (corresponding to 14/02/2022G).
Closing Date	It is the end date of the Offering Period, which ends on Monday 13/07/1443H (corresponding to 14/02/2022G).

Parallel Market "Nomu"	The market in which the Company's shares are traded and which has been registered and accepted for listing under the "Rules of the Offer of Securities and Continuing Obligations" and "Listing Rules" in the Kingdom of Saudi Arabia.
Advisors or Company Advisors	They are the Company's Advisors regarding the Offering of the Company's shares in the Parallel Market, whose names appear on pages No. (vi) of this Prospectus.
Financial Advisor	Aldukheil Financial Group
Lead Bookrunner	Aldukheil Financial Group
Bookrunners	Derayah Financial Company and Al Rajhi Capital
Receiving Agents	Derayah Financial Company and Alrajhi Bank
Kingdom or Saudi Arabia	Kingdom Saudi Arabia.
Government	Government of the Kingdom of Saudi Arabia.
Capital Market Authority or the Authority or CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Tadawul Company, the Exchange, the stock market, or the market	The Stock Exchange in Saudi Arabia (Saudi Tadawul)
Tadawul	The automated system for trading shares in the Saudi Stock Exchange.
SOCPA	Saudi Organization for Certified Public Accountants
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the agency entrusted with the work of Zakat and Tax collection.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia
Ministry of Municipal and Rural Affairs and Housing	Ministry of Municipal and Rural Affairs and Housing in the Kingdom of Saudi Arabia
Civil Defense	General Directorate of Civil Defense in the Kingdom of Saudi Arabia
Escrow Account	An account with a Receiving Entities licensed to operate in the Kingdom in which to deposit the proceeds of the Offering. After the Offering process is completed, it is transferred to the accounts of the Selling Shareholders after deducting the Offering Expenses each according to his/her ownership percentage in the Company shares.
Fiscal year/fiscal years	It is the time period for presenting the results of the entity's activity and whose beginning and end are specified in the Articles of Association or By-Laws of the concerned company. Noting that The Company's financial year ends on December 31 of each Gregorian year
Financial Statements	The consolidated audited financial statements of the Company for the fiscal year ending on 31/12/2020G and the consolidated reviewed financial statements for the six-month period ending on 30/06/2021G, which were prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the Saudi Organization for Auditors (SOCPA).
Listing	Listing The Company's shares in the parallel market and approving the trading of its shares.

A Qualified Investor or Qualified Investors	<p>Two Groups of Qualified Investors as follows:</p> <p>Tranche (A): Qualified Investors (Non-Individuals):</p> <ol style="list-style-type: none"> 1- Capital Market Institutions acting on their own behalf; 2- customers of a capital market institution authorized to perform management activities, provided that the capital market institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on behalf of the customer without the need for his prior approval; 3- the Kingdom's government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom, the Saudi Stock Exchange, or any other stock exchange recognized by the CMA, or the Securities Depository Center; 4- Government-owned companies, whether investing directly or through a portfolio managed by a capital market institution authorized to perform management activities; 5- companies and funds established in GCC countries; 6- investment funds; 7- non-resident foreign investors who may invest in the Parallel Market and meet the requirements set out in the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market; 8- qualified foreign financial institutions; 9- any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center; and 10- any other persons defined by the CMA <p>Tranche B: Qualified Investors (Individuals):</p> <p>Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria: (a) have made transactions in the securities market with a total value of not less than (SR 40,000,000) forty million Saudi riyals and not less than (10) ten transactions per quarter during the past 12 months; (b) the value of their net assets is not less than (SR 5,000,000) five million Saudi riyals; (c) is working or has worked in the financial sector for at least (3) three years; (d) has a CME-1 approved by the CMA; or (e) holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.</p>
Non-resident foreigners allowed to invest in the Parallel Market	<ol style="list-style-type: none"> 1- A Qualified Foreign Investor in accordance with the rules regulating the investment of qualified foreign financial institutions in listed securities. 2- An ultimate beneficiary in a swap agreement with an authorized person. 3- A legal person may open an investment account in the Kingdom and an account with the Depository Center, provided that it is licensed or established in a country that applies regulatory and control standards similar to those applied by the Authority or acceptable to it according to the list of countries issued by the Authority in accordance with the requirements of subparagraphs (2) and (3) of Paragraph (A), Article Six of the rules regulating the investment of qualified foreign financial institutions in listed securities. 4- A natural person holding the nationality of a country that applies regulatory and control standards similar to those applied by the Authority or acceptable to it according to the list of countries issued by the Authority in accordance with the requirements of subparagraphs (2) and (3) of paragraph (A), Article Six of the rules regulating investment of Qualified Foreign Financial Institutions in listed securities, residing in one of such countries, and fulfilling any of the following criteria: <ol style="list-style-type: none"> a- He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi riyal and no less than ten transactions in each quarter during the past twelve months. b- His net assets value shall not be less than five million Saudi Riyal. c- He is working or has worked for at least three years in the financial sector. d- He holds a general certificate for dealing in securities approved by the Authority. 5- He holds a professional certificate specialized in the field of securities business accredited by an internationally recognized body.
Rules on the Offer of Securities and Continuing Obligations	<p>The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no. 3-123-2017, dated 09/4/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. m/30, dated 02/06/1424H (Corresponding to 01/08/2003G), and amended under the Capital Market Authority Board resolution no. 1-07-2021, dated 01/06/1442H (corresponding to 14/01/2021G) and its amendments.</p>

Listing Rules	The listing rules issued by the Saudi Stock Exchange Company (Tadawul), approved by the Capital Market Authority board resolution no. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and amended by the board resolution no. (1-1042019), dated 01/02/1441H (corresponding to 30/09/2019G), and amended by Resolution No. (1-22-2021), dated 12/07/1442H (corresponding to 24/02/2021G) and its amendments.
Companies Law or Regulations	The Companies Law in the Kingdom of Saudi Arabia, issued under royal decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G) and all amendments thereto
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the board of the Capital Market Authority under resolution no. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under royal decree No. m/3, dated 28/01/1437H and amended by the Capital Market Authority resolution of No. 1-7-2021, dated 01/06/1442H (corresponding to 14/01/2021G) and its amendments.
Labor Law	The Saudi Labor Law issued under royal decree no. m/51, dated 23/08/1426H (corresponding to 27/09/2005H), and its amendments.
Nitaqat / Saudization Program	Labor regulations in the Kingdom of Saudi Arabia require companies operating in the Kingdom to employ a certain percentage of Saudis. The Saudization program (Nitaqat) was approved under the Ministry Labour's resolution No. (4040), dated 12/10/1422H (corresponding to 10/09/2011G) based on Cabinet Resolution No. (50) dated 12/05/1415H (corresponding to 27/10/1994G). The Ministry of Labor in the Kingdom launched the Nitaqat program to provide incentives to enterprises in order to hire Saudi nationals. This program evaluates the performance of any organization on the basis of specific bands of platinum, green, yellow and red.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards and their interpretations issued by the Board of International Accounting Standards
Non-Resident Foreign Investor Guide in the Parallel Market	The Investment Guide of Non-Resident Foreigners in the Parallel Market issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-95-2017), dated 26/01/1439H (corresponding to 16/10/2017G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) as amended by CMA Board's Decision No. (3-65-2019) dated 14/10/1440H (Corresponding to 17/06/2019G).
ISO	International Standards Organization
Lock-up Period	The Substantial Shareholders who own shares in The Company (whose names appear on page (xi) of this Prospectus) must not dispose of any of those shares for a period of (12) twelve months from the starting date of trading the shares in the Parallel Market. Such persons may dispose of such shares after the expiry of the twelve-month period without the need to obtain prior approval from the Authority.
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the Unified Agreement on Value Added Tax for the GCC states, which is an indirect tax imposed on all purchased and sold goods and services with some exceptions. The Kingdom of Saudi Arabia has committed to implementing the value-added tax at a rate of 5%, starting from the date of 14/04/1439H (corresponding to 01/01/2018G). VAT has been imposed at every stage of the supply chain, starting from production, through distribution, and up to the final sale of the commodity. or service. The Government of the Kingdom of Saudi Arabia has decided, starting from July 2020, to increase the value-added tax rate from 5% to 15%, and a number of products have been excluded, including (basic foods and services related to health care and education). The consumer pays the cost of value-added tax on goods and services that he/she buys. As for businesses, they pay to the Government the value-added tax collected from consumers' purchases. Businesses recover the value-added tax they paid to their suppliers.
Ordinary General Assembly or OGM	The Ordinary General Assembly of The Company Shareholders
Ordinary General Assembly or EGM	The Extraordinary General Assembly of The Company Shareholders
Conversion General Assembly	The Conversion General Assembly of The Company Shareholders

Related Parties	<p>They are:</p> <ol style="list-style-type: none"> 1- Affiliates of The Company. 2- Substantial Shareholders of The Company. 3- Directors and senior executives of The Company. 4- Directors and senior executives of the affiliates of The Company. 5- Directors and senior executives of Substantial Shareholders of The Company. 6- Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7- Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above.
Control	<p>According to the list of Authority's terms and regulations and rules as issued by the Authority, control is the ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively closely or remotely, through any of the following:</p> <ol style="list-style-type: none"> 1- Owning 30% or more of the voting rights in a company. 2- The right to appoint 30% or more of the members of the management body.
Subsidiary	<p>According to the list of terms used in the regulations and rules of the Capital Market Authority issued by the Authority, a subsidiary is any company controlled by The Company.</p>
Associate	<p>In accordance with International Accounting Standard No. (28) approved by the Saudi Organization for Auditors, an associate is any company over which The Company has significant influence.</p>
Vision 2030	<p>The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.</p>
Risk Factors	<p>They are the set of potential influences that must be known and hedged before deciding to subscribe to the Offered Shares.</p>
Riyal or SAR	<p>Saudi Arabian Riyal, the official currency of Saudi Arabia</p>
Working Day	<p>Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors from business in the Kingdom in accordance with the applicable regulations and other government procedures.</p>
Saudization or Nationalization	<p>Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.</p>
H	<p>Hijri calendar.</p>
G	<p>Gregorian calendar.</p>
Pandemic or Coronavirus (Covid 19)	<p>A viral infectious disease known as (Corona Virus) and referred to in brief as "Covid19" that has started to spread in most of the countries worldwide, including the Kingdom of Saudi Arabia in the beginning of the 2020G. It has been classified as pandemic by the World Health Organization</p>

2. Risk Factors

Investment in the Offered Shares under this Prospectus involves high risks and is only suitable for investors who are able to assess the benefits and risks of this investment and bear any loss that may result from such investment.

Anyone wishing to invest in the Offered Shares should carefully study all of the information contained in this Prospectus, including the risk factors described below before making the investment decision. The risk factors described below are not inclusive of all the risks that the Company may encounter, as there could be other risks, currently unknown to, or considered immaterial by the Company, which may preclude its operations.

The Company's business, financial conditions, future prospects, results of operations and cash flows, may be adversely affected in the event that any of the risks included in this section, which the Company's management currently believes to be material do occur, or if any other risks that the Board has not identified or believes that they are immaterial, do occur and become material.

Investment in the Offered Shares is only suitable for investors who are able to assess the risks and benefits of that investment and who have sufficient resources to bear any loss that may result from that investment. Investors (who are eligible to subscribe to the Offered Shares) who have any doubts regarding the decision to invest in the Company should seek the assistance of a licensed financial advisor to obtain appropriate advice on investing in the Offered Shares.

In the event that any of the risks that the Company's management currently believes to be material do occur, or if any other risks that the management does not currently consider to be material do occur, the share price in the market and the Company's ability to distribute dividends could decrease, and prospective investors could lose all or part of their investment in the Company's Shares.

Members of the Board of Directors further declare that, to the best of their knowledge and belief, as of the date of this Prospectus, there are no significant risks, other than what is mentioned in this section, that can affect decisions taken by investors to invest in the Offer Shares.

The risks set out below are listed in an order that does not reflect their significance. Also, additional risks, including risks not currently known or considered immaterial at the present time, may have the effects described in this Prospectus.

2.1 Risks related to the Company's Activity and Operations

2.1.1 Risks related to Non-compliance with the Companies Law and the Company's Articles of Association

The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) imposes some legal requirements that the Company must comply with, including specific and required measures to be taken by the Company to ensure its compliance with such requirements, which may affect the Company's business and take long time. The current Companies Law has also imposed stricter penalties for violating its mandatory provisions and rules. According to Article No. (213), fines for violating any of its provisions may reach (SR 500,000) five hundred thousand Saudi Riyals and may be doubled in the event of repeating the violation within three years from the date of the ruling according to Article No. (214) of the current Companies Law. Therefore, if the Company is subjected to one of these penalties as a result of non-compliance with such provisions, or non-compliance with the provisions of the Company's Articles of Association, this will have a negative and material impact on the Company's business, results of operations, financial performance, profitability and future prospects.

2.1.2 Risks related to Issuance of the New Companies Law

The Ministry of Commerce is working on the project of issuing the new Companies Law, which aims to facilitate the regular actions and requirements to stimulate the business environment and support the investment. It also aims at realizing balance between stakeholders, providing an effective framework for fair corporate governance, devoting the institutional work, contributing to the sustainability of economic entities, including family companies, attracting domestic and foreign investments, providing sustainable financing sources, meeting the needs and requirements of the entrepreneurship sector and stimulating the growth of small and medium enterprises. The new Companies law may require several changes to the regulations and laws currently followed by the Company, and accordingly may be

charged of unexpected costs or may be subjected to some regulations or changes that adversely affect its business, results of operations, profits and future business plans.

2.1.3 Risks related to Newness of Formation of the Board of Directors and Committees and Inability to Apply Governance Rules

The Company recently took some measures related to implementation of some provisions of the Corporate Governance regulations issued by the Capital Market Authority. It formed a board of directors for the Company and approved its appointment by the Transformational General Assembly held on 10/08/1442H (corresponding to 23/03/2021G). An Audit Committee was appointed based on the recommendation of the Board of Directors and was approved by the Extraordinary General Assembly held on 08/09/1442H (corresponding to 20/04/2021G). Since the regulation is indicative for all companies listed in the parallel equity market "Nomu", the Company may not comply with all the provisions contained therein. In the event of the mandatory application of the corporate governance regulation, the inability of the members of the Board of Directors and members of the committees to carry out the responsibilities assigned to them to ensure the protection of the interests of the Company and its shareholders, will affect their ability to adhere to the Corporate Governance regulation, which will expose the Company to the possibility of noncompliance with the continuous disclosure requirements, after listing, on one hand, and to operational, administrative and financial risks on the other hand, which will negatively and significantly affect the Company's future business, financial condition and results of operations.

2.1.4 Risks related to Lack of Experience in Management of Listed Joint Stock Companies

The success of the Company's business depends mainly on the ability of its management to take appropriate and correct decisions in relation to its business and activities. The staff of the senior management have no experience in managing public joint stock companies, and in compliance with the bylaws and regulations of joint stock companies listed in the Saudi stock market, such as adhering to the requirements of continuous disclosure and preparing various reports according to what is required under these bylaws and regulations. As such, the Company's senior management must make additional efforts to ensure their compliance with the rules and regulations imposed on listed companies. In the event that the Company does not comply with these rules, it may be exposed to legal penalties and fines, which in turn will negatively and materially affect its business, prospects and financial condition.

2.1.5 Risks related to Non-compliance with the Capital Market Law and its Implementing Regulations

After being listed on the Parallel Market, the Company will be subject to the Capital Market Law and the regulations, bylaws and circulars issued by the Capital Market Authority. In the event that the Company is unable to comply with any of the applicable regulations and bylaws, it will be subject to financial fines and penalties such as temporary suspension of shares trading or cancellation of listing of the Company's shares in the event of non-compliance, which will adversely and materially affect the Company's business, results of operations, financial performance, profitability and future prospects.

2.1.6 Risks of Management Decisions

The Company's business results depend mainly on the ability of its management to take the right and appropriate decisions in relation to its business and activities in a timely manner. In the event that the Company's management makes wrong decisions regarding its business in general, such as hiring unqualified cadres, developing ineffective business plans, setting inappropriate operational policies, or others, this will negatively reflect on the Company's performance, results of operations and financial condition.

2.1.7 Risks related to Employee Errors or Misconduct

The Company may face misconduct or errors of the employees- such as fraud, intentional errors, embezzlement, fraud, theft, forgery, as well as misuse of the Company's properties and acting on its behalf without obtaining the required administrative authorizations. These actions may result in consequences and responsibilities borne by the Company, or legal penalties, or financial liability, which will adversely and materially affect the Company's reputation, financial condition, results of operations and future prospects.

2.1.8 Risks related to Difficulty of Hiring Experienced Employees in the Health Sector

In its activity and operations, the Company depends heavily on employees with experience in health sector, especially those working in marketing, sales, maintenance and projects departments. The sector requires highly qualified employees, fully familiar with the characteristics of the Company's medical solutions, products and operations in line with the required standards of Company clients. If the Company is unable to hire qualified cadres and maintain them for continuity of its operational activities, this will negatively affect the Company's business, results of operations and future prospects.

2.1.9 Credit Risks

Credit risks arise when one party is unable to fulfill a specific financial obligation to the other party. The Company may face credit risks in several temporary or long-lasting cases, such as existence of unpaid receivable balances from clients, failure of other debtors to meet their obligations towards the Company, or others.

The following table shows the main net accounts receivables of the Company during the years 2019G, 2020G and the first half of 2021G:

Table No. (1): The main net accounts receivables of the Company

Debtor	Fiscal Year ending 31/12/2019G (SAR)	Percentage of the Total	Fiscal Year ending 31/12/2020G (SAR)	Percentage of the Total	Six-month period ending 30/06/2021G (SAR)	Percentage of the Total
Debtor 1	506,467,484	56.7%	427,112,476	46.7%	450,421,787	48.4%
Percentage of total revenues	72.7%		52.2%		180.7%	
Percentage of total assets	37.7%		32.6%		32.6%	
Debtor 2	214,722,703	24.0%	198,706,808	21.7%	157,628,784	16.9%
Percentage of total revenues	30.8%		24.3%		63.2%	
Percentage of total assets	16.0%		15.2%		11.4%	
Debtor 3	28,660,464	3.2%	94,186,734	10.3%	134,153,098	14.4%
Percentage of total revenues	4.1%		11.5%		53.8%	
Percentage of total assets	2.1%		7.2%		9.7%	
Debtor 4	81,778,372	9.2%	64,910,757	7.1%	33,603,135	3.6%
Percentage of total revenues	11.7%		7.9%		13.5%	
Percentage of total assets	6.1%		5.0%		2.4%	
Other Debtors	61,811,700	6.9%	130,385,068	14.2%	155,562,450	16.7%
Percentage of total revenues	8.9%		15.9%		62.4%	
Percentage of total assets	4.6%		10.0%		11.3%	
Total	893,440,723	100.0%	915,301,843	100.0%	931,369,254	100.0%
Percentage of total revenues	128.2%		111.8%		373.7%	
Percentage of total assets	66.5%		69.9%		67.4%	

Source: Arabian International Healthcare Holding Company (Tibbiyah)

The Company implements a policy approved by the Executive Management to limit its exposure to credit risks. The performance of the collections is constantly monitored, and the necessary measures are taken if any of the customers does not comply with the payment terms. The average repayment period ranges between 90 to 120 days, and the Company makes provisions for doubtful debts with the aging of these debts. The value of these provisions amounted to (46,644,783) forty-six million six hundred and forty-four thousand seven hundred and eighty-three Saudi Riyals as on 31/12/2019G, (49,249,963) forty-nine million two hundred and forty-nine thousand nine hundred and sixty-three Saudi Riyals as on 31/12/2020G, and (51,374,693) fifty-one million three hundred and seventy-four

thousand six hundred and ninety-three Saudi Riyals as on 30/06/2021G. In the event that the debtors fail to pay the company's dues on time, or fail at all to pay partially or completely, this will negatively and materially affect the Company's results of operations, financial condition and cash flows.

It is worth noting that the bad debts that were written off amounted to (54,923,001) fifty-four million nine hundred twenty-three thousand and one Saudi Riyals during 2019G, i.e. (5.8%) of the total balance of receivables and amounted to (345,090) three hundred and forty-five thousand and ninety Saudi Riyals during 2020G, i.e. (0.04%) of the total balance of receivables. No bad debts were written off during the first half of 2021G.

2.1.10 Risks related to the Company's Dependence on Al-Faisaliah Group Holding Company to obtain Financing

The Arabian International Healthcare Holding Company relies on Al Faisaliah Group Holding Company to obtain financing in accordance with Islamic Sharia regulations, as Al Faisaliah Group Holding Company owns 99.0% of the Advanced Pharmaceutical Company, which in turn owns 99.0% of the Arabian International Healthcare Holding Company (Tibbiyah). This comes within the framework of financing the Company's liquidity needs to meet the requirements of the operational activities and the working capital. "Tibbiyah" Company has concluded three financing agreements and credit facilities with Al-Faisaliah Group Holding Company as follows:

- An agreement starting on 01/01/2020G for short-term loans and facilities and unsecured revolving loans, with financing fees according to the prevailing market prices. The value of these facilities is (700,000,000) seven hundred million Saudi Riyals, and their balance amounted to (360,000,000) three hundred and sixty million Saudi Riyals as on 30/06/2021G. The term of the agreement expires on 31/12/2021G and is renewed when needed.
- An agreement starting on 01/01/2020G regarding implementation guarantees, non-cash and unsecured credits, with financing fees according to the prevailing market prices. The value of these facilities is (850,000,000) eight hundred and fifty million Saudi Riyals, and their balance amounted to (746,879,225) seven hundred and forty-six million eight hundred and seventy-nine thousand two hundred and twenty-five Saudi Riyals as on 30/06/2021G. The term of the agreement expires on 31/12/2021G and is renewed when needed.
- An agreement starting on 01/10/2020G for an unsecured long-term loan, with financing fees according to the prevailing market prices. The value of the loan is (100,000,000) one hundred million Saudi Riyals, and the interest on the loan is payable on a quarterly basis, and the principal of the loan is paid in (8) eight equal installments, the first installment is due on 28/04/2022G, and the last installment is due on 31/10/2025G.

The interest expenses incurred by the Company on the mentioned loans amounted to (25,412,088) twenty-five million four hundred and twelve thousand and eighty-eight Saudi Riyals during the fiscal year ending on 31/12/2019G, and (20,883,151) twenty million eight hundred and eighty-three thousand one hundred and fifty-one Saudi Riyals during the fiscal year ending on 31/12/2020G, and (5,146,778) five million, one hundred and forty-six thousand seven hundred and seventy-eight Saudi Riyals during the six-month period ending on 30/06/2021G.

It is worth noting that the financing and credit facilities agreements were approved by the Extraordinary General Assembly held on 08/09/1442H (corresponding to 20/04/2021G).

In the event that the required support in obtaining financing from the Al Faisaliah Group Holding Company is not available in the future, or in the event that the required financing cannot be obtained from other parties or obtained it on similar terms, this will have a negative and material impact on the Company's performance, operations and financial condition.

Other than that, the Company confirms that it does not have any credit facilities or other loans as on the date of this Prospectus.

2.1.11 Liquidity Risks

The Company faces liquidity risk when it is unable to meet its obligations related to financial liabilities as they become due. The Company's financial liabilities consist of loans, accounts payables, accrued expenses and dues to related parties. Contingent or sudden events may occur that require immediate liquidity or require financial assets to be quickly sold at fair value to cover the required liquidity.

The net working capital (total current assets after deducting total current liabilities) of the Company amounted to (265,713,764) two hundred and sixty-five million seven hundred and thirteen thousand seven hundred and sixty-four Saudi Riyals as on 31/12/2019G, and (433,652,591) four hundred and thirty-three million six hundred and fifty-two thousand five hundred and ninety-one Saudi Riyals as on 31/12/2020G, and (360,736,933) three hundred and sixty million seven hundred and thirty-six thousand nine hundred and thirty-three Saudi Riyals as on 30/06/2021G. The liquidity ratio (total current assets to total current liabilities) with the Company was about 1.26 times as on 31/12/2019G, 1.54 times as on 31/12/2020G and 1.38 times as on 30/06/2021G. If the Company is not able to meet its current or future obligations on their due dates, especially short-term ones, it will be subject to financial default, which will negatively affect the Company's business, financial performance and future prospects.

2.1.12 Risks related to Availability of Financing in the Future

The Company may resort to obtaining loans and bank facilities to finance expansion plans in the future. It is worth noting that obtaining financing may depend on the Company's capital, financial condition, cash flows, credit record and guarantees provided. The Company does not give any assurance or guarantee about obtaining appropriate financing if it is needed. The inability of the Company to obtain the financing it needs from financiers, or its inability to obtain financing on favorable terms acceptable to the Company, will have a negative impact on the Company's performance, operations, cash flows and future plans.

2.1.13 Risks related to the Company Accounts Payables and Notes Payable

The following table shows the total value of accounts payables and notes payable during 2019G, 2020G and the first half of 2021G:

Table No. (2): Total balance of accounts payables and promissory notes

	For the fiscal year ending on 31/12/2019G (Saudi Riyals)	Percentage of total liabilities	For the fiscal year ending on 31/12/2020G (Saudi Riyals)	Percentage of total liabilities	For six-month period ending on 30/06/2021G (Saudi Riyals)	Percentage of total liabilities
Accounts payables	270,339,001	25.1%	263,444,483	27.0%	301,901,774	26.8%
Promissory notes*	-	-	24,433,542	2.5%	-	-
Total	270,339,001	25.1%	287,878,025	29.5%	301,901,774	26.8%

Source: Arabian International Healthcare Holding Company (Tibbiyah)

* During the fiscal year ending on 31/12/2020G, the Company used the short-term borrowing facility available to it from Al-Faisaliah Group Holding Company (see Section No. (2.1.10) "Risks related to the Company's Dependence on Al-Faisaliah Group Holding Company to obtain Financing" of this Prospectus), in order to finance its purchases.

In the event that the Company is unable to pay the full value of the trade accounts payables within the specified time period, it will be difficult for it to continue obtaining debt purchase agreements on appropriate terms in the future. This will negatively affect its reputation and the desire of the creditors to continue dealing with the Company and will adversely affect its operations and financial performance.

2.1.14 Risks related to Saudization Requirements

The Kingdom gives the utmost importance to the Nationalization scheme within the framework of "Vision 2030", and therefore adherence to the requirements of Saudization is a legal requirement under which all firms (companies and establishment) are obligated to employ Saudis and maintain a certain percentage of Saudi employees out of the total number of their employees. As on 04/10/2021G, the Company was classified under the category of medium entities, as the total number of its employees reached (60), including (34) non-Saudis and (26) Saudis, and as such the Saudization rate reached 43.33%, and the Company falls under the "Low Green Range (Nitaq)" (refer to Section (3.21) "Employees and Saudization" of this Prospectus). In the event that the Company is unable to maintain the required Saudization rate, or if the Ministry of Human Resources and Social Development decides in the future to impose stricter nationalization policies that are difficult for the Company to adhere to, this may lead to imposition of penalties such as suspending work visa applications and sponsorship transfers for non-Saudi workers, which will have a negative impact on the Company's business, results of operations and future prospects.

2.1.15 Risks related to Natural Disasters

The Company may be exposed to any of the natural disasters such as floods, fires, earthquakes and other natural events that cause significant damage to the Company's facilities. In the event that adequate insurance coverage is not available, this may result in high and huge costs for the Company, which will greatly affect the Company's ability to perform and carry out its activities, and thus adversely affect its operations. Also, the occurrence of any of these natural disasters will have a negative and material impact on the Company's financial performance, financial condition and future prospects.

2.1.16 Risks related to the Operation and Unexpected Interruption of Business

The Company relies on the effectiveness of marketing and selling of its products, services and related operation systems to continue its operations. Any stoppage or interruption of these operations for any reason, such as natural disasters, sudden malfunctions, fires, or any deficiencies that affect sales operations or computers, or the interruption of power and electricity supply, may lead to the interruption of these operations, and thus will adversely and materially affect its business, financial condition and future prospects.

2.1.17 Risks related to Inventory Expiry

The net value of the Company's inventory amounted to (SR 205,712,524) two hundred and five million seven hundred and twelve thousand five hundred and twenty-four Saudi Riyals as on 31/12/2019G, mostly represented the value of goods imported by the Company to meet the requests of the projects it is working on. In addition, the Company's inventory includes some slow-moving goods, and the Company makes a provision for the value of those goods upon aging and approaching their expiry date. The value of that provision was (16,458,155) sixteen million four hundred and fifty-eight thousand and one hundred and fifty-five Saudi Riyals as of 31/12/2019, i.e. (7.4%) of the total inventory value before deducting the provision.

The net value of the Company's inventory amounted to (223,761,306) two hundred twenty-three million seven hundred and sixty-one thousand three hundred and six Saudi Riyals as on 31/12/2020G, mostly represented the value of goods imported by the Company to meet the requests of the projects it is working on. In addition, the Company's inventory includes some slow-moving goods, and the Company makes a provision for the value of these goods as they age and approach their expiry date. The value of that provision amounted to (17,988,130) seventeen million nine hundred and eighty-eight thousand one hundred and thirty Saudi Riyals as on 31/12 2020, i.e. (7.4%) of the total inventory value before deducting the provision.

The net value of the Company's inventory amounted to (264,968,456) two hundred and sixty-four million nine hundred and sixty-eight thousand four hundred and fifty-six Saudi Riyals as on 30/06/2021G, mostly represented the value of the goods received by the Company to meet the requests of the projects it is working on. In addition, the Company's inventory includes some slow-moving goods, and the Company makes a provision for the value of these goods as they age and approach their expiry date. The value of that provision amounted to (19,238,130) nineteen million two hundred and thirty-eight thousand and one hundred and thirty Saudi Riyals as of 30/06/2021G, i.e. (6.7%) of the total inventory value before deducting the provision.

If the Company is not able to sell all the slow-moving goods, this will negatively affect the its results, financial performance and profitability.

It is worth noting that the value of the goods written off due to their aging amounted to (531,727) five hundred and thirty-one thousand seven hundred and twenty-seven Saudi Riyals during the year 2019G, and (1,043,940) one million and forty-three thousand nine hundred and forty Saudi Riyals during the year 2020G. No inventory was written off during the first half of the year 2021G.

2.1.18 Risks related to Non-compliance with Quality Standards and Specifications required by Clients

The Company always strives to maintain the satisfaction of its clients by providing its products and services at the highest quality standards. The Company, through its subsidiaries, has obtained ISO certificates (see Section No. (3.17) "ISO Certificates" of this Prospectus), which indicates the implementation of the quality assurance system for its products and services by adhering to the required international specifications and standards. In the event that the Company is unable to continue to provide the same level of quality for any reason, this will negatively affect its reputation with its clients and their continuity of dealing with it, and thus will negatively and materially affect the Company's sales, results of operations and financial performance.

2.1.19 Risks related to Non-issuance or Non-renewal of Licenses, Permits and Regulatory Certificates

The Company currently conducts its business according to a number of licenses, certificates and permits related to its activity, obtained from the competent regulatory authorities in the Kingdom (See Section No. (3.12) "Company Licenses" of this Prospectus). They include, but not limited to, commercial registration certificates for the Company, its subsidiaries and branches issued by the Ministry of Commerce, Food and Drug Authority (SFDA) licenses, Trademark registration certificate, Chamber of Commerce membership certificate, Municipal licenses, environmental permits, civil defense permits, Saudization, Zakat and Social Insurance certificates, activity licenses, and others. The certificates of commercial registrations of the Company and its subsidiaries include the following:

Table No. (3): The Company's Commercial Registration Records

Company Name	Legal entity	Commercial registration number	Place of Issue	Date of Issue	Expiry Date
Arabian International Healthcare Holding Company (Tibbiyah)	Closed joint stock	(1010380429)	Riyadh	10/08/1434H (corr. 19/06/2013G)	10/08/1445H (corr. 20/02/2024G)
Al-Faisaliah Medical Systems Co	One Person Limited Liability Co.	(1010162957)	Riyadh	22/08/1421H (corr. 20/11/2000G)	25/12/1443H (corr. 24/07/2022G)
Al-Faisaliah Medical Systems Co- Riyadh Branch (1)	Branch	(1010680078)	Riyadh	28/05/1442H (corr. 12/01/2021G)	28/05/1443H (corr. 01/01/2022G)
Al-Faisaliah Medical Systems Co- Riyadh Branch (2)	Branch	(1010255500)	Riyadh	24/08/1429H (corr. 25/08/2008G)	24/08/1443H (corr. 27/03/2022G)
Al-Faisaliah Medical Systems Co- Jeddah Branch	Branch	(4030280313)	Jeddah	13/04/1436H (corr. 02/02/2015G)	13/04/1444H (corr. 07/11/2022G)
Al-Faisaliah Medical Systems Co- Al-Khobar Branch	Branch	(2051060081)	Al-Khobar	22/04/1436H (corr. 11/02/2015G)	21/04/1444H (corr. 15/11/2022G)
Al-Faisaliah Medical Systems Co- UAE	Limited Liability Co.	(1026679)	Dubai -UAE	29/03/1429H (corr. 06/04/2008G)	04/09/1443H (corr. 05/04/2022G)
Saudi Arabian Philips Healthcare Co. Ltd.	Mixed Limited Liability Co.	(1010365836)	Riyadh	20/04/1434H (corr. 02/03/2013G)	06/01/1448H (corr. 21/06/2026G)
International Medical Supplies Company	One Person Limited Liability Co.	(1010337603)	Riyadh	11/06/1433H (corr. 02/05/2012G)	22/08/1443H (corr. 25/03/2022G)
International Medical Supplies Company- Jeddah Branch	Branch	(4030280314)	Jeddah	13/04/1436H (corr. 02/02/2015G)	13/04/1444H (corr. 07/11/2022G)
International Medical Supplies Company- Al-Khobar Branch	Branch	(2051062515)	Al-Khobar	17/08/1437H (corr. 24/05/2016G)	16/08/1443H (corr. 19/03/2022G)
International Health Development Company	One Person Limited Liability Co.	(1010375223)	Riyadh	09/07/1434H (corr. 18/05/2013G)	09/07/1445H (corr. 21/01/2024G)
International Health Development Company – Jeddah Branch	Branch	(4030280342)	Jeddah	15/04/1436H (corr. 04/02/2015G)	15/04/1444H (corr. 09/11/2022G)
International Health Development Company – Al-Khobar Branch	Branch	(2051062516)	Al-Khobar	17/08/1437H (corr. 24/05/2016G)	16/08/1443H (corr. 19/03/2022G)

Company Name	Legal entity	Commercial registration number	Place of Issue	Date of Issue	Expiry Date
Healthcare Technology Co.	One Person Limited Liability Co.	(1010211341)	Riyadh	18/06/1426H (corr. 24/07/2005G)	18/06/1443H (corr. 21/01/2022G)
Healthcare Technology Co. – Jeddah Branch	Branch	(4030280345)	Jeddah	15/04/1436H (corr. 04/02/2015G)	15/04/1444H (corr. 09/11/2022G)
Healthcare Technology Co. – Al-Khobar Branch	Branch	(2051060082)	Al-Khobar	22/04/1436H (corr. 11/02/2015G)	21/04/1444H (corr. 15/11/2022G)

Source: Arabian International Healthcare Holding Company

The main licenses of the Company and its subsidiaries include the following:

Table No. (4): Licenses of the Company and its Subsidiaries

License	License Number	Licensee	Licensor	Activity	Issue date	Expiry date
Medical devices and products entity license)	(IDL-2019-MD-0926)	Al-Faisaliah Medical Systems Company	Saudi Food and Drug Authority (SFDA)	Import and distribution	27/08/2019G	13/08/2022G
Medical devices and products entity license)	(IDL-2019-MD-0880)	Healthcare Technology Co.	SFDA	Import and distribution	15/03/2019G	28/02/2022G
Medical devices and products entity license)	(IDL-2019-MD-0353)	International Medical Supplies Company	SFDA	Import and distribution	25/07/2019G	10/07/2022G
Trade License	(609294)	Al-Faisaliah Medical Systems Co-UAE	The Department of Economic Development in the United Arab Emirates	Trade in medical, therapeutic and surgical instruments and supplies, trade in scientific and laboratory equipment and devices	06/04/2008G	05/04/2022G

Source: Arabian International Healthcare Holding Company

These licenses shall continuously remain valid by the compliance of the Company with the laws and regulations related to such licenses. In the event that the Company fails to comply with this, some or all of those licenses may be suspended, or the Company may not be able to renew the existing licenses or obtain new licenses that it may need for other purposes such as expansion, which will lead to the suspension or interruption of the Company's business, and accordingly will have negative and material impacts on the Company's business results, financial condition and future prospects.

2.1.20 Risks related to Potential Zakat Dues and Additional Claims

As the Arabian International Healthcare Holding Company is 99.0% owned by the Advanced Pharmaceutical Pharma Company (a Subsidiary Company 99.0% owned by Al-Faisaliah Group Holding Company), Al-Faisaliah Group Holding Company submits a Zakat declaration based on its consolidated financial statements and the consolidated zakat base according to which it pays zakat obligations. Arabian International Healthcare Holding Company's share of zakat is estimated each year on the basis of its independent zakat base, and its share of zakat is charged to the profit or loss and income statement.

Al Faisaliah Group Holding Company submits its zakat and tax returns to the Zakat, Tax and Customs Authority within the specified time and pays the amounts due according to the approved budgets on an annual basis.

It is worth noting that Al-Faisaliah Group Holding Company has submitted its zakat returns since its establishment until the date of 31/12/2020G, where it obtained a certificate from the Zakat, Tax and Customs Authority, valid until 29/09/1443H (corresponding to 30/04/2022G).

- Al-Faisaliah Group Holding Company has received the final zakat assessments from the Zakat, Tax and Customs Authority for the fiscal years since the Company's establishment until the end of 2016G.
- Al-Faisaliah Group Holding Company has not received the final zakat assessments for the years 2017G, 2018G, 2019G and 2020G until the date of this Prospectus.
- Al-Faisaliah Group Holding Company submits a zakat return based on its consolidated financial statements and the unified zakat base, and it also pays zakat obligations according to it. Since the Arabian International Healthcare Holding Company "Tibbiyah's" share of Zakat is estimated each year on the basis of its independent zakat base, Al-Faisaliah Group Holding Company can determine the source of any differences at the level of each independent zakat base. In the event that there are any zakat claims or differences for Al-Faisaliah Group Holding Company related only to the independent zakat base of the Arabian International Healthcare Holding Company, they shall be charged to the Arabian International Healthcare Holding Company. At the present time, there are no existing zakat claims, or provisions related to zakat differences, or any existing disputes or claims related to Arabian International Healthcare Holding Company until the date of this Prospectus. In the event that there are any future claims related to Arabian International Healthcare Holding Company for any of the previous financial years, the "Tibbiyah" company will bear them.
- Arabian International Healthcare Holding Company, after listing its shares in the parallel market "Nomu", will submit its zakat returns on a separate and independent basis from Al Faisaliah Group Holding Company.

The Company set a provision for zakat amounting to (15,600,000) fifteen million six hundred thousand Saudi Riyals as on 31/12/2019G, (24,000,000) twenty-four million Saudi Riyals as on 31/12/2020G, and (7,000,000) seven million Saudi Riyals as on 30/06/2021G.

Tibbiyah Company cannot predict that the Zakat, Tax and Customs Authority will accept the zakat and tax estimates of the Al-Faisaliah Group Holding Company for each future financial year. The Zakat, Tax and Customs Authority may impose on the Company material zakat differences that exceed the value of the amounts paid, in addition to the fines for delay in payment of these amounts. This is reflected on the Arabian International Healthcare Holding Company's share of Zakat. If this happens, it will have a negative impact on the Company's business results, financial performance and future prospects.

2.1.21 Risks related to Changes in Important Accounting Standards and the New Standards

The audited financial statements of the Company for the fiscal year ending on 31/12/2020G and the consolidated audited financial statements for the six-month period ending on 30/06/2021G, were prepared in accordance with the International Accounting Standards for Financial Reporting (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization of Chartered and Professional Accountants (SOCPA). The Company is obligated to apply the amendments or changes that occur to these standards from time to time. It is worth noting that there are no new standards issued, and there were some amendments to the current standards, which did not have a material impact on the Company's consolidated financial statements for the fiscal year ending 31/12/2020G as follows:

- Amendments to the references on the conceptual framework in International Financial Reporting Standards (IFRS).
- Business Definition (Amendments to International Financial Reporting Standard No. (3)).
- Defining materiality (amendments to International Accounting Standard No. (1) and International Accounting Standard No. (8)).
- Correction of the interest rate reference index (amendments to International Financial Reporting Standard No. (9) and International Accounting Standard No. (39), International Financial Reporting Standard No. (7)).

There are a number of new issues that will be effective for the year starting from 01/01/2020G and the following years, with early application allowed, but the company did not early apply the new or amended standards when preparing the consolidated financial statements for the fiscal year ending 31/12/2020G as follows:

- Correction of the interest rate benchmark- second stage (amendments to IFRS 9, IAS 39, IFRS 7, IFRS (4) and IFRS (16)).

- Contracts expected to lose- Cost of completing the contract (Amendments to International Accounting Standard No. (37)).
- Annual improvements to International Financial Reporting Standards (IFRS) from 2018G to 2020G.
- Property, plant and equipment: Proceeds before the intended use (amendments to International Accounting Standard No. (16)).
- References on the conceptual framework (amendments to IFRS (3)).
- Classification of liabilities as current and non-current (amendments to International Accounting Standard No. (1)).
- COVID-19 related rental concessions (amendments to IFRS (16)).
- International Financial Reporting Standard No. (17) for insurance contracts and the amendments to International Financial Reporting Standard No. (17) for insurance contracts.
- Sale or contribution of assets between an investor and his associate company or joint venture (Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28)).

Based on the aforementioned, and although some of the international accounting standards applied by the Company did not result in material changes, the Company's application of the International Financial Reporting Standards (IFRS) led to changes in its audited financial statements for the fiscal year ended 31/12/2020G and the audited financial statements for the six-month period ended 30/06/2021G. It will also lead to similar changes in subsequent financial years or other changes that may be material and their impact is not currently visible, or the Company may not know at the present time. Also, the recent application of International Financial Reporting Standards (IFRS) as adopted in the Kingdom during the coming years may result in fundamental changes to the Company's financial statements. Therefore, any changes in these standards or the mandatory application of some new standards could have a negative and material impact on the financial statements, and consequently on the Company's financial results and financial condition.

2.1.22 Risks related to Relaying on Suppliers

Tibbiyah Company relies heavily in providing integrated medical solutions on local and international suppliers and agents outside the Kingdom of Saudi Arabia (refer to Section No. (3.13) "Distribution Agreements and Key Suppliers") and on its ability to provide the goods in the quantity and the time frame required. The Company's purchases focused on five major suppliers during 2019G, 2020G and the first half of 2021G, as shown in the following table:

Table No. (5): Dealings with the main suppliers

Supplier	Fiscal Year ending 31/12/2019G (SAR)	Percentage of the Total	Fiscal Year ending 31/12/2020G (SAR)	Percentage of the Total	For the six-month period ending 30/06/2021G (SAR)	Percentage of the Total
Supplier 1	85,152,904	14.9%	107,839,556	17.4%	105,776,262	40.1%
Supplier 2	80,741,288	14.1%	89,739,195	14.5%	53,265,854	20.2%
Supplier 3	24,104,543	4.2%	46,978,499	7.6%	19,611,748	7.4%
Supplier 4	0	0.0%	8,841,412	1.4%	14,174,797	5.4%
Supplier 5	64,020,422	11.2%	140,908,072	22.8%	13,637,488	5.2%
Other Suppliers	317,115,759	55.5%	224,635,316	36.3%	57,502,082	21.8%
Total	571,134,916	100.0%	618,942,050	100.0%	263,968,231	100.0%

Source: Arabian International Healthcare Holding Company

Despite the multiplicity and diversity of suppliers, which eliminates the Company's reliance on a particular supplier, this may not be available for the products that a particular supplier or an exclusive agent can provide in the Kingdom. In the event that the Company is unable to obtain sufficient supplies from suppliers in a timely manner or on acceptable terms, or when there are any changes in the existing relationships with suppliers, or if the prices of products and the costs of obtaining them increase, this will adversely affect the Company's business, operational results and financial condition.

2.1.23 Risks related to International Suppliers going to work directly inside the Kingdom

Tibbiyah Company deals with more than 400 local and international suppliers outside the Kingdom of Saudi Arabia, where it has concluded several distribution agreements under which it has the right to distribute and market their products within the Kingdom of Saudi Arabia (see Section No. (3.13) "**Distribution Agreements and Main Suppliers**"). Given the presence of many investment opportunities in the Kingdom with the volume of government spending and business movement in general and the strategy of transforming and developing the health sector in particular, this may increase the desire of international companies abroad to work directly inside the Kingdom. In the event that some of the Company's main international suppliers enter the Saudi market directly instead of dealing with it through distribution agreements, this will limit the Company's business volume and its ability to compete and will negatively and fundamentally affect the Company's share in the Saudi market, its business, results of operations, financial performance and future plans.

2.1.24 Risks related to Standardize Procurement of Medicines, and Medical Equipment and Supplies

The Kingdom aims to develop the level of performance of the health care sector by strategically improving health care facilities in all public hospitals and medical centers in the Kingdom and increasing spending efficiency with regard to procurement of medicines, medical devices and supplies. From this standpoint, the National Unified Procurement Company (NUPCO) was established in 2009G to provide medical procurement, storage and distribution services for medicines, devices and medical supplies in the Kingdom of Saudi Arabia. It is a company wholly owned by the Public Investment Fund. The Company's revenues from NUPCO may be concentrated more in the future with regard to government sector purchases of medicines, devices and medical supplies. In addition, the Company's profit margins may shrink in the future within the framework of the strategy to increase spending efficiency, which will have a negative and material impact on the Company's performance, operational activities, financial condition and future results.

2.1.25 Risks related to the Volume of Government Spending on the Health Sector

Tibbiyah Company deals mainly with a number of clients inside the Kingdom, and the majority of the Company's main clients are Saudi health institutions affiliated with Government agencies, including the National Company for the Unified Purchase of Medicines, Devices and Medical Supplies (NUPCO), Ministry of Health hospitals, National Guard hospitals, and others (see Section No. (3.11) "**The Company's Business**" of this Prospectus). The percentage of revenue from clients in the Government sector was about 83.0% during 2019G, 84.0% during 2020G, and 78.9% during the first half of 2021G of the Company's total revenues. The Company's operations and business depend mainly on the volume of Government spending in the health sector and on the size of budgets and allocations determined by the Kingdom's Government in relation to this sector. Accordingly, any unfavorable fluctuations in the level of macroeconomic performance in the Kingdom may negatively affect government spending in general, and that related to the health sector in particular, which may reflect negatively on the Company's business and financial performance. In addition, such fluctuations may affect the Company's ability to collect its dues on their due dates, which will negatively and materially affect the Company's business results, financial performance and future prospects.

2.1.26 Risks related to Concentration of the Company's Revenues

The Company generates its revenues mainly from the business of providing integrated medical solutions to health service providers in the Kingdom (see Section No. (3.14) "**Company's Revenues**" of this Prospectus). The integrated medical solutions are directly related to the prices of these products and the ability to provide them, which the Company obtains mainly from external suppliers. In the event that the Company's revenues decrease due to fluctuations in product prices, the increase in the costs of providing them, or the decrease in the demand for the Company's products, this will have a material negative impact on the Company's performance, results of operations and financial condition.

2.1.27 Risks of Clients Concentration

Tibbiyah Company deals mainly with a number of clients inside the Kingdom, and the majority of the Company's main clients are Saudi health institutions affiliated with the Government agencies (refer to section No. (3.14.2) "Revenues according to Main Clients" of this Prospectus). The following table shows the Company's revenues from the three main clients during 2019G, 2020G and the first half of 2021G:

Table No. (6): The Company's revenues from the three main clients

Clients	Fiscal Year ending 31/12/2019G (SAR)	Percentage of the Total Revenues	Fiscal Year ending 31/12/2020G (SAR)	Percentage of the Total Revenues	For the six-month period ending 30/06/2021G (SAR)	Percentage of the Total Revenues
Client 1	310,969,740	44.61%	178,230,348	21.77%	71,658,756	28.75%
Client 2	4,408,046	0.63%	295,940,618	36.15%	35,356,037	14.19%
Client 3	59,279,542	8.50%	56,833,437	6.94%	26,385,426	10.59%
Other Clients	322,376,085	46.26%	287,684,613	35.14%	115,838,308	46.47%
Total	697,033,413	100.00%	818,689,016	100.00%	249,238,527	100.00%

Source: Arabian International Healthcare Holding Company

As shown in the previous table, there is a concentration of the Company's in revenues during 2019G, 2020G and the first half of 2021G. In the event that a good and continuous relationship with major clients is not maintained, or if the Company fails to develop relationships with new clients, this will negatively and materially affect the Company's business, results of operations and financial performance.

2.1.28 Risks related to Protection of Trademarks and Proprietary Rights

In marketing its products and managing its operational activities, the Company relies on the reputation of its brand, which gives it a distinguished position among its customers in the market. The Company and its subsidiaries own (6) six registered trademarks out of (9) nine. The Company has applied to register its unregistered trademark with the Saudi Authority for Intellectual Property (SAIP), awaiting obtaining the final registration certificate (see Section No. (3.18) "Trademarks and Proprietary Rights" of this Prospectus).

In addition, Al-Faisaliah Group Holding Company owns the trademark "Cardiospace", which is registered with the Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia and with the competent authorities outside the Kingdom in the State of Kuwait, the United Arab Emirates, the State of Qatar and the Hashemite Kingdom of Jordan, as well as the trademark "Al-Faisaliah Systems"

It also owns the trademark "Al-Faisaliah Medical Systems", which is registered with the competent authorities outside the Kingdom in both the State of Kuwait and the State of Qatar. The medical company has entered into a trademark assignment agreement with Al-Faisaliah Group Holding Company, which authorizes its subsidiary Al-Faisaliah Medical Systems Company, to use these trademarks and transfer their ownership to it, and work is currently underway to transfer their ownership.

Any illegal use of trademarks will affect the Company's reputation and may lead to lawsuits against the Company or claims before the competent courts to protect these rights. If the Company fails to register its unregistered trademark and effectively protect its trademark, this will negatively affect the value of that trademark, which will negatively affect the Company's business, financial results and performance in the future.

2.1.29 Risks related to Lawsuits and Fines

Tibbiyah Company has, as on the date of this Prospectus, three lawsuits filed against its subsidiary "Al Faisaliah Medical Systems Company" and one lawsuit filed by its subsidiary "International Medical Supplies Company" as shown in the following table:

Table No. (7): Legal Cases

Legal Cases brought Against the Company				
Plaintiff	Defendant	Claim Value (SAR)	Case description	
1	Zakat, Tax and Customs Authority	Al Faisaliah Medical Systems Company	30,000,000	Claim to pay customs duties; Al-Faisaliah Medical Systems has objected to the claim and the case is still pending waiting the first session with the Saudi Customs Disputes Authority, and there is no specific hearing date as on the date of this Prospectus.
2	L'azurde Company for Jewelry	Al Faisaliah Medical Systems Company	230,655	A claim for payment of an amount owed to L'azurde Company for Jewelry from a former employee of Al-Faisaliah Medical Systems Company which provided a guarantee on behalf of the employee. After the former employee left Saudi Arabia, L'azurde Company for Jewelry demanded Al-Faisaliah Medical Systems Company to pay the owed amount. A preliminary ruling was issued in the case in favor of Al-Faisaliah Medical Systems Company, and the plaintiff appealed. The Court of Appeal returned the case file to the Fifth Circuit of the General Court in Riyadh, which is essentially examining the case for the purpose of verifying the validity of the evidence presented, and the case is still pending with the Fifth Circuit in the General Court. The parties attended several sessions, and the date of the next session was set for 10/06/1443H (corresponding to 13/01/2022G).
3	Zakat, Tax and Customs Authority	Al-Faisaliah Medical Systems Company and its agent	-	A case was filed against Al-Faisaliah Medical Systems and its agent at Saudi Customs for non-payment of Customs dues. The amount or value of the claim has not been specified, and after Saudi Customs reviewed the payment documents submitted by the Company, it found that the documents (which include payment receipts) are valid and correct. The case is still pending, and there is no specific hearing date as on the date of this Prospectus.
Total value of claims for legal cases brought against the Company		30,230,655	-	
Legal Cases instituted by the Company				
Plaintiff	Defendant	Claim Value (SAR)	Case description	
1	International Medical Supplies Company	Defendant 1	657,804	The defendant demanded to pay the value of (4) four outstanding promissory notes, as it was ruled to pay (3) three of them, and the case is still ongoing regarding the fourth promissory note. There is no specific hearing date as on the date of this Prospectus.
Total claims value of legal claims brought by the Company		657,804	-	

Source: Arabian International Healthcare Holding Company

The Company has created a provision for lawsuits and claims, which value amounted to (23,330,533) twenty-three million three hundred and thirty thousand five hundred and thirty-three Saudi Riyals as on the date of this Prospectus.

Since the Company is subject to lawsuits and complaints during the course of its operations, it cannot accurately predict the size of the cost of the lawsuits or judicial procedures that may be filed by or against it, or the final results of the lawsuits and litigations that may be issued against it and the compensation and penalties they include. Accordingly, any negative outcome of such issues may adversely affect the Company and the results of its operations. These claims may include, but are not limited to, zakat and tax issues, the labor system, social security, contracting with customers and suppliers, and other damages resulting from negligence or fraud committed by people or entities, within or beyond the control of the Company. Therefore, any negative consequences of such issues will adversely affect the Company's business, results of operations, financial condition and future prospects.

Other than what was mentioned above, the company and its board members are not subject to any lawsuits or legal procedures that may materially affect the company's business or its financial condition as on the date of this Prospectus.

2.1.30 Risks related to Adequacy of Insurance Coverage

The Company has entered into several insurance contracts to cover its business and assets, such as medical insurance for employees, motor insurance, property insurance, fixed assets, inventory and storage facilities. However, the Company may not have all the important insurance contracts necessary for its business and assets, or it may not have sufficient insurance coverage in all cases. The occurrence of any potential uninsured incidents resulting from the occurrence of sudden accidents or natural disasters, for example, will negatively and materially affect the Company's business, assets, financial condition and future performance.

2.1.31 Risks related to Transactions with Related Parties

The Company obtained the approval of the Extraordinary General Assembly held on 08/09/1442H (corresponding to 20/04/2021G) and the Extraordinary General Assembly held on 17/05/1443H (corresponding to 12/12/2021G) on all transactions with related parties. The Company's normal business includes transactions with related parties such as Al-Faisaliah Group Holding Company and its subsidiaries, which the Company deals with on a purely commercial basis without including any preferential terms or transactions. The following table shows the contracts and agreements concluded by Tibbiyah Company and its subsidiaries with related parties:

Table No. (8): Contracts and agreements with related parties

The Company	Related Party	Contract/Agreement Summary	Contract/Agreement Value (Saudi Riyals)	Contract Date	Renewal Terms
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Lease contract for offices from Al-Faisaliah Group Holding Company in Riyadh*	364,190	From 01/01/2017G to 31/03/2027G	Renewed Automatically
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Trademark assignment agreement for Arabian International Healthcare Holding Company and its subsidiaries*	None	11/04/2021G	None
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement for provision insurance services by Al-Faisaliah Group Holding Company	180,000 Riyals for the first year and increases by 2.5% annually	From 11/04/2021G to 11/04/2026G	Renewed Automatically
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement for the provision of information technology services by Al-Faisaliah Group Holding Company	5,184,000 Riyals for the first year and increases by 2.5% annually	From 11/04/2021G to 11/04/2026G	Renewed Automatically

The Company	Related Party	Contract/Agreement Summary	Contract/Agreement Value (Saudi Riyals)	Contract Date	Renewal Terms
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement for provision of treasury and financing services by Al-Faisaliah Group Holding Company	720,000 Riyals for the first year and increases by 2.5% annually	From 11/04/2021G to 11/04/2026G	Renewed Automatically
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement for provision of administrative services by Al-Faisaliah Group Holding Company	360,000 Riyals for the first year and increases by 2.5% annually	From 11/04/2021G to 11/04/2026G	Renewed Automatically
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement for provision of short-term loans, facilities and revolving loans to the Arabian International Healthcare Holding Company **	Credit limit of 700,000,000 Riyals	From 01/01/2020G to 31/12/2021G	Renewed when needed
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement to provide performance guarantees and non-cash credits to the Arabian International Healthcare Holding Company **	Credit limit of 850,000,000 Riyals	From 01/01/2020G to 31/12/2021G	Renewed when needed
Arabian International Healthcare Holding Company	Al-Faisaliah Group Holding Company	Agreement to provide long term loan to the Arabian International Healthcare Holding Company **	A loan of 100,000,000 Riyals	From 01/01/2020G to 31/10/2025G	None
Al-Faisaliah Medical Systems Company	Al-Faisaliah Group Holding Company	Lease contract for offices in Riyadh from Al-Faisaliah Group Holding Company*	830,272	From 01/01/2017G to 31/03/2027G	Renewed Automatically
International Medical Supplies Company	Al-Faisaliah Group Holding Company	Lease contract for offices in Riyadh from Al-Faisaliah Group Holding Company*	363,795	From 01/01/2017G to 31/03/2027G	Renewed Automatically
Healthcare Technology Corporation	Al-Faisaliah Group Holding Company	Lease contract for offices in Riyadh from Al-Faisaliah Group Holding Company*	363,795	From 01/01/2017G to 31/03/2027G	Renewed Automatically

Source: Arabian International Healthcare Holding Company

* See section No. (3.16) "Real Estates Owned or Leased by the Company" of this Prospectus.

** See section No. (2.1.10) "Risks related to the Company's Dependence on Al-Faisaliah Group Holding Company to Obtain Financing" of this Prospectus.

The following table shows the transactions with related parties during 2019G, 2020G and the first half of 2021G:

Table No. (9): Transactions with Related Parties

Related Parties	Type of Relationship	Nature of Transactions	Value of Transactions (SAR)			
			Fiscal Year Ending 31/12/2019G	Fiscal Year Ending 31/12/2020G	For the Six-month Period Ending 30/06/2021G	
1	Al-Faisaliah Group Holding Company	Owns 99.0% of the Advanced Pharmaceutical Pharma Company, which owns 99.0% of the Arabian International Healthcare Holding Company	Expenses paid on behalf of the Company	56,686,608	53,108,292	37,599,270
			Payments made by Al-Faisaliah Group Holding Company	55,529,324	53,280,082	35,754,152
			Administrative expenses to Al-Faisaliah Group Holding Company	1,143,410	-	-
			Fees paid on behalf of Al-Faisaliah Group Holding Company	937,709	-	-
			Paying loans and advances from Al-Faisaliah Group Holding Company *	245,500,000	540,000,000	44,000,000
			Obtaining loans and financing from Al Faisaliah Group Holding Company *	291,000,000	344,000,000	179,000,000
			Obtaining credit facilities from Al Faisaliah Group Holding Company *	-	26,045,339	-
2	Modern Electronic Company	A subsidiary of Al-Faisaliah Group Holding Company	Payments-Modern Electronic Company	1,258,535	-	-
3	Philips Saudi Arabia Healthcare Co., Ltd.	Joint Venture	Franchise revenue	12,745,747	11,332,147	4,983,501
			Dividends received	10,512,203	7,329,122	3,241,301

Source: Arabian International Healthcare Holding Company

* Arabian International Healthcare Holding Company has entered into (3) three financing agreements and credit facilities with Al-Faisaliah Group Holding Company to finance the working capital requirements (refer to Section No. (2.1.10) "Risks related to the Company's Dependence on Al-Faisaliah Group Holding Company to obtain Financing" of this Prospectus).

The following table shows the value of accounts receivables from related parties during 2019G, 2020G and the first half of 2021G:

Table No. (10): Accounts receivables from related parties

Related Parties	Type of Relationship	Nature of Transactions	Value of the Accounts Receivables (SAR)		
			Fiscal Year Ending 31/12/2019G	Fiscal Year Ending 31/12/2020G	For the Six-month Period Ending 30/06/2021G
1 Al-Faisaliah Group Holding Company	Owns 99.0% of the Advanced Pharmaceutical Pharma Company, which owns 99.0% of the Arabian International Healthcare Holding Company	Administrative Expenses	1,416,297	867,729	611,604
Percentage of the Company's net accounts receivables			0.15%	0.09%	0.07%

Source: Arabian International Healthcare Holding Company

The following table shows the value of accounts payables for related parties during 2019G, 2020G and the first half of 2021G:

Table No. (11): Accounts payables for related parties

Related Parties	Type of Relationship	Nature of Transactions	Value of the Accounts Payables (SAR)		
			Fiscal Year Ending 31/12/2019G	Fiscal Year Ending 31/12/2020G	For the Six-month Period Ending 30/06/2021G
1 Al-Faisaliah Group Holding Company	Owns 99.0% of the Advanced Pharmaceutical Pharma Company, which owns 99.0% of the Arabian International Healthcare Holding Company	The value of loans and financing from Al-Faisaliah Group Holding Company	1,157,284	27,030,833	28,875,951
Percentage of Total Liabilities			0.09%	2.06%	2.09%

Source: Arabian International Healthcare Holding Company

It is worth noting that the Company's dealings with related parties are subject to the approval of the Board of Directors and the approval of the Company's general assembly. Transactions with related parties were approved by the Extraordinary General Assembly held on 08/09/1442H (corresponding to 20/04/2021G). In the event that the Company's general assembly voted not to approve the renewal of contracts with the related parties for any reason, and if the Company was unable to find the appropriate alternative under the appropriate conditions and within the required time period, this would negatively affect the Company's business, results of operations and future prospects.

Other than what was mentioned above, the Company acknowledges that there are no contracts or arrangements in effect when presenting this Prospectus in which a shareholder, the chairman of the board of directors, a member of the board of directors, the chief executive officer, the chief financial officer, or others related parties.

2.1.32 Risks related to Inability to Implement the Company's Strategic Plan

The Company's future performance depends on its ability and success in implementing its business plan and implementing the targeted growth strategy. In the event that the Company is unable to successfully implement its future plans for any reason, such as lack of funding, lack of employment, failure to obtain the necessary licenses or others, this will negatively and materially affect its future performance, and accordingly the results of its operations and financial condition.

2.1.33 Risks related to Operating Systems and Information Technology

The Company relies on information technology systems in managing its business, and therefore the Company's failure to maintain and develop information technology systems, or the presence of any malfunctions in their functions will negatively affect the Company's business and financial results. The Company's IT systems may be damaged by viruses, security breaches, data loss or corruption, human errors, or other similar events. Therefore, if the Company's information systems fail to function as expected, or in the event of loss of information, or misuse of information about the Company or its customers, this will lead to disruption of the Company's business, which will negatively and materially affect the Company's reputation, financial condition, results of operations and future prospects.

2.1.34 Risks related to Government Fees Applicable to non-Saudi Employees

The number of non-Saudi Employees in Tibbiyah Company is (34) out of the total number of employees of (60) employees as on 04/10/2021G, i.e. (56.67%) of the total number of employees. The Kingdom's government has approved a number of decisions aimed at conducting Comprehensive reforms of the labor market in the Kingdom of Saudi Arabia, which included the approval of additional fees for each non-Saudi employee working for a Saudi firm as of 01/01/2018G amounting to (400) four hundred Saudi Riyal per month for each non-Saudi employee. The fees increased to (600) six hundred Saudi Riyals per month for the year 2019G, then to (800) eight hundred Saudi Riyals per month for the year 2020G. The total government fees incurred by the Company on non-Saudi employees amounted to (2,190,862) two million one hundred and ninety thousand eight hundred and sixty-two Saudi Riyals during the fiscal year ending on 31/12/2019G, (2,784,527) two million seven hundred and eighty-four thousand five hundred and twenty-seven Saudi Riyals during the fiscal year ending on 31/12/2020G, and (938,723) nine hundred and thirty-eight thousand seven hundred and twenty-three Saudi Riyals during the six-month period ending on 30/06/2021G. Any Government decision to increase these fees or impose additional fees in the future will lead to an increase in government fees to non-Saudi employees, and an increase in the Company's costs in general, which will negatively affect its business, financial performance and results of operations. In addition, the Government has also approved fees for issuing and renewing residence permits for dependents and companions of non-Saudi employees (fees for the financial consideration for dependents), which became effective as of 01/07/2017G. Noting that it gradually increased from (100) one hundred Saudi Riyals per month for each dependent in 2017G to reach (400) four hundred Saudi Riyals per month for each dependent in the year 2020G. Accordingly, the Company may face difficulty in maintaining its non-Saudi employees with the high fees for issuing and renewing residence permits and the cost of living for them. It may raise the wages of its non-Saudi employees to retain them, which will lead to an increase in the Company's costs and negatively affect its business, financial performance and results of operations.

2.1.35 Risks related to Relying on non-Saudi Employees

The number of non-Saudi employees in Tibbiyah Company reached (34) employees out of a total of (60) employees, i.e 56.67%, as on 04/10/2021G. Therefore, the Company's business results, financial position and operational results will be negatively affected if it is not able to maintain qualified non-Saudi cadres or find replacements for them with the same skills and experience required, especially in the event of a change to the policies, regulations and systems of the Ministry of Labor that would have an impact on the situation of the non-Saudi employees with the Company.

During 2016G, the Government approved a number of decisions aimed at comprehensive reforms of the labor market in the Kingdom of Saudi Arabia, including the approval of imposing additional fees for every non-Saudi employee working for a Saudi entity as of 01/01/2018G, in addition to an increase in the financial compensation fees for family members of non-Saudi employees as of 01/07/2017G. Accordingly, these decisions will lead to an increase in government fees that the Company will pay for its non-Saudi employees in general, on the one hand, and to a difficulty in maintaining qualified non-Saudi employees on the other hand, which will negatively affect the Company's performance and business results.

2.1.36 Risks related to Reliance on Key Persons

The Company relies on the efforts and supervision of a number of its leading employees and other key staff members to implement its strategy and day-to-day operations. The key employees are an important component of the Company's business success. Therefore, the inability of the Company to retain these employees or to attract persons of the same efficiency will negatively and materially affect its business, results of operations and financial performance.

2.1.37 Risks related to Having only one Independent Board Member

According to the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and amended by a decision of the Board of the Capital Market Authority No. (1-7-2021) dated 01/06/1442H (corresponding to 14/01/2021G) and its amendments, the number of independent members of the Board of Directors should not be less than two members or one third of the members of the Board, whichever is more. This contributes to the transparency, independence, and rationalization of the management decision in the company. Tibbiyah Company is currently managed by a board of directors consisting of (7) seven members, of whom (1) one is independent and (6) six are not independent. Despite the fact that the Corporate Governance regulations are considered guiding for companies listed in the parallel market as of the date of this Prospectus, the mandatory application of the Corporate Governance regulations on the companies listed on the parallel market, the Company will be obliged to apply all the mandatory articles of that regulations, otherwise, it will be subject to penalties by the Capital market Authority, which will have a material adverse impact on the Company's business and results of operations.

2.1.38 Risks Associated with Vacant Positions of Department Managers in the Company

The Company is currently searching for a person with suitable qualifications and skills to fill the position of Business Development Manager in the Company's management. Among the duties and responsibilities of the Business Development Department in the Company are developing business strategies in the existing and new sales areas, communicating with potential customers with the aim of creating, improving and developing business relationships, finding new markets and develop the Company's business in therein, improving sales performance, setting goals for the Business Development team, and ensure that they achieve them, and help them develop their skills.

In case that Position remains vacant, or the Company delays in finding a qualified and appropriate person to fill that position, the Company will be exposed to operational, administrative, and financial risks, especially after the Company's shares are listed in the parallel market, and this will have a negative and material impact on the Company's business, operational activities and financial results.

2.1.39 Risks related to Existing and Future Projects and their Implementation

The Company may be exposed to a number of different risks with respect to its work related to current and future projects, including, but not limited to, the inability to obtain all licenses and approvals necessary to implement projects, delays in obtaining them, or changes in demand drivers, which will limit the Company's ability to complete the implementation of some or all of those projects within the expected time frame, or not to complete them at all, and that will result in additional costs to the Company and will negatively affect its operational activities.

In addition, in the event of any delay in the implementation of projects signed with clients, delay fines may be imposed by clients, resulting in additional costs to the Company and directly affecting its profitability from those projects, and thus negatively and materially affecting its business, results of operations and financial performance.

It is worth noting that the value of the contracts for the Company's main projects during the first half of 2021G amounted to more than 360 million Saudi Riyals (refer to section No. (3.11) "Company Business" of this Prospectus).

2.1.40 Risks related to the Guarantees of Government Projects

The percentage of revenue from clients in the Government sector constituted about 83.0% of the Company's total revenues during 2019, about 84.0% of the Company's total revenues in 2020, and about 78.9% of the Company's total revenues during the first half of 2021G. When entering into Government projects, the Company and its subsidiaries issue letters of guarantee to clients through banks operating in the Kingdom, in relation to bid bonds and performance bonds as requested by the clients.

Accordingly, any breach by the Company or non-compliance, for example, but not limited to, with the quality of implementation, delivery times or the required specifications, will result in a delay in collecting the Company's dues or incur additional costs, which will negatively and materially affect its profitability from these projects, its financial condition and results of operations.

2.1.41 Risks related to Memoranda of Conditions and Alliance

Tibbiyah Company has concluded memoranda of conditions and alliance with some Saudi and international companies (refer to section No. (3.9.5) "Memoranda of Conditions and Alliance" of this Prospectus) in an effort to develop its business and expand in the health sector in the Kingdom as follows:

- A memorandum of conditions dated 30/07/2018G with an international company to discuss and study the possibility of entering into a Joint Venture through the establishment of a company in the Kingdom of Saudi Arabia. The potential partnership aims to jointly work on establishing, managing, operating and maintaining diagnostic centers in health facilities within the Kingdom of Saudi Arabia. The plan to enter into this Joint Venture is still under study as of the date of this Prospectus.
- A potential alliance agreement dated 21/10/2020G with an international company working in the field of consulting and healthcare management, and with a Saudi company working in the field of diversified investment, to discuss and study the possibility of the three companies entering into an alliance for joint work in the health sector in the Kingdom of Saudi Arabia Saudi Arabia. The potential alliance aims at a partnership between the public sector and the private sector in line with the Company's strategy, in order to participate in building, equipping, operating and managing Government hospitals in the Kingdom. The plan to enter into this potential alliance is still under study as of the date of this Prospectus.
- Memorandum of conditions dated 23/05/2021G to discuss and study the possibility of acquiring part of the capital shares of a Saudi company operating in the field of one-day surgeries, and specialized in the management of physical obesity and plastic surgeries. The potential acquisition plan aims to expand the business of Tibbiyah Company through investing in health services in line with the Company's strategy. The potential acquisition plan is still under study as of the date of this Prospectus.
- Memorandum of conditions dated 08/11/2021G with an international company in the Kingdom of Saudi Arabia to discuss and study the possibility of entering into a Joint Venture through the establishment of a company in the Kingdom of Saudi Arabia. The potential partnership aims to jointly establish, manage and operate medical laboratory centers in addition to undertaking management services for medical laboratories within the Kingdom of Saudi Arabia. The plan to enter into this Joint Venture is still under study as of the date of this Prospectus.

Since the memoranda of conditions and alliance come within the framework of the Company's goals and future strategy to expand and develop its business in the Kingdom, and in the event that the decision to enter into any or all of these potential investments is not proceeded, this will negatively and materially affect the growth of the Company's business, results of operations, plans and financial performance in the future.

2.1.42 Risks related to the Contingent Liabilities

Any contingent liabilities on the Company, such as costs related to Zakat, taxes, lawsuits, and other obligations or other costs related to the Company's activity, if realized, will negatively and materially affect the Company's financial condition, financial position, results of operations and prospects.

2.1.43 Risks related to Value-added tax (VAT)

The Saudi Council of Ministers decided on the second of Jumada Al-Awal 1438H, to approve the unified agreement for value-added tax for the GCC countries (excluding a number of products and services including basic foods, health care and education related services). VAT began to be implemented as of January 1, 2018G, as a new tax to be added to the rest of the other taxes and fees on specific sectors in the Kingdom. Since VAT is borne by the customer, the Company is expected to raise the prices of its products to reflect the VAT.

Accordingly, if the Company is able to charge value-added tax in full to its customers, the increase in the prices of its products and services may lead to a decrease in demand for them, which will adversely affect the Company's operations and profits. However, if the Company is unable to charge the value of the added tax in whole or in part to the customer due to competition or other factors, it will be forced to bear the value of the uncollected tax from customers, which will adversely affect the Company's profits and results of operations.

2.1.44 Risks related to the Coronavirus (COVID-19) Pandemic

The spread of the new Corona virus (COVID-19) began in December 2019G, and the World Health Organization announced the classification of the virus as a global pandemic in March 2020G. Then the virus spread widely and quickly to affect more than 194 countries around the world which faced unprecedented health and economic crisis. In the second half of February 2020G, when the virus spread and reached many countries around the world, many countries began imposing public health containment measures to delay its spread and enhance the capacity of the health sector. The development of the situation in this way led to a sudden stop in economic activities and a sharp decline in economic prospects. As a result, the spread of the virus had a significant impact on the global economy and put pressure on individuals, companies and governments.

The government of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing spread of the virus, such as many other countries of the world and the region. The health measures included imposition of a partial or complete curfew in some cities and governorates of the Kingdom, the complete and partial closure of economic and governmental activities, the closure of shopping centers, retail stores, commercial complexes and all commercial activities therein, with exception to shops selling food and pharmacies. Also, it reduced the number of working hours for some sectors or bind some of them to work remotely, etc., and suspended all domestic flights and trips of buses, taxis and trains, and the suspension of entry for the purposes of Umrah and visiting the Prophet's mosque from outside the Kingdom, and quarantine. The economic measures included financial support for citizens and those affected by the Corona pandemic, family and sick leave paid by the state, expansion of unemployment compensation, delaying tax payments, and other measures to support the companies.

Although the Company is committed to the instructions issued by the Ministry of Health and the Ministry of Human Resources and Social Development to implement preventive measures and precautions from applying social distancing in the workplace and measuring the temperature of each employee when entering the Company's headquarters and wearing a mask when entering and being present at the Company's headquarters or one of its facilities. The Company does not guarantee that no one of its employees is infected with the virus, which may lead to him being unable to work or transmitting the infection to his colleagues, which will cause disruption of the operation process, and thus negatively affect the Company's business, results of operations, financial condition and future prospects.

On 03/09/1441H (corresponding to 26/04/2020G), the Royal order was issued to return life to normal and partially lift the curfew in all regions of the Kingdom, with an emphasis on adhering to the precautionary measures of physical distancing and limiting the number of people in the workplace and service delivery place. The current health situation in the Kingdom is subject to daily follow-up by the Ministry of Health by issuing daily statistical report to follow up the numbers of infections, recoveries and deaths cases. All regions and cities of the Kingdom of Saudi Arabia are subject to continuous evaluation by the Ministry of Health.

In view of the lack of clarity about the possible consequences related to the developments and updates of the spread of the virus, which may require re-imposition of complete or partial closures in some cities of the Kingdom. As such, there is no expected date for the end of this epidemic as of the date of this Prospectus.

2.2 Risks related to the Market and Sector in which the Company Operates

2.2.1 Risks related to the Economic Performance of the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom which, in general, include the inflation factors, GDP growth, the average income, and others. The Kingdom's macro and micro economy mainly depends on the oil and petroleum industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations in oil prices will have a direct and material impact on the growth plans of the Kingdom's economy in general and on government spending rates, which in turn will adversely affect the Company's financial performance and future prospects.

Also, the continued growth of the Kingdom's economy depends on several other factors, including the continued population growth, and investments of public and private sectors in the infrastructure. Therefore, any adverse change in any of these factors will have a significant impact on the economy and accordingly will have a negative and substantial impact on the Company's business, financial results and future aspirations.

2.2.2 Risks related to Political and Economic instability in the Middle East

Many countries in the Middle East suffer from political and/or security instability at present. There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact on the Company's business, results of operations, financial condition and future prospects.

2.2.3 Risks related to the Competition Environment

The company works in the health field in the Kingdom, and this field is characterized by high competition. Therefore, in the event that current or potential competitors offer competitive prices, conditions or better solutions than those offered by the Company, it will not be able to compete with those companies, which may lead to reducing the company's market share and thus negatively affecting its profits, results of operations and financial condition.

2.2.4 Risks of Growth Opportunities

The Company's ability to develop its business depends on the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and others. There is no guarantee that a level of continuous growth will be maintained, as the Company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the Company is unable to manage its growth positively, its ability to develop its business, increase its market share or maintain it, increase its profits and enhance returns to its shareholders may be affected, and as such the Company's financial condition will be negatively affected.

2.2.5 Risks related to Non-compliance with Existing Regulations and Laws and/or the Issuance of New Regulations and Laws

The Company, like other companies operating in the Kingdom of Saudi Arabia, is subject to many regulations and laws that may be changed or updated by the competent authorities. Also, new laws and regulations may be issued by the relevant official authorities from time to time, and accordingly, the Company's business will be negatively and materially affected in the event of any fundamental change to any of these systems or the introduction of additional systems that may have a direct impact on the performance and profitability of the Company.

2.2.6 Risks related to VAT

The Company is subject to the value-added tax system, which entered into force on 01/01/2018G. This system imposes an added value of 5% on a number of products and services, as stated in the system. The Kingdom's government has decided to increase the value-added tax rate from 5% to 15%, starting from 01/07/2020G. A number of products and services (basic foods, services related to health care and education) have been excluded. If the government raises the value-added tax rate again in the future, or imposes other fees and taxes on companies, this will negatively affect the Company's profits and financial performance.

2.2.7 Risks related to Fluctuations in Supply and Demand

The Company's sector, like other sectors, is affected by the fluctuations of supply and demand in the market. The failure to adapt the Company's business volume to the decline in demand in the future will affect the Company's operations and sales levels, and thus will negatively affect the Company's financial performance and profitability.

2.2.8 Risks Associated with the Mandatory Application of Corporate Governance Regulations

The Board of the Capital Market Authority issued a new corporate governance regulation pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G), and amended by a decision of the Board of the Capital Market Authority No. (1-7-2021) on 01/06/1442H (corresponding to 14/01/2021G).

Although the Corporate Governance regulation is considered a guideline for companies listed in the parallel market as of the date of this Prospectus, the Company's success to properly comply with it, in case of mandatory application, depends on how the Board of Directors, its committees, management and employees of the Company accommodate and understand these rules and procedures. Therefore, in case mandatory application of the Corporate Governance regulation on companies listed in the parallel market, the Company will be obliged to apply all the mandatory articles. In the absence of commitment to do so, it will be subject to penalties imposed by the Capital Market Authority, which will have a material adverse impact on the Company's business and results of operations.

2.2.9 Risks related to Withdrawal of Licenses

The Company operates under the necessary licenses from the Saudi Food and Drug Authority (refer to Section No. (3.12) "Company Licenses" of this Prospectus). The Company must abide by the terms and conditions imposed by the Saudi Food and Drug Authority on companies that have this type of licenses. If the Company decides to make an amendment in any of its data such as amending the commercial name or the activity category, it must submit an application to amend the licenses. In the event that the Company violates any of the instructions and conditions of the Saudi Food and Drug Authority, it will be subject to the withdrawal of its licenses, and accordingly will not be able to continue its activities, which will have a negative and material impact on its business, results of operations and profitability.

2.2.10 Risks related to Currency Exchange Rate Fluctuations

Currency exchange rate risk is that the value of financial investments will fluctuate due to changes in the foreign exchange rate. Companies face currency exchange risk in most cases when they have commercial relations with international parties or suppliers of imported goods from abroad that require them to deal with them in foreign currency. The Company's financial transactions are conducted in Saudi Riyal, US Dollar and Euro, so it is exposed to the risks of fluctuation in foreign exchange rates with regard to its obligations and expenses linked with the US Dollar and Euro. Any unexpected large fluctuations in exchange rates will adversely affect the Company's financial performance.

2.2.11 Risks related to Interest Rate Volatility

Interest rates may change according to economic, political, or regulatory variables, locally or globally, whether fixed or variable, which are due to the Company's financiers. Consequently, this will lead to an increase in the financing costs that the Company needs, which will have a negative impact on the Company's business, results of operations and financial performance.

2.2.12 Risks related to Changing the Calculation Mechanism of Zakat and Income Tax

The Zakat, Tax and Customs Authority issued Circular No. 6768/16/1438 on 05/03/1438H (corresponding to 04/12/2016G), which obliges Saudi companies listed in the financial market to calculate income and zakat on the basis of the nationality of the shareholders and the actual ownership between Saudis, Gulf citizens and others, as stated in the "Tadawulati System" at the end of the year. Prior to the issuance of this circular, companies listed in the financial market were generally subject to payment of zakat or tax on the basis of the ownership of their founders in accordance with the company's articles of association. The impact of the listed shares in determining the zakat base was not taken into consideration. It was scheduled to apply this circular in the year ending on 31/12/2016G and subsequent years. However, the Zakat, Tax and Customs Authority issued its letter No. 12097/16/1438 on 19/04/1438H (corresponding to 17/01/2017G), which stipulates the postponement of the implementation of the circular for the fiscal year ending on 31/12/2017G and the following years. Until the Zakat, Tax and Customs Authority issues its directives regarding the mechanisms and procedures for implementing this circular, the implementation of this circular including the final requirements that must be met are still under consideration. This is in addition to the rules imposing income tax on all non-Gulf residents who are shareholders in listed Saudi companies, which applies withholding tax to dividends of non-resident shareholders, regardless of their nationalities. The Company has not assessed the financial impact of this circular and taken sufficient steps to ensure compliance with it, as it is a closed joint stock company wholly owned by Saudi shareholders. In case the financial impact of this circular upon its application is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance with it, its business, results of operations, financial condition and future prospects will be adversely affected.

2.2.13 Risks related to the Imposition of New Fees or Taxes

Although the company is not currently subject to any kind of taxes other than Sharia zakat and value added tax (VAT) of 15% of the fees of services provided by the Company, it is possible that other fees or corporate taxes will be imposed by the Government in the future. Accordingly, in the event that new corporate taxes or fees are imposed other than those currently applied, this will have a negative and material impact on the Company's financial performance, financial condition and future prospects.

2.3 Risks related to the Offering of the Shares in the Parallel Market

2.3.1 Risks related to the Actual Control by the Substantial Shareholder (Advanced Pharmaceutical Company)

Advanced Pharmaceuticals Company, the Substantial Shareholder in the Company, will own 75.0% of the Company's shares after the Offering, so it will be able to influence all issues that require shareholder approval. Since the interests of the current owners may conflict with the interests of the new shareholders, the practice of this control by the current owners in taking important decisions such as electing members of the board of directors, appointing the company's senior management, carrying out mergers and acquisitions, selling assets, approving and ratifying the Company's contracts and operations, and amending the Company's capital and articles of association, may have a negative and material impact on the Company's business, financial condition and operational results.

2.3.2 Risks related to the Liquidity of the Offer Shares

The Company's shares have not previously been listed in any stock market, whether inside or outside the Kingdom of Saudi Arabia, and there are no assurances about the existence of an active and continuous market for trading the Company's shares after the end of the Offering period and listing of its shares. If the market is not an active with highly liquidity market for trading the Company's shares, the liquidity of trading the Company's share and its price will be adversely and significantly affected.

2.3.3 Risks related to Limiting the Trading on Qualified Investors

The Company intends to list its shares in the parallel market, in which trading is restricted to qualified investors only, which reduces the number of traders and thus the volume of share trading, which will have a material negative impact on the liquidity and trading price of the Company's shares.

2.3.4 Risks related to the Lack of Previous Market of the Company's Shares and Fluctuation of the Share Price

The Company's shares have never been listed in any stock market, whether inside or outside the Kingdom. There is no confirmation that the Offering price will be equal to the price that will be traded in the market after the Offering. Investors may not be able to resell the shares they have subscribed to at the same or higher price of the Offering, as the share price after the Offering may be affected by the Company's performance and results, or by other factors beyond the Company's control, including the general economic situation, market liquidity, change of government regulations or others.

2.3.5 Risks related to Non-distribution of Dividends

The future distribution of profits depends on several factors, including but not limited to, future profits, financial condition, capital requirements, the Company's distributable reserves, general economic conditions, analysis of opportunities and investment needs and other relevant factors. The Board of Directors may consider these factors important from time to time and based on that decide whether it will raise any recommendation to the shareholders' general assembly to distribute dividends in the future. The Company does not provide any guarantee whatsoever that the board of directors will recommend the distribution of profits in the future, or that the shareholders in the general assembly meetings will approve the recommendation of the board of directors to distribute any profits. Also, the Company does not provide any guarantee about the amounts that will be paid as dividends for any specific year.

2.3.6 Risks related to Selling or Offering Additional Shares in the Future

In the event that the Company decides to increase its capital by issuing new shares in the future for the purpose of expanding the Company's activities or to offset losses, it is likely that this will adversely affect the share price in the market, or lead to a decrease in the percentage of shareholders' ownership in the Company if they do not invest in the new shares when issued.

Also, the Company may not be able to increase its capital at the time it needs, or in a way that serves its interest or the shareholder interests, which will negatively affect the Company's prospects, results of operations and financial condition.

2.3.7 Risks related to Selling a Large Number of Shares in the Market after the Offering Process

The Company has one Substantial Shareholder who owns 5% or more of the Company's shares (refer to section No. (4.2) "Substantial Shareholders Owning 5% or More of the Company's Shares" of this Prospectus), and this shareholder will be subject to a lock-up period starting from the date of starting trading of the Company shares in the parallel market and lasting for twelve months, during which he cannot dispose any of the shares he owns. However, after the end of the lock-up period, there is no guarantee that the Substantial Shareholder will not sell a large part of his shares. In case a large number of shares are sold in the market, or such an event is expected, this will negatively affect the Company's share price.

2.3.8 Risks related to the Company not being able to Meet the Current Requirements to move to the Main Market or any Future Regulatory Requirements

The Company may want in the future to move to the Main Market, and then, it must meet all regulatory requirements issued by the Capital Market Authority and Saudi Tadawul Group (Tadawul) based on the rules of securities offering and continued obligations and listing rules, related to the transfer of Companies listed on the parallel market to the Main Market. Accordingly, in the event that the Company is unable to fulfill these requirements or any additional future regulatory requirements that the supervisory authorities may impose on the Company or the market, the Company will not be able to move to the Main Market. Since trading in the parallel market until the date of this Prospectus is limited to qualified investors only, this may negatively affect the liquidity of the Company's share and its market value.

2.3.9 Risks related to the Company's Desire to Continue in the Parallel Market

After listing in the Parallel Market, and after the statutory period under the listing rules has passed and the Company has fulfilled the conditions for moving to the Main Market, the Company may wish to continue trading its shares in the Parallel Market instead of moving to the Main Market. Since trading in the parallel market until the date of this Prospectus is limited to qualified investors only, this may negatively affect the liquidity of the Company's share and its value in the market.

3. The Company

3.1 Company Overview

Arabian International Healthcare Holding Company (referred to hereafter as “the Company”, “Issuer” or “the Medical Company”) is a Saudi closed joint stock company under commercial registration no. (1010380429) issued in Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company current capital is two hundred million (SR 200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share. The Company provides integrated medical solutions to healthcare services providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. The activities of the Company include providing integrated medical solutions covering devices, machinery, and equipment, designing, implementing, and managing health projects encompassing equipping medical sites, providing integrated medical solutions incorporating devices, machinery, and equipment, in addition to support services, medical programs, maintenance and warranty. The Company's activity, per its commercial registration, is managing the holding companies' subsidiaries, investing the funds of holding companies' subsidiaries, owning movable and immovable properties necessary for the holding companies, providing loans, warranties, and financing to holding companies' subsidiaries as well as owning and leasing holding companies' industrial Equities. The head office of the Company is located in Riyadh, and its address is as follows:

Arabian International Healthcare Holding Company

Business Gate Complex, Cordoba District, East Ring Road, Airport Road, Riyadh

P.O. Box 16460, Riyadh 11464

Kingdom of Saudi Arabia

Tel: +966 11 2439892

FX: +966 11 2439952

Website: www.tibbiyah.com

E-mail: info@tibbiyah.com

3.2 Company history and the most important developments in the capital structure

Arabian International Healthcare Holding Company has been established as a limited liability company under the articles of association signed on 18/07/1434H (corresponding to 27/05/2013G) and commercial registration no. (1010380429) issued in Riyadh on 10/10 08/1434H (19/06/2013G). The Company's capital at the time of establishment was five hundred thousand (500,000) Saudi Riyals divided into fifty thousand (50,000) cash shares of equal value of ten (10) Saudi Riyals per share. Shares have been distributed between partners as follows:

Table No. (12): Company ownership structure upon establishment

Partners	Number of Shares	Nominal Value per Share (SR)	Total Nominal Value of Shares (SR)	Ownership Ratio
Al Faisaliah Holding Group Company	49,500	10	495,000	99.00%
Al Faisaliah Commercial Investment Company	500	10	5,000	1.00%
Total	50,000	-	500,000	100.00%

Source: Arabian International Healthcare Holding Company

In 2020G, it was found by the Company that its shareholders ownership registered in the records of the Ministry of Commerce Electronic System was different from the ownership registered in the Company's Articles of Association on 18/07/1434H (corresponding to 27/05/2013G). The shareholders' ownership was reversed by mistake as ascribed in the following table:

Table No. (13): Company ownership structure per the records of the Ministry of Commerce

Partners	Number of Shares	Nominal Value per Share (SR)	Total Nominal Value of Shares (SR)	Ownership Ratio
Al Faisaliah Commercial Investment Company	49,500	10	495,000	99.00%
Al Faisaliah Holding Group Company	500	10	5,000	1.00%
Total	50,000	-	500,000	100.00%

Source: Arabian International Healthcare Holding Company

At the beginning of 2021G, Al Faisaliah Commercial Investment Company assigned forty-nine thousand (49,000) shares of its shares in the Company to the Advanced Pharmaceuticals Company. Al Faisaliah Group Holding Company has also assigned its entire five hundred (500) shares in the Company to the Advanced Pharmaceutical Company, which was documented in the Articles of Association amended on 21/05/1442H (corresponding to 04/01/2021G) and commercial registration no. (1010380429), issued in Riyadh on 10/08/1434H (corresponding to 19/06/2013G). Shares were distributed between shareholders as follows:

Table No. (14): The Company ownership structure as on 21/05/1442H (corresponding to 04/01/2021G)

Partners	Number of Shares	Nominal Value per Share (SR)	Total Nominal Value of Shares (SR)	Ownership Ratio
Advanced Pharmaceuticals Company	49,500	10	495,000	99.00%
Al Faisaliah Commercial Investment Company	500	10	5,000	1.00%
Total	50,000	-	500,000	100.00%

Source: Arabian International Healthcare Holding Company

In 2021G, the Company's capital was increased from five hundred thousand (500,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) cash shares of equal value of ten (10) Saudi Riyals per share. The increase was documented in the Articles of Association amended on 22/05/1442H (corresponding to 05/01/2021G) and the commercial registration no. (1010380429) issued in Riyadh city on 10/08/1434H (corresponding to 19/06/2013G). The capital increase of one hundred and ninety-nine million and five hundred thousand (199,500,000) Saudi Riyals was made through transferring the amount of one hundred and seventy-nine million, three hundred and ten thousand and five hundred and forty-six (179,310,546) Saudi Riyals from the capital increase account to the capital account, and the transfer of twenty million, one hundred and eighty-nine thousand and four hundred and fifty-four thousand (20,189,454) Saudi Riyals from the retained earnings account to the capital account. Shares were distributed between partners as follows:

Table No. (15): Company ownership structure as on 22/05/1442H (corresponding to 05/01/2021G)

Partners	Number of Shares	Nominal Value per Share (SR)	Total nominal value of shares (SR)	Ownership Ratio
Advanced Pharmaceuticals Company	19,800,000	10	198,000,000	99.00%
Al Faisaliah Commercial Investment Company	200,000	10	2,000,000	1.00%
Total	20,000,000	-	200,000,000	100.00%

Source: Arabian International Healthcare Holding Company

In 2021G, the Company was converted into a closed joint stock company under the Ministry of Commerce Resolution no. (277), dated 17/08/1442H (corresponding to 30/03/2021G) and commercial registration no. (1010380429) issued from Riyadh on 10/08/1434H (corresponding to 19/06/2013G). The Company's current capital is two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share, all of which are ordinary shares of one kind. The following table shows the Company's current ownership structure:

Table No. (16): The Company current ownership structure

Shareholders *	Nationality	Number of Shares	Nominal Value per Share (SR)	Total Nominal Value of Shares (SR)	Ownership Ratio
Advanced Pharmaceuticals Company	Saudi	19,800,000	10	198,000,000	99.00%
Al Faisaliah Commercial Investment Company	Saudi	200,000	10	2,000,000	1.00%
Total		20,000,000	-	200,000,000	100.00%

Source: Arabian International Healthcare Holding Company

* The word "shareholder/shareholders" is used in joint stock companies instead of the word "partner/partners."

3.3 Company Vision

To develop the healthcare provision system in the Kingdom of Saudi Arabia in order to provide an extraordinary experience from prevention to treatment.

3.4 Company Mission

To contribute to improving the health and lives of the Saudi population by providing pioneer and innovative healthcare solutions that result in the best possible health outcomes.

3.5 Company Strategy

The Company seeks to continue to be a provider of world-class integrated medical services and solutions, based on a business model that is efficient in all its aspects, and use its best endeavors to achieve sustainable growth aiming at developing the Company's business and improving its competitiveness. The Company works on achieving these objectives through developing the current business fields, utilizing growth opportunities in new fields via pumping investments, establishing new partnerships, and availing a maximum level of acquisitions in the medical services sector. The Company's strategy is pivoted on three main pillars:

First: Fostering and developing the Company's main business:

- Maintaining the continuous development by providing the best integrated medical solutions and innovative healthcare technologies in the Kingdom.
- Expanding the provision of the best-in-class products and integrated solutions to the health sector.
- Paying attention to public relations and developing the relationship with the major customers with whom the Company is dealing.
- Expanding the coverage of additional therapeutic areas.
- Increasing the volume of the Company's business with customers in the private sector.

Second: Supporting the health sector transformation strategy in line with vision 2030:

- Participating effectively and substantially in public-private partnership initiatives in the health sector.
- Providing support services for these partnerships such as biomedical equipment management and maintenance services.
- Participating in the management of radiation diagnostic centers and laboratories in the public sector.
- Working on nationalizing the health field related industries by increasing the local component in health products and services.

Third: Investment in health services and medical technology, including but not limited to:

- Oncology centers in accordance with the highest international standards.
- Radiation diagnostic centers and laboratories in accordance with the latest scientific technologies.
- One day surgery centers of different specialties.
- Virtual healthcare platforms and telemedicine.

3.6 The Company's strengths and competitive advantages

The Company is one of the leading companies in providing integrated medical solutions in the Kingdom of Saudi Arabia through:

- The ability to provide various options of integrated medical solutions to meet the evolving needs of customers in the best value possible.
- An effective work team with extensive health experience, under the leadership of a distinct management team.
- A proven track record of achievements in carrying out major health projects in the Kingdom of Saudi Arabia.
- Providing logistic services and highly efficient supply chains.
- The preferred strategic partner for customers and major international suppliers.
- Excellence in the operational areas and business efficiency, which contributed to the creation of a distinct business feature.

3.7 Company main activities

The Company provides integrated medical solutions to healthcare providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. Its activities include providing integrated medical solutions, encompassing devices, instruments, and equipment, designing, implementing, and managing health projects comprising furnishing medical sites, providing integrated medical solutions incorporating devices, instruments, and equipment, in addition to support services, medical programs, maintenance and warranty. The Company's activity, per its commercial registration, is managing holding companies' subsidiaries, investing the funds of holding companies' subsidiaries, owning movable and immovable properties necessary for the holding companies, providing loans, warranties, and financing for holding companies' subsidiaries, and owning and leasing holding companies' subsidiaries industrial property rights. The Company objectives, per its Articles of Association, are as follows:

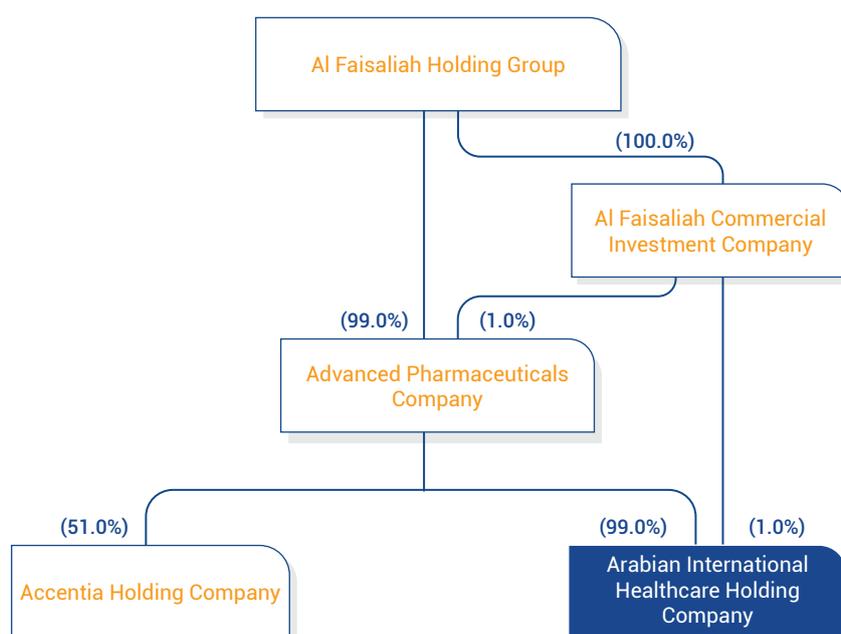
- Managing its subsidiaries or participating in the management and support of other companies in which it has shares.
- Investing its funds in shares and other securities.
- Owning movable and immovable properties necessary to carry out its activities.
- Owning, utilizing, and leasing industrial property rights including patents, commercial and industrial trademarks, privileges as well as other moral rights to its subsidiaries or other parties.
- Providing loans, warranties, and financing to its subsidiaries.

The Company conducts its activities only after obtaining the regulatory licenses required under the prevailing laws applicable in the Kingdom of Saudi Arabia. The Company has obtained all the required regulatory licenses, which are all still valid until the date of this prospectus (Please refer to section no. 3.12 "**Company Licenses**" of this Prospectus. The Company practices its main activities through its headquarters in Riyadh. As at the date of this Prospectus, the Company's Board of Directors acknowledges that, contrary to what has been mentioned in Section (3.9.1.1) "**Al Faisaliah Medical Systems Company – United Arab Emirates**" of this Prospectus, The Company has neither a commercial activity nor has it any assets outside the Kingdom. The Board also acknowledges that there is no intention to make any material change to the nature of the Company's activity and acknowledges that there are no new activities or products.

3.8 The regulatory description of the Advanced Pharmaceuticals Company shows the position of the "Arabian International Healthcare Holding Company" within the group

Arabian International Healthcare Holding Company is a company owned by Advanced Pharmaceuticals Company at 99.0% and at 10.0% by Al Faisaliah Commercial Investment Company. The Medical Company is one of the two subsidiaries of the Advanced Pharmaceuticals Company, which in turn is owned directly and indirectly at 100.0% by Al Faisaliah Holding Group.

Figure (1): The Organizational structure of Arabian International Healthcare Company shows its position within the group



Source: Arabian International Healthcare Holding Company

3.8.1 Overview on Al Faisaliah Holding Group Company

Al Faisaliah Holding Group Company is a Saudi closed joint stock company under commercial registration no. (1010158635) issued in Riyadh on 26/01/1421H (corresponding to 01/05/2000G). The Company capital is three hundred and seventy-five million (375,000,000) Saudi Riyals divided into thirty-seven million and five hundred (37,500,000) ordinary shares paid in full, with a nominal value of ten (10) Saudi Riyals per share. The Company activities is managing its investments in the various sectors including the medical, agricultural, technical, pharmaceutical, electronics, food, and beverage sectors. The Company's headquarters is located in Riyadh. The following table shows the ownership structure of Al Faisaliah Holding Group:

Table No. (17): Ownership Structure of Al Faisaliah Holding Group Company

	Shareholders	Number of Shares	Total Nominal Value of Shares (SR)	Ownership Ratio
1	Prince/ Abdul Rahman bin Abdullah bin Faisal Al Saud	4,265,625	42,656,250	11.38%
2	Prince/ Sultan bin Abdullah bin Faisal bin Abdulaziz Al Saud	4,265,625	42,656,250	11.38%
3	Prince/ Turki bin Abdullah bin Faisal bin Abdulaziz Al Saud	4,265,625	42,656,250	11.38%

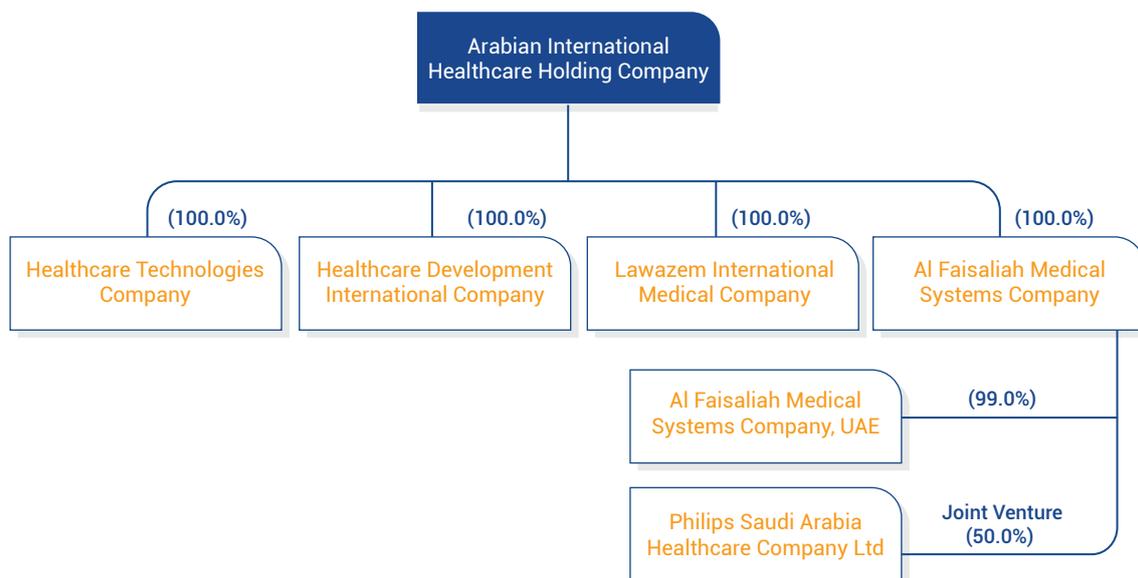
	Shareholders	Number of Shares	Total Nominal Value of Shares (SR)	Ownership Ratio
4	Prince/ Mohammed bin Khalid bin Abdullah bin Al Faisal bin Abdulaziz Al Saud	4,265,625	42,656,250	11.38%
5	Prince/ Faisal bin Abdullah bin Al Faisal bin Abdulaziz Al Saud	7,312,500	73,125,000	19.50%
6	Princess/ Sultana bint Abdullah bin Al Faisal bin Abdulaziz Al Saud	3,656,250	36,562,500	9.75%
7	Mr./ Mohammed bin Abdulrahman bin Mohammed Al Arifi	937,500	9,375,000	2.50%
8	Princess/ Noora bint Bandar bin Mohammed bin Abdulrahman Al Saud	533,203	5,332,030	1.42%
9	Prince/ Turki bin Mohammed bin Abdullah bin Al Faisal bin Abdulaziz Al Saud	678,622	6,786,220	1.81%
10	Princess/ Noora bint Mohammed bin Abdullah bin Faisal bin Abdulaziz Al Saud	339,312	3,393,120	0.90%
11	Prince/ Fahad bin Mohammed bin Abdullah bin Faisal bin Abdul Aziz Al Saud	678,622	6,786,220	1.81%
12	Prince/ Talal bin Mohammed bin Abdullah bin Faisal bin Abdulaziz Al Saud	678,622	6,786,220	1.81%
13	Prince/ Saud bin Mohammed bin Abdullah bin Faisal bin Abdulaziz Al Saud	678,622	6,786,220	1.81%
14	Prince/ Sultan bin Mohammed bin Abdullah bin Faisal bin Abdulaziz Al Saud	678,622	6,786,220	1.81%
15	Princess/ Al-Anoud bint Fahad bin Khalid bin Mohammed Al Abdulrahman Al Saud	533,204	5,332,040	1.42%
16	Prince/ Faisal bin Saud bin Abdullah bin Faisal bin Abdulaziz Al Saud	1,066,406	10,664,060	2.84%
17	Prince/ Khalid bin Saud bin Abdullah bin Faisal bin Abdulaziz Al Saud	1,066,406	10,664,060	2.84%
18	Princess/ Nouf bint Saud bin Abdullah bin Faisal bin Abdulaziz Al Saud	533,203	5,332,030	1.42%
19	Princess/ Noora bint Saud bin Abdullah bin Faisal bin Abdulaziz Al Saud	533,203	5,332,030	1.42%
20	Princess/ Sarah bint Saud bin Abdullah bin Faisal bin Abdulaziz Al Saud	533,203	5,332,030	1.42%
	Total	37,500,000	375,000,000	100.00%

Source: Arabian International Healthcare Holding Company

3.9 Subsidiaries and Joint Venture

The Company provides integrated medical solutions to healthcare providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries.

Figure (2): Ownership structure of Arabian International Healthcare Services and its Subsidiaries



Source: Arabian International Healthcare Holding Company

3.9.1 Al Faisaliah Medical Systems Company

Al Faisaliah Medical Systems Company is a limited liability company under commercial registration no. (1010162957) issued in Riyadh on 22/08/1421H (corresponding to 20/11/2000G). The capital of Al Faisaliah Medical Systems Company is one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) cash shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh with its address as follows:

Al Faisaliah Medical Systems Company

Business Complex, Cordoba District, East Ring Road, Airport Road, Riyadh

P. O. Box 16460, Riyadh 11464

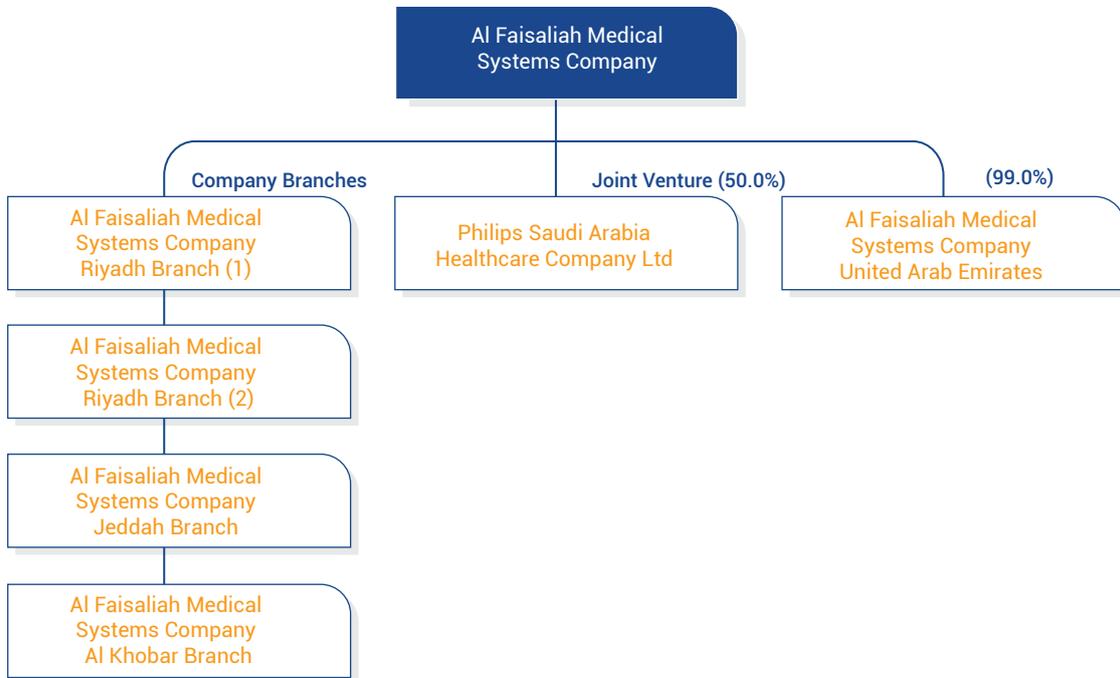
Kingdom of Saudi Arabia

Tel: +966 11 2439892

FX: +966 11 2439952

The following figure shows the subsidiaries of Al Faisaliah Medical Systems Company and its branches and ownership ratios in its subsidiaries:

Figure (3): Al Faisaliah Medical Systems Organizational Structure



Source: Arabian International Medical Holding Company

The following table shows the ownership structure of Al Faisaliah Medical Systems Company:

Table No. (18): Ownership Structure of Al Faisaliah Medical Systems

Partner	Number of Shares	Share Value (SR)	Total Shares Value (SR)	Ownership Ratio
Arabian International Healthcare Holding Company	10,000,000	10	100,000,000	100.00%
Total	10,000,000	-	100,000,000	100.00%

Source: Arabian International Healthcare Holding Company

Al Faisaliah Medical Systems Company has four branches in Riyadh, Jeddah, and Khobar. The following table shows the Company activities and the activities of its branches, in accordance with their commercial registrations:

Table No. (19): Al Faisaliah Medical Systems Company's activities and branches

Name	Activity
Al-Faisaliah Medical Systems Company	Installation of radiology and medical equipment and devices; wholesale of pharmaceuticals, wholesale of perfumes, cosmetics, and cosmetic soap; retail sale of medical devices, equipment, and supplies; medical equipment and products stores; medical operation of medical complexes and day surgery centers
Al-Faisaliah Medical Systems Company - Riyadh Branch (1)	Managing and operating stores of medical equipment and products.
Al Faisaliah Medical Systems Company - Riyadh Branch (2)	Manufacturing electronic games, extension of electrical wires, finishing of buildings and building maintenance services activities.

Name	Activity
Al Faisaliah Medical Systems Company - Jeddah Branch	Wholesale and retail sale of medical and surgical and audiovisual equipment and devices, projectors, equipment for individuals with special needs, surgical and hospital supplies, laboratory reagents, medical programs and systems, laboratory equipment, medical gas equipment, maintenance of medical devices and equipment and analytical laboratory equipment.
Al Faisaliah Medical Systems Company - Khobar Branch	Wholesale and retail sale of medical, surgical, and audiovisual equipment, projectors, and equipment for individuals with special needs.

Source: Arabian International Healthcare Holding Company

3.9.1.1 Al Faisaliah Medical Systems Company - United Arab Emirates

Al Faisaliah Medical Systems Company - United Arab Emirates - is a limited liability company under commercial registration no. (1026679) issued in Dubai on 29/03/1429H (corresponding to 06/04/2008G). The capital of Al Faisaliah Medical Systems Company, UAE, is three hundred thousand (300,000) Arab Emirates Dirhams, divided into three hundred (300) cash shares of equal values of one thousand (1,000) AED per share. The Company headquarters is located in the United Arab Emirates, with its address as follows:

Al Faisaliah Medical Systems Company - United Arab Emirates

Nahda District, Dubai

P.O. Box 94538, Dubai 357-231

United Arabi Emirates

Tel: +971 4 2693394

Fax: +971 4 2693391

The following table shows the ownership structure of Al Faisaliah Medical Systems- United Arab Emirates:

Table No. (20): Al Faisaliah Medical Systems Ownership Structure – United Arab Emirates

Partner	Number of Shares	Share Value (AED)	Total Shares Value (AED)	Ownership Ratio
Al Faisaliah Medical Systems Company	297	1,000	297,000	99.00%
Al Faisaliah Commercial Investment Company	3	1,000	3,000	1.00%
Total	300	-	300,000	100.00%

Source: Arabian International Healthcare Holding Company

The activities of Al Faisaliah Medical Systems – United Arab Emirates - in accordance with its commercial registration include trading of scientific and laboratory equipment and devices and trading of medical, therapeutic, and surgical instruments and supplies.

It is worth mentioning that Al Faisaliah Medical Systems, United Arab Emirates - has neither existing business or activities nor has it entered into any business contracts or projects. Therefore, the Company has no revenues as at the date of this Prospectus.

Apart from the activities of Al Faisaliah Medical Systems - United Arab Emirates, the Medical Company has neither any commercial activity outside the kingdom nor has it any properties or assets outside the Kingdom as at the date of his prospectus.

3.9.1.2 Philips Saudi Healthcare Company, Ltd. - Joint Venture

Philips Saudi Arabia Healthcare Company Ltd. is a limited liability company under commercial registration no. (1010365836), issued in Riyadh on 20/04/1434H (corresponding to 02/03/2013G). The capital of Philips Saudi Arabia Healthcare Company Ltd. is forty million (40,000,000) Saudi Riyals divided into four million (4,000,000) cash shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh, with its address as follows:

Philips Saudi Arabia Healthcare Company Ltd.

Musaed bin Jlowei Street, Al Sulaimaniyah District, Riyadh

P.O. Box 9844 Riyadh 11423

Kingdom of Saudi Arabia

Tel: +966 11 4628060

Website: www.philips.sa

Al Faisaliah Medical Systems has concluded a Joint Venture agreement with Philips Medical Systems Netherland B V in Holland, under which Philips Saudi Arabia Healthcare Company Ltd. was established in the Kingdom of Saudi Arabia. The following table shows the Joint Venture structure in Philips Saudi Arabia Healthcare Company Ltd.:

Table No. (21): Joint Venture Structure in Philips Saudi Arabia Healthcare Company Ltd.

Investor	Number of Shares	Share Value (SR)	Total Shares Value (SR)	Investment Ratio
Al-Faisaliah Medical Systems Company	2,000,000	10	20,000,000	50.00%
Philips Medical Systems Netherland B.V.	2,000,000	10	20,000,000	50.00%
Total	4,000,000	-	40,000,000	100.00%

Source: Arabian International Healthcare Holding Company

The main activity of Philips Saudi Arabia Healthcare Company Ltd. includes importing, selling, installing, repairing, and leasing medical devices and equipment and providing training services and technical support related to medical devices and equipment, information technology and software.

3.9.2 Lawazem Medical International Company

Lawazem International Medical Company is a limited liability company under commercial register no. (1010337603) issued in Riyadh on 11/06/1433H, (corresponding to 02/05/2012G). The Company capital is five hundred thousand (500,000) Saudi Riyals divided into fifty (50,000) thousand cash shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh with its address as follows:

Lawazem Medical International Company

Business Gate, Cordoba District, East Ring Road, Airport Road, Riyadh

P. O. Box.16460, Riyadh 11464

Kingdom of Saudi Arabia

Tel: +966 11 2439892

Fax: +966 11 2439952

The following figure shows the branches of Lawazem International Medical Company

Figure (4): Lawazem Medical International Company Structure



Source: Arabian International Healthcare Holding Company

The following table shows the ownership structure of Lawazem International Medical Company:

Table No. (22): Ownership Structure of Lawazem International Medical Company

Partner	Number of Shares	Share Value (SR)	Total Shares Value (SR)	Ownership Ratio
Arabian International Healthcare Holding Company	50,000	10	500,000	100.00%
Total	50,000	-	500,000	100.00%

Source: Arabian International Healthcare Holding Company

Lawazem International Medical Company has two branches in Jeddah and Khobar. The following table shows the Company activities and the activities of its branches in accordance with their commercial registrations:

Table No. (23): Activities of Lawazem International Medical Company and its branches

Name	Activity
Lawazem International Medical Company	Medical equipment and products stores, general medical complexes, medical clinics, medical operation of medical complexes and day surgery centers.
Lawazem International Medical Company - Jeddah Branch	Import, export, wholesale and retail sale of medical instruments, medical, surgical, audiovisual equipment and machinery, projectors, equipment for individuals with special needs, surgical and hospital supplies, laboratory reagents, laboratory equipment, medical gas equipment, cosmetics, maintenance of biomedical devices and equipment and laboratory equipment.
Lawazem International Medical Company - Khobar Branch	Import, export, wholesale and retail sale of medical instruments, medical, surgical, audiovisual equipment and machinery, projectors, equipment for individuals with special needs, surgical and hospital supplies, laboratory reagents, laboratory equipment, medical gas equipment, cosmetics, maintenance of biomedical equipment and devices, and analytical laboratory equipment as well as importing and exporting services for third parties.

Source: Arabian International Healthcare Holding Company

3.9.3 International Healthcare Development Company

The International Healthcare Development Company is a limited liability company under commercial registration no. (1010375223) issued in Riyadh on 09/07/1434H (corresponding to 18/05/2013G). The Company capital is five hundred thousand (500,000) Saudi Riyals divided into fifty thousand (50,000) shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh, with its address as follows:

International Healthcare Development Company

Business Gate, Cordoba District, East Ring Road, Airport Road, Riyadh

P.O. Box 16460, Riyadh 11464

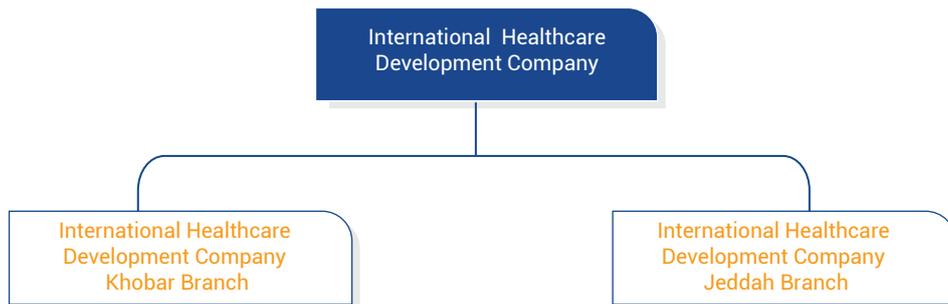
Kingdom of Saudi Arabia

Tel: +966 11 2439892

Fax: +966 11 2439952

The following figure shows the branches of the International Healthcare Development Company:

Figure (5): Structure of the International Healthcare Development Company:



Source: Arab International Medical Holding Company

The following table shows the ownership structure of the International Healthcare Development Company:

Table No. (24): Ownership Structure of the International Healthcare Development Company

Partner	Number of Shares	Share Value (SR)	Total Shares Value (SR)	Ownership Ratio
Arabian International Healthcare Holding Company	50,000	10	500,000	100.00%
Total	50,000	-	500,000	100.00%

Source: Arabian International Healthcare Holding Company

International Healthcare Development Company has two branches in Jeddah and Khobar. The following table shows the Company activities and the activities of its branches, in accordance with their commercial registrations:

Table No. (25): Activities of the International Healthcare Development Company and its branches

Name	Activity
International Healthcare Development Company	Maintenance of colleges, institutes, universities, training centers; maintenance of hospitals, medical complexes, clinics, health centers, advanced medical centers and organizations, clinics, laboratories, advanced laboratories, advanced radiology centers and maintenance of biomedical equipment.
International Healthcare Development Company - Jeddah Branch	Equipping medical education houses including colleges, institutes, universities, and training centers; establishing owning and equipping hospitals, medical complexes, clinics, health centers, medical facilities, advanced medical centers, clinics, laboratories, advanced laboratories, advanced radiology centers, provision of biomedical equipment maintenance services and equipping hospitals and providing them with medical personnel.
International Healthcare Development Company - Khobar Branch	Equipping medical education houses including colleges, institutes, universities, and training centers; establishing, owning, and equipping hospitals, medical complexes, clinics, health centers, medical facilities, advanced medical centers, clinics, laboratories, advanced laboratories, advanced radiology centers, and the provision of biomedical equipment maintenance services and equipping hospitals.

Source: Arabian International Healthcare Holding Company

It is worth mentioning that the International Healthcare Development Company has neither existing business or activities nor has it entered into any business contracts or commercial projects. Therefore, the Company has no revenues as at the date of this Prospectus.

3.9.4 Healthcare Technologies Company

Healthcare Technologies Company is a limited liability company under commercial Registration no. (1010211341), issued in Riyadh on 18/06/1426H (corresponding to 24/07/2005G). The Company's capital is five hundred thousand (500,000) Saudi Riyals divided into fifty thousand (50,000) cash shares of equal the value of ten (10) Saudi riyals per share. The Company headquarters is located in Riyadh, with its address as follows:

Healthcare Technologies Company

Business Gate, Cordoba District, East Ring Road, Airport Road, Riyadh

P. O. Box 16460, Riyadh 11464

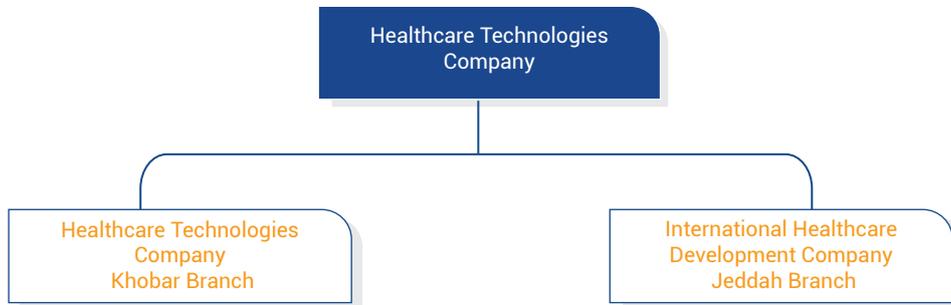
Kingdom of Saudi Arabia

Tel: +966 11 2439892

Fax: +966 11 2439952

The following figure shows the branches of the Healthcare Technologies Company:

Figure (6): Structure of the Healthcare Technologies Company



Source: Arab International Healthcare Holding Company

The following figure shows the ownership structure of Healthcare Technologies Company:

Table No. (26): Ownership structure of healthcare technologies company

Partner	Number of Shares	Share Value (SR)	Total Share Value (SR)	Ownership Ratio
Arabian International Healthcare Holding Company	50,000	10	500,000	100.00%
Total	50,000	-	500,000	100.00%

Source: Arabian International Healthcare Holding Company

The Healthcare Technologies Company has two branches in Jeddah and Khobar. The following table shows the activities of the Company and its branches, in accordance with their commercial registrations:

Table No. (27): Activities of the Healthcare Technologies Company and its branches

Name	Activity
Healthcare Technologies Company	Construction of buildings; systems analysis, special software design and programming; software maintenance; website design; distributing, importing, wholesale and retail sale of biomedical equipment and products and maintenance of hospitals and medical centers.
Healthcare Technologies Company - Jeddah Branch	Wholesale and retail sale of medical and surgical, radiological devices and equipment; hospital supplies, chemicals, radiology films, laboratory and disposable reagents for human medicine and dentistry; veterinary medicine devices; measurement, testing and calibration systems in related to analytical laboratories and the environment; computer systems programs and devices and software maintenance.
Healthcare Technologies Company - Khobar Branch	Equipping hospitals, medical centers, specialized laboratories, and medical and non-medical centers.

Source: Arabian International Healthcare Holding Company

It should be noted that Healthcare Technologies Company has neither existing business or activities nor has it entered into any business contracts or projects. Therefore, the Company has no revenues as at the date of this Prospectus.

3.9.5 Terms and Alliance Memorandums

The Medical Company has signed terms and alliance memorandums with some Saudi and international companies in an effort to develop and expand its business in the health sector in the Kingdom as follows:

- A terms memorandum dated 30/07/2018H with an international company to discuss and study the potential to enter into a Joint Venture via establishing a company in the Kingdom of Saudi Arabia. The potential partnership aims at working jointly on the establishment, management, operation, and maintenance of diagnostic centers in the health facilities in the Kingdom of Saudi Arabia. The plan to enter into this Joint Venture is still under consideration until the date of this publication.
- A potential alliance agreement dated 21/10/2020G with an international company operating in consultations and healthcare management, and a Saudi company operating in diversified investment to discuss and study the potential for the three companies to enter into an alliance to work jointly in the health sector in the Kingdom of Saudi Arabia. The potential alliance targets partnership between the public and private sectors, in line with the Company's strategy to take part in the construction, furnishing, operation and management of a government hospital in the Kingdom. The plan to enter into this potential alliance is still under consideration until the date of this Prospectus.
- A terms memorandum dated 23/05/2021G to discuss and study the potential of acquiring part of the capital shares of a Saudi company operating in the one-day surgery field and specializing in the management of obesity and cosmetic surgery. The potential acquisition plan aims at expanding the Company's medical business by investing in health services in line with the Company's strategy. The potential acquisition plan is still under consideration until the date of this Prospectus.
- A terms memorandum dated 11/08/2021G with an international company in the Kingdom of Saudi Arabia to discuss and study the potential of entering into a Joint Venture via establishing a company in the Kingdom of Saudi Arabia. The potential partnership aims at working jointly on establishing, managing, and operating medical laboratory centers as well as contracting to provide management services for medical laboratories in the Kingdom of Saudi Arabia. The plan to enter into this Joint Venture is still under consideration until the date of this Prospectus.

3.10 Commercial Registrations

The following table shows the commercial registrations of Arabian International Healthcare Holding Company, its subsidiaries, and their branches

Table No. (28): Commercial registrations of the Company, its subsidiaries, and their branches

Company Name	Legal Entity	Commercial Registration No.	Place of Issue	Date of Issue	Expiry Date
Arabian International Healthcare Holding Company	A closed joint stock company	(1010380429)	Riyadh	10/08/1434H (corresponding to 19/06/2013G)	10/08/1445H (corresponding to 20/02/2024G)
Al Faisaliah Medical Systems Company	Single shareholder limited liability company	(1010162957)	Riyadh	22/08/1421H (corresponding to 20/11/2000G)	25/12/1443H (corresponding to 24/07/2022G)
Al Faisaliah Medical Systems Company - Riyadh Branch (1)	Branch	(1010680078)	Riyadh	28/05/1442H (corresponding to 12/01/2021G)	28/05/1443H (corresponding to 01/01/2022G)
Al Faisaliah Medical Systems Company - Riyadh Branch (2)	Branch	(1010255500)	Riyadh	24/08/1429H (corresponding to 25/08/2008G)	24/08/1443H (corresponding to 27/03/2022G)
Al Faisaliah Medical Systems Company - Jeddah Branch	Branch	(4030280313)	Jeddah	13/04/1436H (corresponding to 02/02/2015G)	13/04/1444H (corresponding to 07/11/2022G)
Al Faisaliah Medical Systems Company - Khobar Branch	Branch	(2051060081)	Khobar	22/04/1436H (corresponding to 11/02/2015G)	21/04/1444H (corresponding to 15/11/2022G)

Al Faisaliah Medical Systems Company - United Arab Emirates	A limited liability company	(1026679)	Dubai - United Arab Emirates	29/03/1429H (corresponding to 06/04/2008G)	04/09/1443H (corresponding to 05/04/2022G)
Philips Saudi Arabia Healthcare Company, Ltd.	A mixed limited liability company	(1010365836)	Riyadh	20/04/1434H (corresponding to 02/03/2013G)	06/01/1448H (corresponding to 21/06/2026G)
Lawazem International Medical Company	Single shareholder limited liability company	(1010337603)	Riyadh	11/06/1433H (corresponding to 02/05/2012G)	22/08/1443H (corresponding to 25/03/2022G)
Lawazem International Medical Company - Jeddah Branch	Branch	(4030280314)	Jeddah	13/04/1436H (corresponding to 02/02/2015G)	13/04/1444H (corresponding to 07/11/2022G)
Lawazem International Medical Company - Khobar Branch	Branch	(2051062515)	Khobar	17/08/1437H (corresponding to 24/05/2016G)	16/08/1443H (corresponding to 19/03/2022G)
International Healthcare Development Company	Single shareholder limited liability company	(1010375223)	Riyadh	09/07/1434H (corresponding to 18/05/2013G)	09/07/1445H (corresponding to 21/01/2024G)
International Healthcare Development Company - Jeddah Branch	Branch	(4030280342)	Jeddah	15/04/1436H (corresponding to 04/02/2015G)	15/04/1444H (corresponding to 09/11/2022G)
International Healthcare Development Company - Khobar Branch	Branch	(2051062516)	Khobar	17/08/1437H (corresponding to 24/05/2016G)	16/08/1443H (corresponding to 19/03/2022G)
Healthcare Technologies Company	Single shareholder limited liability company	(1010211341)	Riyadh	18/06/1426H (corresponding to 24/07/2005G)	18/06/1443H (corresponding to 21/01/2022G)
Healthcare Technologies Company - Jeddah Branch	Branch	(4030280345)	Jeddah	15/04/1436H (corresponding to 04/02/2015G)	15/04/1444H (corresponding to 09/11/2022G)
Healthcare Technologies Company - Khobar Branch	Branch	(2051060082)	Khobar	22/04/1436H (corresponding to 11/02/2015G)	21/04/1444H (corresponding to 15/11/2022G)

Source: Arabian International Healthcare Holding Company

3.11 Company Business

The Company provides integrated medical solutions to healthcare providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. Its activities include providing integrated medical solutions of devices, machinery, and equipment, designing, implementing, and managing health projects encompassing equipping medical sites, providing integrated medical solutions incorporating devices, machinery, and equipment, in addition to support services, medical programs, operation, maintenance and warranty. The Company deals with more than 400 suppliers inside and outside the Kingdom, per customers' needs.

The Company has entered into several distribution agreements with a number of international suppliers, through its subsidiaries. Under these agreements, the Company has the right to distribute and market suppliers' products within the Kingdom of Saudi Arabia (please refer to Section 3.13) "**Distribution Agreements and Major Suppliers**" of this Prospectus).

The Company's integrated medical solutions are variable as it provides all the needs of medical departments in hospitals, medical centers and complexes, and clinics. The products and services provided by the Company include, but are not limited to the following:

- Designing, implementing, and managing health projects
- Infrastructure furnishings for hospitals and laboratories in addition to furniture and medical furnishings

- Laboratory and health check-ups equipment
- Equipment used in intensive care units
- Surgical rooms solutions
- Medical instruments used in surgical procedures, medical injections, and catheterization.
- Measurement machines, patient status monitoring and ambulance equipment furnishings.
- Linear accelerators for the treatment of tumors.
- Cyclotrons
- Anesthesia devices and biobank solutions.
- Consumables related to dentistry and dental implants.
- Orthopedic products
- Specialized computer systems and software, medical management programs and information systems
- Infection prevention technologies
- Supplies for genetic sequence analysis laboratories

The Company has concluded a number of project contracts in the health sector in the Kingdom, including Ministry of Health and other government health institutions, public and private hospitals, and medical centers, etc. The following table shows the most important contracts that existed during the first half of 2021G, and the contracts completed therefrom.

Table No. (29): Company Major Projects Contracts

	Customer	Contract Summary	Contract Value (SR)	Implementation Ratio*	Contract Date
1	National Unified Procurement Company for Pharmaceuticals and Medical Equipment and Supplies (NUPCO)	Securing supplies for orthopedic and neurology departments	27,615,618	95%	2021G
2	Ministry of Health	Developing pediatric intensive care units	119,160,353	100%	2019G
3	Ministry of Health	Developing neonatal intensive care units	56,204,035	95%	2019G
4	King Fahd Armed Forces Hospital	Equipping Cardiac Surgery and Diseases Center - Phase II	44,150,560	100%	2019G
5	Ministry of Health	Providing the supplies of ENT Departments	36,802,070	98%	2019G
6	Saudi Food and Drug Authority	Supplying and installing the furniture of the food laboratory near the dry port	27,312,920	70%	2019G
7	Prince Sultan Military Medical City	Maintenance of biomedical equipment	15,765,037	0%	2020G
8	King Faisal Specialist Hospital and Research Center	Supplying and installing the necessary nursing equipment at King Faisal Specialist Hospital and Research Center in Al Madinah Al Monwarah	14,643,177	90%	2019G
9	Ministry of Health	Equipping and furnishing Al Madinah Al Monwarah Specialist Hospital	10,645,345	100%	2019G
10	Ministry of National Guard	Providing technical and clinical support and advanced systems and medical equipment services	10,237,500	84%	2019G

Source: Arabian International Healthcare Holding Company

* The implementation ratios mentioned are as at 31/06/2021G.

3.12 Company Licenses

The Company has obtained the necessary licenses from the Food and Drug Authority to carry out its activities in the Kingdom. Al Faisaliah Medical Systems Company – United Arab Emirates has also obtained the necessary economic license from the Department of Economic Development in the United Arab Emirates as described in the following table:

Table No. (30): Company Licenses

License	License Number	Licensee	Licensor	Activity	Date of Issue	Date of Expiry
Medical equipment and products facility license	(IDL-2019-MD-0926)	Al Faisaliah Medical Systems Company	Food and Drug Authority	Import and distribution	27/08/2019G	13/08/2022G
Medical equipment and products facility license	(IDL-2019-MD-0880)	Healthcare Technologies Company	Food and Drug Authority	Import and distribution	15/03/2019G	28/02/2022G
Medical equipment and products facility license	(IDL-2019-MD-0353)	Lawazem International Medical Company	Food and Drug Authority	Import and distribution	25/07/2019G	10/07/2022G
Commercial license	(609204)	Al Faisaliah Medical Systems Company - United Arab Emirates	Department of Economic Development, United Arab Emirates	Trading of medical and surgical instruments and supplies and trading of scientific and laboratory equipment and devices	06/04/2008G	05/04/2022G

Source: Arabian International Healthcare Holding Company

3.13 Distribution and Services Agreements

3.13.1 Distribution Agreements and Major Suppliers

The Company has concluded several distribution agreements with a number of international suppliers through its subsidiaries. Under these agreements, the Company has the right to distribute and market suppliers' products in the Kingdom of Saudi Arabia. The following table shows the details of the major distribution agreements of the Company and its subsidiaries:

Table No. (31): Major Distribution Agreements

Distributor	Supplier	Agreement Type	Products	Agreement Date	Duration of Agreement	Terms of Renewal
Al Faisaliah Medical Systems Company	Philips Medical Systems Company, Netherland B. V.	Distribution Agreement	Biomedical equipment	01/01/2021G	(15) Gregorian months	Renewed under consent of both parties
Lawazem International Medical Company	Becton Dickinson B.V.	Distribution Agreement	Biomedical products and solutions	01/10/2019G	(4) Gregorian years	Renewed automatically
Lawazem International Medical Company	Smith & Nephew FZE	Distribution Agreement	Medical products	05/12/2018G	(3) Gregorian years	Renewed automatically
Al Faisaliah Medical Systems Company	Mindray Medical International Limited	Distribution Agreement	Biomedical equipment	01/01/2021G	(1) Gregorian year	Renewed under consent of both parties*
International Medical Supplies Company	Cardinal Health Ireland Ltd	Distribution Agreement	Medical products and solutions	01/04/2020G	(1) Gregorian year	Renewed automatically**

Distributor	Supplier	Agreement Type	Products	Agreement Date	Duration of Agreement	Terms of Renewal
Al Faisaliah Medical Systems Company	Elekta Solutions AB	Distribution Agreement	Biomedical equipment	15/01/2019G	(39) Gregorian months and (10) days	Renewed under consent of both parties
Al Faisaliah Medical Systems Company	Stryker EMEA B.V.	Distribution Agreement	Biomedical equipment	01/05/2020G	(3) Gregorian years	Renewed under consent of both parties

Source: Arabian International Healthcare Holding Company

* Preparations are under way to renew the agreement as soon as it has expired.

** The validity of the contract has expired, and renewal is underway.

3.13.2 Transactions with Major Suppliers

The following table shows the details of transactions of the Company and its subsidiaries with five major suppliers in 2019G, 2020G and the first half of 2021G:

Table No. (32): Transactions with Major Suppliers

Supplier	Fiscal year ended 31/12/ 2019G (SR)	Percent vs Total	Fiscal year ended 31/12/ 2020G (SR)	Percent vs Total	Six-months period ended 30/06/2021G (SR)	Percent vs Total
Supplier 1	85,152,904	14.9%	107,839,556	17.4%	105,776,262	40.1%
Supplier 2	80,741,288	14.1%	89,739,195	14.5%	53,265,854	20.2%
Supplier 3	24,104,543	4.2%	46,978,499	7.6%	19,611,748	7.4%
Supplier 4	0	0.0%	8,841,412	1.4%	14,174,797	5.4%
Supplier 5	64,020,422	11.2%	140,908,072	22.8%	13,637,488	5.2%
Other Suppliers	317,115,759	55.5%	224,635,316	36.3%	57,502,082	21.8%
Total	571,134,916	100.0%	618,942,050	100.0%	263,968,231	100.0%

Source: Arabian International Healthcare Holding Company

3.13.3 Service and Knowledge Transfer Agreements

The following table shows the details of the agreements on the service and knowledge transfer to the Company and its subsidiaries:

Table No. (33): Service Knowledge Transfer Agreements

First Party	Second Party	Type of Agreement	Fees	Agreement Date	Duration of Agreement	Terms of Renewal
Al Faisaliah Medical Systems Company	Philips Saudi Arabia Healthcare Company, Ltd.	Knowledge Transfer Licensing Agreement	The first party will be paid 5.125% of total sales during the first five years, and 3.075% thereafter	14/04/2013G	Not specified	Not specified
Lawazem International Medical Company	Philips Medical Systems, Nederland B.V.	Service provision framework agreement	Per agreement upon request	14/04/2013G	(5) Gregorian years	It has been agreed to continue the business under the terms of the agreement despite its expiry

Source: Arabian International Healthcare Holding Company

3.14 Company Revenues

3.14.1 Revenues by Business Sector

The following table shows the distribution of the Company's revenues by business sector during 2019G, 2020G and the first half of 2021G:

Table No. (34): Revenues by Business Sector

	Fiscal year ended 31/12/2019G (SR)	Ratio vs Total	Fiscal year ended 31/12/2020G (SR)	Ratio vs Total	Six-months period ended 30/06/2021 (SR)	Ratio vs Total
Revenues from equipment and implementation of integrated project contracts*	416,437,798	59.74%	534,573,447	65.30%	123,934,130	49.73%
Revenue from consumables and medical instruments**	280,595,615	40.26%	284,115,569	34.70%	125,304,397	50.27%
Total	697,033,413	100.00%	818,689,016	100.00%	249,238,527	100.00%

Source: Arabian International Healthcare Holding Company

* Revenues realized from equipment and implementation of integrated projects contracts represent the revenues of Al Faisaliah Medical Systems Company (for more details on the activities of Al Faisaliah Medical Systems Company, please see section (3.9.1) "Al Faisaliah Medical Systems Company" of this prospectus.)

** Revenues from consumables and medical equipment represent the revenues of Lawazem International Medical Company (for more details on the activities of Lawazem International Medical Company, please see section (3.9.2) "Al Faisaliah Medical Systems Company" of this prospectus.)

3.14.2 Revenues by Major Customers

The following table shows the Company's revenues from the major ten customers during 2019G, 2020G and the first half of 2021G:

Table No. (35): Revenue by Major Customers

Name	Fiscal year ended 31/12/2019G (SR)	Percent vs Total	Fiscal year ended 31/12/2020 (SR)	Percent vs Total	Six-month period ended 30/06/2021 (SR)	Percent vs Total
1 Customer 1	310,969,740	44.61%	178,230,348	21.77%	71,658,756	28.75%
2 Customer 2	4,408,046	0.63%	295,940,618	36.15%	35,356,037	14.19%
3 Customer 3.	59,279,542	8.50%	56,833,437	6.94%	26,385,426	10.59%
4 Customer 4.	132,854,375	19.06%	54,262,909	6.63%	22,234,732	8.92%
5 Customer 5	24,607,957	3.53%	35,777,564	4.37%	12,081,325	4.85%
6 Customer 6.	22,447,104	3.22%	47,046,468	5.75%	12,030,422	4.83%
7 Customer 7.	8,893,184	1.28%	8,468,616	1.03%	5,208,900	2.09%
8 Customer 8.	11,246,145	1.61%	10,329,542	1.26%	5,048,218	2.03%
9 Customer 9.	8,900,723	1.28%	10,676,254	1.30%	4,303,400	1.73%
10 Customer 10.	4,056,794	0.58%	7,344,319	0.90%	1,071,255	0.43%
Other Customers	109,369,803	15.69%	113,778,940	13.90%	53,860,057	21.61%
Total	697,033,413	100.00%	818,689,016	100.00%	249,238,527	100.00%

Source: Arabian International Healthcare Holding Company

3.15 Storage

The Company stores the medical materials, devices, and equipment it receives from the suppliers it deals with in suitable stores equipped for the storage of medical products in accordance with the required health conditions. The Company rented a number of warehouses of different areas in Riyadh and Jeddah. The following table shows the locations and areas of the warehouses:

Table No. (36): Company Warehouses

Warehouse	Leasing Company	City	Area (square meter)
Al Selai District Warehouse 1	Al Faisaliah Medical Systems Company	Riyadh	4,500 m2
Al Selai District Warehouse 2	Al Faisaliah Medical Systems Company	Riyadh	4,100 m2
Al Nakheel District Warehouse	Al Faisaliah Medical Systems Company	Grandmother	1,055 m2

Source: Arabian International Healthcare Holding Company

3.16 Properties owned or leased by the Company

The Medical Company has entered into several lease contracts, and it has no properties as at the date of this Prospectus. The following table shows the properties leased by the Company:

Table No. (37): Properties leased by the Company

#	Property	Lessee	Lessor	City	Type of property	Area (square meter)	Annual Rent (SR)	Duration of Contract	Start of Contract	End of Contract	Terms of renewal
1	Offices	Arabian International Healthcare Holding Company	Al Faisaliah Holding Group Company	Riyadh	Commercial	461 m2	364,190	Ten years.	01/01/2017G	31/03/2027G	Renewed automatically
2	offices	Arabian International Healthcare Holding Company	Lessor 1	Riyadh	Commercial	2,887 m2	SAR 134,000 increased to SAR 144,000 after the third year	Five years	20/12/2019G	19/12/2024G	Renewed automatically
3	offices	Arabian International Healthcare Holding Company	Lessor 2	Kho-bar	Commercial	592 m2	436,700	Five years	01/07/2019G	30/06/2024G	Renewed by consent of both parties
4	Offices	Al Faisaliah Medical Systems Company	Al Faisaliah Holding Group Company	Riyadh	Commercial	2,877 m2	830,272	Ten years	01/01/2017G	31/03/2027G	Renewed automatically
5	Offices	Al Faisaliah Medical Systems Company	Lessor 3	Jeddah	Commercial	441 m2	557,865	Three years	18/05/2021G	14/04/2024G	Renewed by consent of both parties
6	Warehouse	Al Faisaliah Medical Systems Company	Lessor 4	Jeddah	Commercial	1,055 m2	200,000	Three years	01/09/2019G	31/08/2022G	Renewed automatically

#	Prop-erty	Lessee	Lessor	City	Type of property	Area (square meter)	Annual Rent (SR)	Dura-tion of Con-tract	Start of Contract	End of Contract	Terms of renewal
7	Ware-house	Al Faisaliah Medical Systems Company	Lessor 5	Ri-yadh	Com-mercial	4,500 m2	950,000	Five years	12/08/2018G	19/06/2023G	Renewed automati-cally
8	ware-house	Al Faisaliah Medical Systems Company	Lessor 6	Ri-yadh	Com-mercial	4,100 m2	400,000	Five years	22/07/2020G	22/07/2025G	Renewed automati-cally
9	Offices	Lawazem International Medical Company	Al Faisaliah Holding Group Company	Ri-yadh	Com-mercial	460 m2	363,795	Ten years	01/01/2017G	31/03/2027G	Renewed automati-cally
10	Offices	Health-care Technologies Co.	Al, Faisaliah Holding Group Company	Ri-yadh	Com-mercial	460 m2	363,795	Ten years	01/01/2017G	31/03/2027G	Renewed automati-cally

Source: Arabian International Healthcare Holding Company

3.17 ISO Certificates

Through its two subsidiaries, the Company has obtained the ISO certificates for compliance with the international quality standards in relation to its products and services. The following table shows the details of the ISO certificates:

Table No. (38): ISO Certificates

ISO Certified Subsidiary	Certificate Number	Certificate Date	Certificate Expiry Date
Al Faisaliah Medical Systems Company	(ISO 9001:2015)	29/03/2018G	29/03/2024G
Al Faisaliah Medical Systems Company	ISO: 13485:2016))	30/11/2019G	30/11/2022G
Al Faisaliah Medical Systems Company	(EN ISO: 13485:2016)	30/11/2019G	30/11/2022G
Lawazem International Medical Company	(ISO 9001:2015)	19/03/2015G	07/11/2023G

Source: Arabian International Healthcare Holding Company

3.18 Trademarks and Intellectual Property

The Company protected the intellectual property of its trademarks. It has registered the trademarks of its products and products of its subsidiaries in the Kingdom of Saudi Arabia with the competent governmental authorities inside and outside the Kingdom. The following table shows the details of trademarks of the Company and its subsidiaries:

Table No. (39): Trademarks

Trademarks owned by the Company and its subsidiaries						
Owner	Registration Number	Category	Start of Protection Date	End of protection Date	Registration Authority	Trademark
Lawazem International Medical Company	1435005395	(10)	14/10/2013G	14/10/2023G	Saudi Authority for Intellectual Property in the Kingdom	
Healthcare Technologies Company	976/12	(10)	22/07/2007G	04/04/2017G*	Saudi Authority for Intellectual Property in the Kingdom	

Trademarks owned by the Company and its subsidiaries						
Owner	Registration Number	Category	Start of Protection Date	End of protection Date	Registration Authority	Trademark
Al Faisaliah Medical Systems Company	118396	(10)	15/05/2011G	15/05/2031G	Competent Authorities in the Hashemite Kingdom of Jordan	
Al Faisaliah Medical Systems Company	69176	(10)	07/10/2013G	07/10/2023G	Competent Authorities in Qatar	
Al Faisaliah Medical Systems Company	4114879	(35)	22/05/2012G	22/05/2022G	Competent Authorities in the United States of America	
Al Faisaliah Medical Systems Company	4114880	(42)	22/05/2013G	22/05/2022G	Competent Authorities in the United States of America	
The trademark used by the Company under a waiver agreement**						
Owner	User Company	Registration Authority			Trademark	
Al Faisaliah Holding Group Company	Arabian International Healthcare Holding Company through its subsidiary, Al Faisaliah Medical Systems Company	Competent authorities in the Kingdom of Saudi Arabia, Kuwait, UAE, Qatar, and the Hashemite Kingdom of Jordan				
Al Faisaliah Holding Group Company	Arabian International Healthcare Holding Company through its subsidiary, Al Faisaliah Medical Systems Company	Competent authorities in Kuwait and Qatar				
Trademarks under registration by the Company***						
User Company	Registration Authority			Brand		
Arabian International Healthcare Holding Company	Saudi Authority for Intellectual Property in the Kingdom					
Al Faisaliah Medical Systems Company	Saudi Authority for Intellectual Property in the Kingdom					
International Healthcare Development Company	Saudi Authority for Intellectual Property in the Kingdom					

Source: Arabian International Healthcare Holding Company

* Renewal of the trademarks' registration certificates with the competent authorities inside and outside the Kingdom is underway.

** Al Faisaliah Holding Group owns the "CARDIOSPACE" trademark registered with the Saudi Authority for Intellectual Property and with the competent authorities outside the Kingdom in Kuwait, United Arab Emirates, Qatar, and the Hashemite Kingdom of Jordan. It also owns "Al Faisaliah Medical Systems" trademark registered with the competent authorities outside the Kingdom in Kuwait and Qatar. The Medical Company concluded a trademark waiver agreement with Al Faisaliah Holding Group on 11/04/2021G, authorizing its subsidiary, Al Faisaliah Medical Systems Company, to use these trademarks and transfer their ownership to them. Transfer of ownership is underway.

*** The Company applied to register the trademark with the Saudi Authority for Intellectual Property in the Kingdom. Issuing registration certificates is underway.

The Company has no trademark other than the mentioned above trademarks. The Company and its subsidiaries also have no agreement authorizing the use of their aforementioned trademarks by any third party whether inside or outside the Kingdom. In addition, other than the licensing agreement mentioned above, neither the Medical Company nor its subsidiaries have any license to use trademarks of Saudi or foreign companies on the Company publications or its marketing newsletters within the Kingdom.

3.19 Research and Development Policy

The Company's policy on research and development focuses on keeping pace with technological developments in relation to medical products in order to provide the most advanced integrated medical solutions, equipment, devices, and medical tools to its customers inside and outside the Kingdom. The Company is continuously following the international medical research and the latest developments in the medical and health industry. The Company has neither a specific policy or specialized works with regard to the research and development policy, nor has it a department specialized in research and development, or a financial provision related thereto.

3.20 Business Disruption

The Company's Board of Directors acknowledges that there has been no interruption in the Company's business that may affect or have materially impacted the Company's financial position during the last (12) months.

3.21 Employees and Saudization

3.21.1 Employees

The number of employees of the Arabian International Healthcare Holding Company and its subsidiaries is (327) as on 04/10/2021G. The following table shows the numbers of employees, the ratios of Saudization and the Nitaqat classification of the Medical Company and its subsidiaries:

Table No. (40): Numbers of employees of the Company and its affiliates

		As on 04/10/2021G		Nitaqat Classification
		Number	Ratio	
Arabian International Healthcare Holding Company	Saudis	26	43.33%	Low Green
	Non-Saudis	34	56.67%	
	Total	60	100.00%	
Al Faisaliah Medical Systems Company	Saudis	57	31.84%	Medium Green
	Non-Saudis	122	68.16%	
	Total	179	100.00%	
Lawazem International Medical Company	Saudis	17	26.56%	Medium Green
	Non-Saudis	47	73.44%	
	Total	64	100.00%	
International Healthcare Development Company	Saudis	1	50.00%	Medium Green
	Non-Saudis	1	50.00%	
	Total	2	100.00%	
Healthcare Technologies Company	Saudis	4	18.18%	Medium Green
	Non-Saudis	18	81.82%	
	Total	22	100.00%	

Source: Arabian International Healthcare Holding Company

The following table shows developments in the number of employees by Company departments and its subsidiaries during 2018G, 2019G and 2020G and as on 04/10/2021G:

Table No. (41): Number of employees by Company departments

Department	2018G			2019G			2020G			As on 04/10/2021G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Executive Management	0	3	3	0	3	3	2	1	3	2	0	2
Finance	6	13	19	9	13	22	6	13	19	6	11	17
Legal Affairs	0	0	0	0	1	1	0	1	1	0	1	1
Human Resources Management	12	4	16	11	5	16	12	4	16	11	2	13
Business Development	0	0	0	0	1	1	0	1	1	0	0	0
Sales Management	7	89	96	10	101	111	12	83	95	14	83	97
Customer Relations	8	1	9	8	0	8	8	0	8	9	1	10
Internal Audit	0	1	1	0	1	1	0	1	1	0	1	1
Operations	52	122	174	50	137	187	54	135	189	62	120	182
Regulatory Affairs	4	2	6	3	2	5	3	2	5	3	1	4
Total	89	235	324	91	264	355	97	241	338	107	220	327

Source: Arabian International Healthcare Holding Company

3.21.2 Saudization

The Saudization Nitaqat "classification" program was adopted under the decision of His Excellency the Minister of Labor No. (4040), dated 12/10/1432H (corresponding to 10/09/2011G), based on the decision of the Council of Ministers no. (50), dated 21/05/1415H (corresponding to 27/10/1994H). The Nitaqat program was applied on 12/10/1432G (corresponding to 10/09/2011G). The Ministry of Human Resources and Social Development has begun implementing the Nitaqat program to encourage institutions to hire Saudi citizens. Through the program, the performance of a company is assessed based on specific Nitaqat categories, including: platinum, green (divided into subcategories: low, middle and high), yellow and red. Companies classified in the platinum or green category are considered to have met the Saudization requirements, and therefore are entitled to a number of benefits, such as enabling non-Saudi employees to obtain and renew work visas or change their professions (except for professions allocated to Saudi citizens). Companies that are classified in the lower yellow or red category (based on their non-compliance with specific requirements) are considered to have breached the Saudization requirements and may be subject to certain penal procedures, such as limiting the ability to renew non-Saudi employees' work visas or obtaining new work visas.

It is worth mentioning that the Company has been classified in the low green category as on 04/10/2021G, as its Saudization rate was 43.33%.

4. Ownership Structure and Organizational Structure

4.1 Company's Ownership Structure before and After the Offering

The Company's current capital amounts to (SR 20,000,000) two hundred million Saudi riyals, divided into (20,000,000) twenty million ordinary shares with a nominal value of (SR 10) ten Saudi riyals per share, paid in full. The following table shows the Company's ownership structure before and after the Offering:

Table No. (42): The Company's ownership structure before and after the Offering

Shareholders	Before Offering				After Offering			
	Number of Shares	Nominal Value (SR)	Direct ownership percentage	Indirect ownership percentage *	Number of Shares	Nominal Value (SR)	Direct ownership percentage	Indirect ownership percentage *
1 Advanced Pharmaceuticals Company	19,800,000	198,000,000	99.00%	-	15,000,000	150,000,000	75.00%	-
2 Al Faisaliah Commercial Investment Company	200,000	2,000,000	1.00%	0.99%	0	0	0.00%	0.75%
3 Public	-	-	-	-	5,000,000	50,000,000	25.00%	-
Total	20,000,000	200,000,000	100.00%	0.99%	20,000,000	200,000,000	100.00%	0.75%

Source: Arabian International Healthcare Holding Company

* The indirect ownership of Al Faisaliah Commercial Investment Company is represented by its 1.00% ownership in the Advanced Pharmaceutical Company, which owns 99.00% of the Arabian International Healthcare Holding Company.

4.2 Substantial Shareholder who owns 5% or more of the Company's shares

The Company has one Substantial Shareholder who owns 5% or more of the Company's shares as on the date of this Prospectus. The following table shows the number of his shares and the percentage of his ownership before and after the Offering:

Table No. (43): The Substantial Shareholder who owns 5% or more of the Company's shares

Major Shareholder	Before Offering				After Offering			
	Number of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage *	Number of Shares	Nominal Value (SAR)	Direct ownership percentage	Indirect ownership percentage *
1 Advanced Pharmaceuticals Company	19,800,000	198,000,000	99.00%	-	15,000,000	150,000,000	75.00%	-

Source: Arabian International Healthcare Holding Company

4.2.1 The two shareholding companies in the Arabian International Healthcare Holding Company

Advanced Pharmaceuticals Company

Advanced Pharmaceuticals Company for Pharmaceuticals is a limited liability company having Commercial Registration No. (1010437739) issued from Riyadh on 04/12/1436H (corresponding to 17/09/2015G). The headquarters of the Advanced Pharmaceutical Company is located in Riyadh, and its capital is (SR 50,000) fifty thousand Saudi riyals divided into (5,000) five thousand ordinary shares, with a nominal value of (10) Saudi riyals per share. Its activities, according to its articles of association, are wholesale, retail trade, repair of motor vehicles and motorcycles and wholesale of electronic and communication equipment and spare parts.

The following table shows the ownership structure of the Advanced Pharmaceutical Company:

Table No. (44): Ownership Structure of the Advanced Pharmaceutical Company

	Partners	Number of Shares	The Nominal Value of Shares (SR)	Ownership Percentage
1	Al Faisaliah Group Holding Company	4,950	49,500	99.00%
2	Al Faisaliah Commercial Investment Company	50	500	1.00%
Total		5,000	50,000	100.00%

Source: Arabian International Healthcare Holding Company

Al Faisaliah Commercial Investment Company

Al Faisaliah Commercial Investment Company is a sole proprietorship company with limited liability under Commercial Registration No. (1010187830) issued from Riyadh on 23/04/1424H (corresponding to 23/06/2003G). The head office of Al-Faisaliah Commercial Investment Company is located in Riyadh, and its capital is (SR 1000,000) one million Saudi riyals, divided into (100,000) one hundred thousand ordinary shares, with a nominal value of (10) Saudi riyals per share. Its activities, according to its articles of association, are as follows:

- Mining and quarrying
 - hard coal mining
- Agriculture, forestry and fishing
 - Rice cultivation
- information and communication
 - Computer consultancy and computer facility management activities
- Wholesale and retail trade and repair of motor vehicles and motorcycles
 - Wholesale of electronic and communication equipment and spare parts
 - Wholesale of minerals and metal ores
 - Retail sale of computers and computer peripheral equipment, software and communications equipment in specialized stores

The following table shows the ownership structure of Al Faisaliah Commercial Investment Company:

Table No. (45): Ownership Structure of Al-Faisaliah Commercial Investment Company

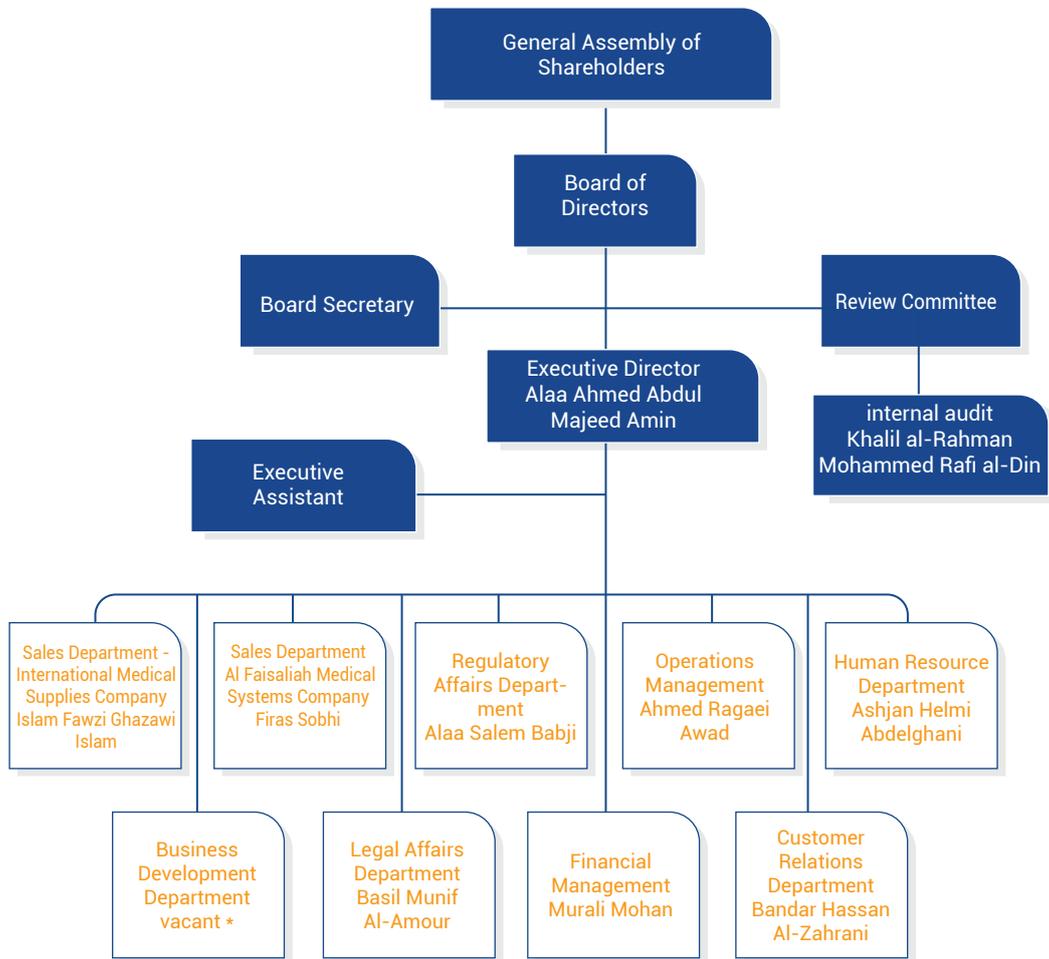
	Partners	Number of Shares	The Nominal Value of Shares (SAR)	Ownership Percentage
1	Al Faisaliah Group Holding Company	100,000	1,000,000	100.00%
Total		100,000	1,000,000	100.00%

Source: Arabian International Healthcare Holding Company

4.3 Organizational Chart

The following figure shows the organizational structure of the Arabian International Healthcare Holding Company:

Figure (7): The organizational structure of the Company



Source: Arab International Medical Holding Company

* The Company is currently searching for a person with suitable qualifications and experience to fill the position of Business Development Manager. It is expected that a Business Development Manager will be appointed during the first quarter of 2022G.

4.4 Board of Directors

The Arabian International Healthcare Holding Company is managed by a board of directors consisting of (7) seven members elected by the ordinary general assembly of shareholders for a period not to exceed (3) three years. Members of the Board of Directors may be re-elected. The term of membership of the first board of directors starts from the date of issuing the ministerial decision announcing the transformation of the Company into a closed joint stock company. With an exception to that, the transformational general assembly appoints the first board of directors for a period of (5) five years. The members of the Board of Directors were appointed by the Company's transformational general assembly, which was held on 10/08/1442H (corresponding to 23/03/2021G) for a period of five (5) years. The Board of Directors holds its meetings (4) at least four times a year.

Board Responsibilities

Taking into account the powers prescribed for the General Assembly, the Board of Directors shall have the widest powers and authorities in managing the Company and supervising the management and implementation of its business and the conduct of its affairs. Briefly, the role of the Company's board of directors is to set general strategies, policies, main plans and financial objectives for the Company's business, appoint the Company's executive managers and certify all financial reserves and budgets. In addition, the Board of Directors protects the interests of shareholders by ensuring full compliance with all laws and regulations in force in the Kingdom in accordance with the Articles of Association and corporate governance system.

4.4.1 Board of Directors

Responsibilities of the Chairman of the Board of Directors

The responsibilities of the Chairman of the Board of Directors, in brief, are as follows:

- The Chairman of the Board of Directors has the power to invite the Board to a meeting and to preside over the Board meetings and the general assemblies of shareholders.
- The Chairman of the Board of Directors shall have the power to:
 - Appoint the members of the Board of Directors and grant them powers in relation to all the Company's business.
 - Manage the daily business of the Company within the limits of the powers granted to them, implement the instructions issued by the board of directors, and submit periodic reports thereon to the board.
 - Represent the Company inside and outside the Kingdom in its relations with others and before all courts, bodies, judicial committees and all governmental agencies.
 - Sign the articles of incorporation of the companies in which the Company participates and sign all kinds of agreements, contracts, and documents, their amendments and appendices.

Responsibilities of Board Members

Taking into account the powers established for the General Assembly, the members of the Board of Directors shall have the widest powers and authorities in managing the Company and supervising the management and implementation of its business and the conduct of its affairs. Briefly, the role of the Company's board of directors is to set general strategies, policies, main plans and financial objectives for the Company's business, to appoint the Company's executive managers, and to certify all financial reserves and budgets. In addition, the members of the Board of Directors protect the interests of shareholders by ensuring full compliance with all laws and regulations in force in the Kingdom in accordance with the Articles of Association and corporate governance system.

The Company is managed by a board of directors consisting of (7) seven members, of whom (1) one is independent and (6) six are not independent. The following table shows the members of the Board of Directors of the Arabian International Healthcare Holding Company:

Table No. (46): Board Members

Name	Position	Capacity	Nationality	Age	Direct Percentage of Ownership		Indirect Percentage of Ownership		Year of Appointment
					Before Offering	After Offering	Before Offering	After Offering	
Ziad Mohammed Makki Saleh Al-Tunisi	Chairman of Board of Directors	Non-executive/ Non-independent	Saudi	53	-	-	-	-	2021G
Prince / Mohammed bin Abdul Rahman bin Abdullah Al Saud	Deputy Chairman of the Board	Non-executive/ Non-independent	Saudi	32	-	-	-	-	2021G
Steven Swinson	Board Member	Non-executive/ independent	Swiss	66	-	-	-	-	2021G
Mohamed Omar Idriss Khoudli	Board Member	Non-executive/ Non-independent	French	59	-	-	-	-	2021G
Rami Hassan Naim Farhat	Board Member	Non-executive/ Non-independent	Lebanese	42	-	-	-	-	2021G
Basem Mohamed Bendari Hussein	Board Member	Non-executive/ Non-independent	Egyptian	51	-	-	-	-	2021G
Keith Lustaglio	Board Member	Non-executive/ Non-independent	American	57	-	-	-	-	2021G

Source: Arabian International Healthcare Holding Company

The members of the Board of Directors were appointed by the Company's transformational general assembly, which was held on 10/08/1442H (corresponding to 23/03/2021G) for a period of (5) five years.

The objections of independence for the members of the board of directors have been determined based on the Corporate Governance Regulations issued by the Capital Market Authority, which are as follows: 1) To own 5% or more of the Company's shares, or of the shares of another company from its group, or to be a relative with someone who owns this percentage. 2) To be a representative of a legal person who owns 5% or more of the Company's shares or of the shares of another company from its group. 3) To be a relative to any of the members of the board of directors in the Company or in another company of its group. 4) To be related to any of the senior executives of the Company or any other company of its group. 5) To be a member of the board of directors in another company of the group of the Company nominated for membership in its board of directors. 6) To be currently working or was working as an employee during the past two years for the Company or any party dealing with it or another company of its group, such as auditors and major suppliers, or he has been the owner of controlling stakes with any of those parties during the past two years. 7) To have a direct or indirect interest in the business and contracts that are made for the Company's account. 8) To receive sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of the committees, in excess of (SR 200,000) two hundred thousand Saudi riyals or more than 50% of the remuneration of the previous year that he received in return for membership in the Board of Directors or any of the committees, whichever is less. 9) To participate in a business that would compete with the Company, or to trade in one of the branches of the Company's activity. 10) He must have spent more than (9) nine consecutive or separate years as a member of the Company's board of directors.

The following is a summary of the biographies of the members of the Board of Directors:

Table No. (47): Biography of the Chairman of the Board of Directors

Name:	Ziad Mohammed Makki Saleh Al-Tunisi
Position:	Chairman of Board of Directors
Age:	53
Year of Appointment:	2021G
Nationality:	Saudi
Qualifications	<ul style="list-style-type: none"> • He holds a master's degree in international securities and investment banking from the University of Reading in the United Kingdom in 1996. • He holds a bachelor's degree in Business Administration from King Saud University in Riyadh in 1991G.
Practical Experiences	<ul style="list-style-type: none"> • CEO of Al-Faisaliah Group Holding Company in Riyadh since 2017G. • Deputy ECO of Al-Faisaliah Group Holding Company in Riyadh from 2008G to 2017G. • Financial Director and Investment Manager at Al Faisaliah Group Holding Company in Riyadh from 2003G to 2008G. • Manager of Treasury at Al Faisaliah Group Holding Company in Riyadh from 1998G to 2003G. • Investment advisor in private banking services at Samba Financial Group in Riyadh from 1991G to 1998G. • Member of the Board of Directors of Samba Financial Group in Riyadh from 2011G to 2018G.
Memberships in Other Boards Of Directors	<ul style="list-style-type: none"> • Chairman of the Board of Directors of Nawah Capital Company in Riyadh since 2020G. • Member of the Board of Directors of Sackville Capital Limited in the United Kingdom since 2020G. • Chairman of the Board of Directors of AWJ Holding Company in Riyadh since 2019G. • Member of the Board of Directors of a digital platform for information Technology Company in Riyadh since 2019. • Member of the Board of Directors of the Saudi National Bank in Riyadh since 2018G • Member of the Board of Directors of the Knowledge Economic City Company in Madinah since 2018G. • Chairman of the Board of Directors of Philips Saudi Arabia Healthcare Limited in Riyadh since 2016G • Member of the Board of Directors of Lafana Holding Company in Riyadh since 2015G. • Member of the Board of Directors of the Saudi Accenture Company Ltd. in Riyadh since 2015G. • Chairman of the Board of Directors of Xantia Holding Company in Riyadh since 2014G. • Chairman of the Board of Directors of Al-Safi Danone Co. Ltd. in Riyadh since 2009G

Source: Arabian International Healthcare Holding Company

Table No. (48): Biography of the Vice Chairman of the Board of Directors

Name:	Name: Prince/ Mohammed bin Abdulrahman bin Abdullah Al Saud
Position:	Memberships in other Boards of Directors
Age:	32
Year of Appointment:	2021G
Nationality:	Saudi
Qualifications	<ul style="list-style-type: none"> • He holds a master's degree in Innovation Management from Birkbeck University of Business Administration in the United Kingdom in 2015.G • He holds a bachelor's degree in Project Management from Al-Faisal University in Riyadh in 2012G.
Practical expertise	<ul style="list-style-type: none"> • Member of the Board of Directors and CEO of the Virtual Data Company "Clinicy" in Riyadh since 2016G. • Strategic advisor at Saudi Accenture Company Ltd. in Riyadh from 2015G to 2016G.\
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • Member of the Board of Directors and CEO of the Virtual Data Company "Clinicy" in Riyadh since 2016G.

Source: Arabian International Healthcare Holding Company

Table No. (49): Biography of the Board Member

Name:	Steven Swinson
Position:	Member of the Board of Directors
Age:	66
Year of Appointment:	2021G
Nationality:	Swiss
Qualifications:	<ul style="list-style-type: none"> • He holds a PhD in Electrical and Electronics Engineering from the University of Manchester in the United Kingdom in 1981G. • He Holds a master's degree in Business Administration from the University of Chicago Business in the state of Illinois, USA, in 1988G. • He holds a master's degree in digital electronics from the University of Manchester in the United Kingdom in 1979G. • He holds a bachelor's degree in Biomedical Electronics from the University of Salford in the United Kingdom in 1978G. • He holds a certificate of accredited engineer and a member of the Institute of Electrical and Electrical Engineers in the United Kingdom in 1986G.
Practical Expertise:	<ul style="list-style-type: none"> • Partner and Director of Swensen SNC Management and Consulting in Switzerland since 2017G. • Vice President of the Department of Spine and Biology in Europe and Canada at Medtronic International in Switzerland from 2011G to 2014G. • Vice President and General Manager of the Global Spine Department at Medtronic International in Switzerland during the year 2011. • Vice President of Spinal Technologies and Surgery Department at Medtronic International in Switzerland during 2010G. • Regional Vice President for Europe at Medtronic International in Switzerland from 2008G to 2009G. • Vice President of Developing Markets at Medtronic International in Switzerland during 2007G. • Vice President of the Department of Spine, Nose and Throat Diseases at Medtronic International in Switzerland from 2004G to 2006G. • General Manager of the International Division of Diagnostic Radiology at General Electric Company in Massachusetts, USA, from 2001G to 2002G. • Vice President and General Manager of the US Commercial Operations Division at General Electric Company in Massachusetts, USA, from 1999G to 2000G. • Vice President of the Asian Health System Division at Market Medical System Company in China from 1997G to 1999G. • Marketing Manager of the Asia Division of Hewlett-Packard Company in California, USA, during 1996G. • Manager of Medical Distribution for the International Sales Department in Europe at Hewlett-Packard Company in California, USA, from 1994G to 1995G. • Manager of European Medical Distributors in Hewlett-Packard Company in California, USA, during the year 1993G. • Medical Director of Hewlett-Packard Company in California, USA, from 1990G to 1992G. • Senior Sales Representative at Hewlett-Packard Company in California, USA, during 1989G.
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • Chairman of the Board of Directors of Convia SA in Switzerland since 2019G. • Partner and Director of Swensen SNC Management and Consulting in Switzerland since 2017G.

Source: Arabian International Healthcare Holding Company

Table No. (50): Biography of the Member of the Board of Directors

Name:	Mohamed Omar Idriss Khoudli
Position:	Member of the Board of Directors
Age:	59
Year of Appointment:	2021G
Nationality:	French
Qualifications:	<ul style="list-style-type: none"> • He holds a Master's degree in Business Administration from INSEAD University in France in 1996G. • He holds a PhD in fluid mechanics from the Central University of Lyon in France in 1989G. • He holds a master's degree in science from the Central University of Lyon in France in 1985G
Practical Expertise:	<ul style="list-style-type: none"> • CEO of the Arabian International Healthcare Holding Company in Riyadh from 2015G to 2020G. • CEO of General Electric Company in Egypt from 2008G to 2014G. • Marketing Manager at General Electric in France from 1997G to 2008G. • CEO of General Electric Company in Italy from 1997G to 2008G. • Project Manager at the International Business Systems Company in France from 1990G to 1996G. • Research Engineer at the French Electricity Company in France from 1985G to 1989G
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • None

Source: Arabian International Healthcare Holding Company

Table No. (51): Biography of the Member of the Board of Directors

Name:	Rami Hassan Naim Farhat
Position:	Member of the Board of Directors
Age:	42
Year of Appointment:	2021G
Nationality:	Lebanese
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Business Administration from the American University of Beirut, Lebanon, in 2000G. • He holds a Chartered Financial Analyst certificate from the Institute of Chartered Financial Analysts in Virginia, USA, in 2005G.
Practical Expertise:	<ul style="list-style-type: none"> • Head of Investment, Mergers and Acquisitions at Al Faisaliah Group Holding Company in Riyadh since 2014G. • Vice President of Mergers, Acquisitions and Business Development at Mubadala GE Company in the United Arab Emirates from 2010G to 2014G. • Vice President of Mergers, Acquisitions and Business Development at Audi Capital in the United Arab Emirates from 2004G to 2010G. • Financial Analyst at Procter and Gamble in Lebanon from 2003G to 2004G. • Assistant Financial Analyst at PricewaterhouseCoopers in Lebanon from 2001G to 2003G
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • Member of the Board of Directors at Mezzan Food Company in Riyadh since 2016G

Source: Arabian International Healthcare Holding Company

Table No. (52): Biography of the Member of the Board of Directors

Name:	Basem Mohamed Bendari Hussein
Position:	Member of the Board of Directors
Age:	51
Year of Appointment:	2021G
Nationality:	Egyptian
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Accounting from Zagazig University in Egypt in 1991G. • He holds a fellowship certificate from the Egyptian Society of Accountants and Auditors in Egypt in 2018G. • He holds a certificate of certified legal auditor for joint stock companies from the Egyptian Ministry of Finance in Egypt in 1998G.
Practical Expertise:	<ul style="list-style-type: none"> • CEO of Operations of Al Faisaliah Group Holding Company in Riyadh since 2018G • Head of the financial sector for Saudi Arabia, Gulf, Levant and Iraq in the Saudi Snack Food Company Ltd. "PepsiCo Foods" in Riyadh from 2011G to 2018G. • Head of the financial sector at PepsiCo in Egypt from 2006G to 2011G. • Financial Controller at Tasty Foods Company in Egypt from 1999G to 2006G. • Auditor at KPMG, Chartered Auditors and Accountants in Egypt from 1994G to 1999G. • Member of the Audit Committee of the First Mills Company in Jeddah since 2021G. • Chairman of the Audit Committee of Al-Safi Danone Limited Company in Riyadh since 2019G.
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • Member of the Board of Directors of the International Company for Pharmaceutical and Chemical Industries and Medical Appliances in Jordan since 2019G.

Source: Arabian International Healthcare Holding Company

Table No. (53): Biography of the Member of the Board of Directors

Name:	Keith Lustaglio
Position:	Member of the Board of Directors
Age:	56
Year of Appointment:	2021G
Nationality:	American
Qualifications:	<ul style="list-style-type: none"> • He holds a master's degree in public health from Yale University in Connecticut, USA, in 1997G. • He holds a bachelor's degree in Arts and Sciences from Cornell University in New York State, USA, in 1987G.
Practical Expertise:	<ul style="list-style-type: none"> • Head Executive of Portfolio for the Healthcare and Pharmaceutical Sector at Al Faisaliah Group Holding Company in Riyadh from 2019G to 2021G. • Head of the Healthcare and Life Sciences Sector at EY Parthenon in Singapore from 2018G to 2019G • Head of the Asia Pacific Healthcare Division at IT Kearney in Japan and Singapore from 2014G to 2018G • Head of the healthcare practice at McKinsey & Co. in Japan from 2001G to 2014G.
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • Member of the Board of Directors at Xantia Holding Company in Riyadh since 2020G.

Source: Arabian International Healthcare Holding Company

4.4.2 Secretary of the Board of Directors

The Board of Directors decided to appoint the Director of Legal Affairs, Mr. Basil Muneef Al-Amouri as Secretary of the Board of Directors on 13/09/1442H (corresponding to 25/04/2021G). He will be responsible for recording the minutes of Board meetings, recording and filing the decisions issued by these meetings, as well as exercising other responsibilities assigned to him by the Board of Directors. The following is a summary of the biography of the Secretary of the Board of Directors:

Table No. (54): Secretary of the Board of Directors

Name:	Basil Muneef Al-Amouri
Position:	Secretary of the Board of Directors
Age:	34
Date of joining the Company:	08/06/2019G
Nationality:	Lebanese
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Law from the Lebanese University in Lebanon in 2011G.
Practical Expertise:	<ul style="list-style-type: none"> • Manager of Legal Affairs at the Arabian International Healthcare Holding Company in Riyadh since 2019G. • Legal Adviser and Senior Contract Officer at Nesma & Partners Contracting Co. Ltd. in Riyadh from 2014G to 2019G. • Legal Adviser at Mohammed Al-Jarbou' Law Firm in Riyadh from 2011G to 2014G.

Source: Arabian International Healthcare Holding Company

4.5 Board Committees

4.5.1 Audit Committee

The Audit Committee was formed in accordance with Article (54) of the Corporate Governance Regulation issued by the Capital Market Authority. The Extraordinary General Assembly, in its meeting held on 08/09/1442H (corresponding to 20/04/2021G), approved the formation of an Audit Committee and define its tasks, work controls and remunerations of its members and the term of their membership for (5) five years.

Responsibilities of the Audit Committee:

The Audit Committee is responsible for monitoring the Company's business, reviewing its records and documents, examining the Company's financial statements, reports and notes provided by the auditor, if any, evaluating the effectiveness of the Company's assessment of risks, evaluating internal control systems, the accuracy of financial and administrative reports, reviewing management reports and information requested by supervisory authorities, monitoring the work of the external and internal auditors and make the coordination among them, ensuring compliance with the rules of financial and administrative transactions and professional conduct, expressing an opinion about them, and preparing reports on their opinion regarding the adequacy of the Company's internal control system and the work it has undertaken.

The following table shows the members of the audit committee:

Table No. (55): Members of the Audit Committee

Name	Position	Capacity
Basem Mohamed Bendari Hussein	Chairman of the audit committee	Non-executive/ Non-independent
Rami Hassan Naim Farhat	Member of the review committee	Non-executive/ Non-independent
Mohammed Amer Amer Javed	Member of the review committee	Non-executive/ Non-independent

Source: Arabian International Healthcare Holding Company

The following is a summary of the biographies of the members of the Audit Committee:

The biography of the Chairman of the Audit Committee, Mr. / Basem Mohammed Bendari Hussein, as it appears on page No. (64), and the biography of the member of the Audit Committee, Mr. Rami Hassan Naim Farhat, as it appears on page No. (63).

Table No. (56): Biography of the Audit Committee Member

Name:	Mohammed Amer Amer Javed
Position:	Member of the Audit committee
Age:	51
Year of Appointment:	2021G
Nationality:	Pakistani
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Accounting from the University of Karachi in Pakistan in 1987G. • Holds the Fellowship of the Association of Chartered Accountants in Pakistan in 2018G.
Practical Expertise:	<ul style="list-style-type: none"> • CFO of Al-Faisaliah Group Holding Company in Riyadh since 2020G • Deputy CEO and CFO of Suntory PepsiCo Vietnam Beverages Company in Vietnam from 2018G to 2020G. • CFO of PepsiCo in Pakistan and Afghanistan from 2013G to 2018G. • Executive Planning Officer at Levant Snack Food Company in all Gulf Cooperation Council countries from 2010G to 2013G • Financial Controller of PepsiCo's non-carbonated beverage business in Riyadh from 2007G to 2010G. • Manager of Operations at Schlumberger Company in Iran from 2000G to 2007G. • Tax auditor at PricewaterhouseCoopers in Pakistan from 1992G to 2000G.
Memberships in Other Boards of Directors	<ul style="list-style-type: none"> • None

Source: Arabian International Healthcare Holding Company

4.6 Executive Management

The Arabian International Healthcare Holding Company has a number of main departments that work on managing and developing the Company's business, each according to its role. Each department must carry out the duties and tasks that fall under its responsibility to activate the Company's overall performance and achieve the Company's vision, mission, goals and strategies in the short and long term. The following table shows the members of the Company's executive management:

Table No. (57): Executive Management of the Company

	Name	Position	Nationality	Age	Date of Assignment	Direct Ownership Percentage	Indirect Ownership Percentage
1	Alaa Ahmed Abdul Majeed Amin	CEO	Saudi	47	05/01/2020G	-	-
2	Murali Mohan	CFO	Indian	57	01/04/2017G	-	-
3	Firas Sobhi Sadaqah	General Manager of Sales for Al-Faisaliah Medical Systems Company	Jordanian	42	12/06/2006G	-	-
4	Islam Fawzi Ghazzawi	Sales Manager for International Medical Supplies Company	Jordanian	39	17/08/2011G	-	-
5	Bandar Hassan Al-Zahrani	Customer Relations Manager	Saudi	42	03/10/2021G	-	-
6	Ahmed Rajaei Awadh	Operations Manager	Jordanian	41	01/03/2013G	-	-

	Name	Position	Nationality	Age	Date of Assignment	Direct Ownership Percentage	Indirect Ownership Percentage
7	Basil Muneef Al-Amouri	Manager of Legal Affairs	Lebanese	34	08/06/2019G	-	-
8	vacant*	Business development Manager	-	-	-	-	-
9	Ashjan Helmi Abdelghani	Human Resources Manager	Saudi	41	24/02/2021G	-	-
10	Khalil al-Rahman Mohammed Rafi al-Din	Internal Audit Manager	Sri Lankan	63	24/06/2018G	-	-
11	Alaa Salem Babji	Regulatory Affairs Manager	Saudi	37	02/08/2011G	-	-

Source: Arabian International Healthcare Holding Company

* The Company is currently looking for a person with suitable qualifications and experience to fill in the position of Business Development Manager. It is expected to appoint a Business Development Manager during the first quarter of 2022G.

The following is a summary of the biographies of the members of the executive management:

Biography of the Manager of Legal Affairs, Mr. Basil Muneef Al-Amouri, as mentioned on page No. (65).

Table No. (58): Member of the Executive Management

Name:	Alaa Ahmed Abdul Majeed Amin
Position:	Chief Executive Officer
Age:	47
Date of joining the Company:	05/01/2020G
Nationality:	Saudi
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Electrical Engineering from King Saud University in Riyadh in 1998G. • He holds a degree in Business Administration from the University of Leicester, UK, in 2007G.
Practical Expertise:	<ul style="list-style-type: none"> • CEO of Signify (formerly Philips Lighting Saudi Arabia) in Riyadh from 2017G to 2020G. • General Manager of Honeywell Company in Riyadh from 2014G to 2017G. • Sales Manager at General Electric Company in Riyadh from 2008G to 2014G. • Regional Sales Manager at ABB in Riyadh from 1998G to 2008G

Source: Arabian International Healthcare Holding Company

Table No. (59): Member of the Executive Management

Name:	Murali Mohan
Position:	Chief Financial Officer
Age:	57
Date of joining the Company:	01/04/2017G
Nationality:	Indian
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Commerce from the University of Madras, India, in 1984G. • He holds a Certified Public Accountant certificate from the Institute of Chartered Accountants of India in 1987G. • He holds a certificate of corporate secretary from the Institute of Company Secretaries of India (ICSI) in 1989G.
Practical Expertise:	<ul style="list-style-type: none"> • Executive General Manager of Al Faisaliah Group Holding Company in Riyadh from 2016G to 2017G. • Executive General Manager at Modern Means Systems Company in Riyadh from 2008G to 2015.G • General Manager of Al Faisaliah Commercial Investment Company in Riyadh from 2007G to 2008G. • Financial Controller and Head of Retail Department at Modern Electronic Company in Riyadh from 2001G to 2007G. • Manager of Information Technology at Al-Faisaliah Group Holding Company in Riyadh from 1999G to 2001G. • Senior Consultant at Ernst & Young & Co. in Riyadh from 1998G to 1999G. • Financial Manager of Al-Ajial Marble Factory Company in Riyadh from 1996G to 1998G. • Senior Manager of Financial Affairs at the Escher Group in India from 1987G to 1995G.

Source: Arabian International Healthcare Holding Company

Table No. (60): Member of the Executive Management

Name:	Firas Sobhi Sadaqah
Position:	General Manager of Sales at Al-Faisaliah Medical Systems Company
Age:	42
Date of joining the Company:	12/06/2006G
Nationality:	Jordanian
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Electronic Engineering from Yarmouk University in Jordan in 2002G.
Practical Expertise:	<ul style="list-style-type: none"> • Sales Engineer at the Saudi Health Services Company in Riyadh from 2003G to 2006G. • Sales Engineer at Munir Sukhtian Trading Group in Jordan from 2002G to 2003G.

Source: Arabian International Healthcare Holding Company

Table No. (61): Member of the Executive Management

Name:	Islam Fawzi Ghazzawi
Position:	General Manager of Sales at International Medical Supplies Company
Age:	39
Date of joining the Company:	17/08/2011G
Nationality:	Jordanian
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Biomedical Engineering from the Hashemite University in Jordan in 2004G
Practical Expertise:	<ul style="list-style-type: none"> • Senior Sales Engineer in the Ophthalmology Unit at Al-Khayyat Group in the United Arab Emirates from 2007G to 2010G. • Regional Manager of Surgery at Medicals International in Jordan from 2004G to 2007G.

Source: Arabian International Healthcare Holding Company

Table No. (62): Member of the Executive Management

Name:	Bandar Hassan Al-Zahrani
Position:	Customer Relations Manager
Age:	42
Date of joining the Company:	03/10/2021G
Nationality:	Saudi
Qualifications:	<ul style="list-style-type: none"> • He holds a bachelor's degree in Applied Medical Sciences - Department of Medical Device Engineering from King Saud University in Riyadh in 2002G. • Holds a professional engineer license from the Saudi Council of Engineers in 2007G. • Holds more than 25 training courses from several factories and international companies in the field of maintenance, sales, management and marketing.
Practical Expertise:	<ul style="list-style-type: none"> • Manager, Customer Experience and Sales at Abbott Diagnostic Company in Riyadh from 2019G to 2021G. • Manager of Sales and Business Development at the Advanced Electronics Company in Riyadh from 2014G to 2018G. • Regional Sales Manager at GE Company in Riyadh from 2012G to 2014G. • Senior Engineer, Supervisor of Medical Devices Department at King Fahd Medical City in Riyadh from 2009G to 2011G. • Maintenance Engineer at Varian Medical Systems Company in Riyadh from 2006H to 2009H. • Maintenance Engineer at Siemens Company in Riyadh from 2003G to 2006G.

Source: Arabian International Healthcare Holding Company

Table No. (63): Member of the Executive Management

Name:	Ahmed Rajaei Awadh
Position:	Operations Manager
Age:	41
Date of joining the Company:	01/03/2013G
Nationality:	Jordanian
Qualifications:	<ul style="list-style-type: none"> • He holds a master's degree in financial management from the Arab Academy of Finance from Al-Samt Banking University in the Hashemite Kingdom of Jordan in 2002G. • He holds a bachelor's degree in Business Administration from Al-Mustansiriya University in Iraq in 2002G.
Practical Expertise:	<ul style="list-style-type: none"> • Supply Chain Manager at Al Faisaliah Medical Systems Company in Riyadh from 2013G to 2019G. • Manager of Logistics Services at Al Faisaliah Medical Systems Company in Amman in the Hashemite Kingdom of Jordan from 2012G to 2013G. • Manager of Logistics Services at Munir Sakhitan Trading Group Company in Amman, the Hashemite Kingdom of Jordan from 2009G to 2012G. • Operations Manager at Al-Ghayat Construction Company in Kabul, Afghanistan, from 2008G to 2009G. • Manager of Procurement at Al-Ghayat Construction Company in Kabul, Afghanistan, from 2007G to 2008G. • Manager of Logistics Services at Munir Sakhitan Trading Group Company in Amman in the Hashemite Kingdom of Jordan from 2005G to 2007G. • Officer in charge of Aqaba Special Economic Zone in the Munir Sakhitan Trading Group Company in Aqaba in the Hashemite Kingdom of Jordan from 2004G to 2005G. • Storekeeper at Munir Sakhitan Group Trading Company in Amman, the Hashemite Kingdom of Jordan from 2003G to 2004G.

Source: Arabian International Healthcare Holding Company

Table No. (64): Member of the Executive Management

Name:	Ashjan Helmi Abdelghani
Position:	Human Resources Manager
Age:	41
Date of joining the Company:	24/02/2021G
Nationality:	Saudi
Qualifications:	<ul style="list-style-type: none"> • She holds a bachelor's degree in Computer Science from King Abdulaziz University in Jeddah in 2004G
Practical Expertise:	<ul style="list-style-type: none"> • Head of Human Resources at Acumed Saudi Company Ltd. in Riyadh from 2020G to 2021G. • Senior partner for human resources business in Sanofi in Jeddah from 2018G to 2020G. • Head of Human Resources for the Middle East at Boeri Switzerland Limited in the United Arab Emirates from 2015G to 2016G. • Head of Human Resources for the Saudi Arabia and Yemen region at the Beiersdorf Middle East Company in Jeddah from 2013G to 2014G. • Human resources business partner in KAMAL OSMAN JAMJOOM TRADING LLC in Jeddah from 2012G to 2013G. • Regional Manager of the Human Resources and Incentives System at Crystal International Company in Jeddah from 2009G to 2012G. • Human resources developer at Siemens Saudi Company Ltd. in Jeddah from 2005G to 2009G.

Source: Arabian International Healthcare Holding Company

Table No. (65): Member of the Executive Management

Name:	Khalil Al-Rahman Mohammed Rafi Al-Din
Position:	Internal Audit Manager
Age:	63
Date of joining the Company:	24/06/2018G
Nationality:	Srilankan
Qualifications:	<ul style="list-style-type: none"> • He holds a master's degree in Finance Business Administration from St. Mark's and St. John's University in the United Kingdom in 2018G. • He holds a master's degree in Business Administration from the University of Wales, UK, in 2011G. • He holds a bachelor's degree in Accounting from the University of Jaffna in Sri Lanka in 1987G. • Holds a certificate of Certified Forgery Examiner from the Institute of Forgery Examiners in the state of Texas, USA in 2006G.
Practical Expertise:	<ul style="list-style-type: none"> • Head of Internal Audit at the National Agricultural Development Company "NADEC" in Riyadh from 2008G to 2018G. • Internal audit consultant at the Saudi Telecom Company in Riyadh from 2007G to 2008G. • Internal auditor at the National Agricultural Development Company "NADEC" in Riyadh from 2006G to 2007G. • Manager of Internal Audit at Zan Trading Company in Riyadh from 2002G to 2006G. • Senior Management Accountant at the National Glass Company in Riyadh from 2001G to 2002G. • Financial Manager at Marateg Trading and Contracting Company in Riyadh from 1999G to 2001G. • Supervisor of financial planning and budgets at the General Arab Company for Medical Services Ltd. in Riyadh from 1992G to 1999G. • General Accountant at Luluat International Hospital Group in Jubail from 1988G to 1992G.

Source: Arabian International Healthcare Holding Company

Table No. (66): Member of the Executive Management

Name:	Alaa Salem Babji
Position:	Director, Regulatory Affairs
Age:	37
Date of joining the Company:	02/08/2011G
Nationality:	Saudi
Qualifications:	<ul style="list-style-type: none">• He holds a bachelor's degree in microbiology from King Saud University in Riyadh in 2007G.
Practical Expertise:	<ul style="list-style-type: none">• Microbiologist at Al Jazeera Pharmaceutical Industries in Riyadh from 2009G to 2011G.• Microbiologist at the United Company for Medical Industries Ltd. in Riyadh from 2007G to 2009G.

Source: Arabian International Healthcare Holding Company

5. Dividends Distribution Policy

The Shares grant their holders the right to receive the dividends declared by the Company. According to the Company's Articles of Association, any decision to distribute cash dividends must be issued by the ordinary general assembly based on a recommendation from the Board of Directors, which takes into account upon issuing this recommendation the various factors prevailing at the time, including the Company's profits, its financial conditions, and the restrictions governing the distributing of profits in accordance with financing and debt agreements, results of the Company's activities, the Company's current and future cash needs, the expansion plans and investment requirements of the Company.

- 1- The Company does not guarantee the distribution of dividends in any year in the future, nor does it guarantee the value of such dividends that can be distributed in any specific year. Article (51) of the Company's Articles of Association stipulates that the Company's annual net profits shall be distributed after deducting all general expenses and other costs as follows:
- 2- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue this deduction when the said reserve reaches (30%) thirty percent of the Company's capital.
- 3- The Ordinary General Assembly may, based on a proposal by the Board of Directors, set aside a percentage not exceeding (20%) twenty percent of the net profits to form a consensual reserve and allocate it for a specific purpose(s).
- 4- The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits to the shareholders to the extent possible. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the Company's employees or to assist the existing such institutions.
- 5- Of the remainder, a percentage equivalent to (5%) five percent of the paid-up capital shall be distributed to the shareholders.

Subject to the provisions stipulated in Article (25) of the Company's Articles of Association and Article (76) of the Companies Law, after the above, a percentage not exceeding (10%) ten percent of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement to such remuneration is commensurate with the number of sessions the member attends.

The shareholder shall be entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision shall indicate the due date and the date of distribution. The eligibility for dividends shall be for the owners of shares registered in the shareholders' register at the end of the day specified for entitlement.

The table below shows the dividend distributions during the financial year ending on December 31/12/2019G, the financial year ending on December 31/12/2020G, and the six-month period ending on 30/06/2021G:

Table No. (67): Dividends Distribution for the years 2019G and 2020G and the six-month period ending on 30/06/2021G.

	Fiscal Year ended on 31/12/2019G (SR)	Fiscal Year ended on 31/12/2020G (SR)	Six month period ended on 30/06/2021G (SR)
Net profit for the year	41,128,632	95,790,404	5,095,690
Announced profit distributions	16,897,245	30,850,000	81,680,000
Dividends	16,897,245*	30,850,000**	41,340,004***
Total retained earnings	86,217,457	122,613,221	45,028,911

Source: Arabian International Healthcare Holding Company

* On 24/05/1440H, (corresponding to 30/01/2019G), the partners agreed to distribute profits in the amount of 16,897,245 Saudi Riyals for the fiscal year ended 31/12/2018G.

** On 20/07/1441H (corresponding to 15/03/2020G), the partners agreed to distribute profits in the amount of 30,850,000 Saudi Riyals for the fiscal year ended 31/12/2019G.

*** On 17/09/1442H (corresponding to 29/04/2021G), the shareholders agreed to distribute profits in the amount of 81,680,000 Saudi Riyals for the fiscal year ended 31/12/2020G, of which an amount of 41,340,004 Saudi Riyals was distributed during the six months period ended 30/6/2021G.

6. Using Offering Proceeds

The total Offering Proceeds will amount to (SR 410,000,000) four hundred and ten million Saudi riyals, of which approximately (SR 11,500,000) eleven million and five hundred thousand Saudi Riyal will be paid as Offering Expenses, which includes the fees of the Financial Advisor, Lead Bookrunner, Lead Manager, Bookrunner, Receiving Entity, Auditors, the expenses of opening an Escrow Account, marketing and printing costs, and other expenses and costs related to the Offering.

The net proceeds of the Offering, estimated at about (SR 398,500,000) three hundred ninety eight million and five hundred thousand Saudi Riyals will be distributed to the Selling Shareholders, each according to the percentage that he owns in the Company's capital. The Company will not receive any amount from the net Offering Proceeds.

7. Directors Declarations

The members of the Company's Board of Directors declare that:

- Other than what was stated in Section (3.20) "**Business Interruption**" of this Prospectus, there was no interruption in the Issuer's business that could affect or have had a noticeable impact on its financial condition during the past (12) months.
- No commissions, discounts, brokerage fees or any non-cash compensation were granted by the Issuer or any of its subsidiaries during the year immediately preceding the date of the application for registration and offering of shares in connection with the issuance or offering of any shares.
- There was no major negative change in the financial and commercial position of the Issuer during the year immediately preceding the date of submitting the registration application and offering the shares.
- Other than what is stated in Section No. (4.4.1) "**Members of the Board of Directors**" of this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Issuer or any of its subsidiaries.
- Other than what is stated in Section No. (2.1.29) "**Risks Related to Lawsuits and Fines**" of this Prospectus, the Company is not subject to any lawsuits or legal procedures that may materially affect its business or financial position as on the date of this Prospectus.
- As on the date of this Prospectus, members of the Board of Directors are not subject to any lawsuits or legal procedures that may materially affect the Company's business or its financial position.
- As of the date of this Prospectus, none of the members of the Board of Directors is involved in business that competes with the Company or its subsidiaries.
- The Company has obtained approval of the General Assembly on all transactions with related parties, and other than what was mentioned in Section (31.1.2) "**Risks related to transactions with related parties**" of this Prospectus, the Company acknowledges that it does not have any valid contracts or arrangements upon submitting this Prospectus that would be of interest to the Chairman of the Board, a member of the Board of Directors, the CEO, CFO, or other related parties.
- There are no other facts that could affect the application for registration of securities that were not included in this Prospectus.
- The Company has obtained all the basic licenses and approvals required to conduct its business.
- The Company has obtained all necessary approvals to list its shares in the Parallel Market.
- Except for what is mentioned in Section No. (2) "**Risk Factors**" of this Prospectus, the members of the Board of Directors are not aware of any other fundamental risks that may affect the decision of prospective investors to invest in the Company's shares.
- There is no authority that gives a member of the Board of Directors or the CEO the right to vote on remunerations granted to them.
- There is no authority that permits members of the Board of Directors or senior executives the right to borrow from The Company or any of its subsidiaries.
- None of the members of the Company's Board of Directors or its executive management or the Board Secretary has never been declared bankrupt, and they have never been subject to any bankruptcy procedures until the date of this Prospectus.
- The Company is compliant with all provisions of the Companies Law up to the date of this Prospectus.

8. Offering Expenses

The Selling Shareholders will bear all costs related to the Offering, which are expected to amount to about (SR 11,500,000) eleven million and five hundred thousand Saudi Riyals. Such costs will be totally deducted from the Offering Proceeds totaling to (SR 410,000,000) four hundred and ten million Saudi Riyal

The Offering Expenses include the fees of the Financial Advisor, Lead Bookrunner, Lead Manager, Bookrunners, Receiving Entities, Auditors, the expenses of opening an Escrow Account, marketing and printing costs, and other expenses and costs related to the Offering.

The Company will not bear any of the expenses related to the Offering but will be deducted in full from the total Offering Proceeds. The Selling Shareholders will pay all the Offering Expenses incurred by The Company on their behalf once the Offering process is completed.

9. Information relating to the Shares and Offering Terms and Conditions

The Company applied to the Capital Market Authority to register and offer the Shares in the Parallel Market in accordance with the requirements of the Rules on the Offer of Securities and Continued Obligations issued by the Capital Market Authority. This Prospectus has been approved and all supporting documents requested by the Authority have been submitted, and all necessary official approvals have been obtained for the process of Offering the Shares in the Parallel Market. The Company also submitted a request to list its shares in the Parallel Market to the Saudi Tadawul Company (Saudi Tadawul), and the application for listing was approved by the Saudi Tadawul.

All Qualified Investors wishing to participate in this Offering must read the terms and conditions of the Offering very carefully before completing the Subscription Application Form. Signing the Subscription Application Form and handing it over to the Lead Manager constitutes an acknowledgment of acceptance and approval of the mentioned terms and conditions of the Offering.

9.1 Subscription to the Offer Shares

Offering of (5,000,000) Five million ordinary shares with a nominal value of ten (10) Saudi riyals per share, representing 25.0% of the Company's capital, for subscription in the Parallel Market at a price (SR 82) eighty two Saudi riyals per share with a total value of (SR 410,000,000) four hundred and ten million Saudi riyals. The Offering is limited to two groups of Qualified Investors as follows:

Tranche (A): Qualified Investors (Non-individuals):

- 1- Capital Market Institutions acting on their own behalf;
- 2- customers of a capital market institution authorized to perform management activities, provided that the capital market institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on behalf of the customer without the need for his prior approval;
- 3- the Kingdom's government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom, the Saudi Stock Exchange, or any other stock exchange recognized by the CMA, or the Securities Depository Center;
- 4- Government-owned companies, whether investing directly or through a portfolio managed by a capital market institution authorized to perform management activities;
- 5- companies and funds established in GCC countries;
- 6- investment funds;
- 7- non-resident foreign investors who may invest in the Parallel Market and meet the requirements set out in the Guidance Note for the Investment of Non-Resident Foreigners in the Parallel Market;
- 8- qualified foreign financial institutions;
- 9- any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center; and
- 10- any other persons defined by the CMA

(Nom-Individual) Qualified Investors will participate in the Offering through the book-building. The number of Offer Shares that will be initially allocated to (Institutional) Qualified Investors is (5,000,000) five million Offer Shares, representing 100% of the total number of Offer Shares. The final allocation of Offer Shares will be made after the end of the subscription period for Qualified Investors (Individuals). In the event that Qualified Investors (Individuals) (defined as Tranche B below) subscribe for the Offer Shares allocated to them, the Lead Bookrunner shall have the right to reduce the number of Offer Shares allocated to (Institutional) Qualified Investors to (4,000,000) four million shares, representing eighty percent (80%) of the total number of Offer Shares.

Tranche B: Qualified Investors (Individuals):

Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria: (a) have made transactions in the securities market with a total value of not less than (SR 40,000,000) forty million Saudi riyals and not less than (10) ten transactions per quarter during the past 12 months; (b) the value of their net assets is not less than (SR 5,000,000) five million Saudi riyals; (c) is working or has worked in the financial sector for at least (3) three years; (d) has a CME-1 approved by the CMA; or (e) holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized body.

A maximum of (SR 1,000,000) one million Offer Shares representing 20% of the total Offer Shares will be allocated to Qualified Investors (Individuals) provided that Qualified Investors (Individuals) subscribe to all the Offer Shares allocated to them. If Qualified Investors (Individuals) do not subscribe for all the Shares allocated to them, the Lead Bookrunner may reduce the number of Shares allotted to them in proportion to the number of Shares to which they subscribed.

The Offer Shares will be sold by the Shareholders of The Company whose names appear on page (ix) (referred to collectively as "**Selling Shareholders**") who, prior to the Offering, owned 100.0% of The Company's shares. After completion of the Offering, the Selling Shareholders will own 75.0% of The Company's shares, and therefore they will retain a controlling stake in The Company. The Offering Proceeds, after deducting the Offering Expenses, will be paid to the Selling Shareholders according to their ownership percentage of the Offered Shares, and The Company will not receive any amount from the Offering Proceeds (see Section. (6) "**Using Offering Proceeds**" of this Prospectus).

9.2 Subscription Method and Conditions for Each Category of Qualified Investors

9.2.1 Book-building for Qualified Investors (Non-individuals)

The price is determined upon Book-Building and made available to all Qualified Investors (Non-individuals) by the Company's Financial Advisor, in consultation with the Company and the Selling Shareholders.

Each of the Qualified Investors (Non-individuals) must apply to participate in the Book-Building by filling in a participation application form for participating in the Book-Building process of the Qualified Investors (Non-individuals). The Qualified Investors (Non-individuals) may change or cancel their applications at any time during the Book-Building period, provided that the change of such an application shall be through submitting a modified application form or an follow-up application form (as applicable), before the end of the Book-Building period. The number of Offer Shares to be subscribed to by each Qualified Investor (Non-individual) shall not be less than (10,000) ten thousand shares, and not more than (980,000) nine hundred and eighty thousand shares. The number of shares required must be allocable. The Lead Manager will notify the Qualified Investors (Non-individuals) of the Offer Price and the number of Offer Shares initially allocated to them.

The Book-Building process extends for (5) working days, starting from Sunday 27/06/1443H (corresponding to 30/01/2022G) and ending on Thursday 02/07/1443H (corresponding to 03/02/2022G). The Subscription Period for Qualified Investors (Non-Individuals) will begin on Wednesday 08/07/1443H (corresponding to 09/02/2022G) and end on Monday 13/07/1443H (corresponding to 14/02/2022G), according to the subscription terms and conditions detailed in the Subscription Forms.

After completing the Book-Building process and close of subscription for Qualified Investors (Non-Individuals), the Lead Bookrunner will announce the coverage ratio by Qualified Investors (Non-Individuals).

The Financial Advisor and the Company will have the power to determine the Offering Price, provided that the subscription price is in accordance with the price change units applied by the Capital Market.

9.2.2 Subscription by Qualified Investors (Individuals)

Each of the Qualified Investors (Individuals) who subscribe to the Offer Shares must submit an application for subscription with a minimum number of (10) ten Offer Shares, and a maximum of (980,000) nine hundred and eighty thousand Offer Shares. It is not allowed to change or withdraw the subscription application after it has been delivered to the Receiving Entities.

Subscription applications to the Offer Shares can be submitted by Qualified Investors (Individuals) who have an active investment account to invest in the Parallel Market with one of the Bookrunners (Derayah Financial Company and Al Rajhi Capital) through the electronic channels of the Receiving Entities during the Offering Period.

Qualified Investors (Individuals) can obtain a copy of this Prospectus from the Company's website (www.tibbiyah.com), the Authority's website (www.cma.org.sa) or the Financial Advisor's website (www.aldukheil.com.sa).

The period for receiving subscription applications through the Receiving Entities will start from Tuesday 14/07/1443H (corresponding to 15/02/2022G), until Thursday 16/07/1443H (corresponding to 17/02/2022G). In the event that the information provided in the subscription application is incomplete or incorrect, the subscription application shall be considered null.

Each Qualified Investor (Individual) must specify the number of shares he/she applies for subscription in the Subscription Application Form, so that the total subscription amount is the product of multiplying the number of Offer Shares to be subscribed to by the Offer Price of (82) eighty two Saudi riyals per share.

Each of the Qualified Investors (Individuals) agrees to subscribe to the shares specified in the Subscription Application Form submitted by him/her to purchase shares in an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of (82) eighty two Saudi Riyals per share. Each of the Qualified Investors (Individuals) shall be deemed to have acquired the number of the Offer Shares allocated to him/her upon the fulfillment of the following conditions:

- a- Delivery of the subscription application to a Receiving Entities through the electronic channels of the Receiving Entities.
- b- Pay the full value of the shares requested for subscription to the Receiving Entities to which the subscription application was submitted.

The total value of the subscribed shares must be deducted or transferred based on the instructions indicated by the Receiving Entities.

If any Subscription Application Form does not comply with the subscription terms and conditions, the Company has the right to reject this application in whole or in part, and each of the Qualified investors (individuals) shall agree to any number of shares allotted to him, unless the number of shares allocated to him exceeds the number of shares for which he subscribed to.

It is also not guaranteed that applications will be accepted from Qualified investors (individuals) whose investment account has not been activated with a Bookrunner for investment in the Parallel Market before Thursday 16/07/1443H (corresponding to 17/02/2022G).

Prior to the Offering, the Selling Shareholders own 100.0% of the Company's capital, and the Advanced Pharmaceuticals Company will own 75.0% of the Company's capital after the Offering. Investors can obtain an electronic copy of this Prospectus, the Participation Application Form for the Qualified Investors (Non-individuals) and the Subscription Application Form to the Qualified Investors (Non-Individuals) from the Financial Adviser and the Bookrunners through the contact information set forth below:

Financial Advisor and Lead Bookrunner

Aldukheil Financial Group
Riyadh, Wazarat District
P.O. Box 2462 Riyadh 11451
Kingdom of Saudi Arabia
Tel: + 966 (11) 4309800
Fax: + 966 (11) 4787795
Website: www.aldukheil.com.sa
E-mail: info@aldukheil.com.sa



Bookrunners

Derayah Financial Company
Olaya Main Street, Riyadh
P.O. Box 286546 Riyadh 11323
Kingdom Saudi Arabia
Tel: +966 11 2998000
Fax: +966 11 2998071
Website: www.derayah.com
E-mail: support@derayah.com



Al Rajhi Capital
King Fahad Road, Riyadh
P.O. Box 5561, Riyadh 11432
Kingdom Saudi Arabia
Tel: +966 11 92005856
Fax: +966 11 4600625
Website: www.alrajhi-capital.com
E-mail: PR@alrajhi-capital.com

الراجحي المالية
Al Rajhi Capital



9.3 Offering Period and Conditions

The offering period lasts for three (3) working days starting from Tuesday 14/07/1443H (corresponding to 15/02/2022G), until the end of Thursday 16/07/1443H (corresponding to 17/02/2022G).

9.4 Allocation and Refund

The Lead Manager will open and manage an Escrow Account for the purpose of depositing and holding the Subscription Amounts collected from the Qualified Investors. These subscription amounts will be transferred to the Selling Shareholders and the Company only when the listing becomes effective, after deducting some fees and expenses.

The Lead Manager will notify the subscribers of the final number of the offering shares allocated to each of them, along with the amounts to be refunded. The subscription surplus (if any) will be refunded to the Qualified Investors without any commissions or deductions and will be deposited in the subscriber's account specified in the subscription application. The final allocation process will be announced no later than Monday 20/07/1443H (corresponding to 21/02/2022G), and the surplus refunded no later than Wednesday 22/07/1443H (corresponding to 23/02/2022G). If additional information is required, the subscriber should communicate with the Lead Manager and the Receiving Entities to whom he/she submitted the subscription application form (as the case may be).

9.4.1 Allocation of Offer Shares to the Qualified Investors (Non-Individuals)

The initial allocation of the Offer Shares will be made at the discretion of the Financial Advisor in coordination with the Company, using the discretionary share allocation mechanism, provided that the number of the Offer Shares allocated initially to Qualified Investors (Non-individuals) shall not fall below (5,000,000) five million shares, representing 100% of the Offer Shares and the final allocation to Qualified Investors (Non-individuals) shall not be less than (4,000,000) four million shares representing 80% of the Offer Shares.

9.4.2 Allocation of Offer Shares to the Qualified Investors (Individuals)

With a maximum of one million (1,000,000) shares, representing 20% of total offer shares will be allocated to qualified investors (individuals), a minimum of ten (10) offer shares will be allocated to every qualified investor (individual). The remaining offer shares (if any) will be allocated on pro rata basis, based on the percentage of shares requested by each qualified investor (individual) to total shares to be subscribed to. If the number of qualified investors (individuals) has exceeded one hundred thousand (100,000) subscribers, the company will not guarantee the minimum number of shares' allocation. Shares will be allocated as proposed by the Lead Bookrunner, and excess money (if any), will be refunded to the qualified investors without any commissions or deductions.

Miscellaneous Terms

- 1- The Subscription Application and all related terms, conditions and declarations are binding and for the benefit of the subscription parties, their successors, assigns, wills executors, estate managers and heirs. The Subscription Application or any rights, interests or obligations arising from it may not be assigned or delegated by the parties to the subscription without the prior written consent of the other party.
- 2- These instructions and clauses and any receipt of Subscription Application forms or contracts resulting therefrom shall be subject to the Kingdom's laws and shall be interpreted and implemented in accordance with them.
- 3- This Prospectus will be published in Arabic after approval by the Capital Market Authority.

9.5 Times and Circumstances where Offering May be Suspended

- a- Suspension of Trading or Cancellation of Listing
 - 1- CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:
 - 2- CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
 - 3- the issuer fails, in a manner which CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Listing Rules.
 - 4- If the issuer fails to pay on time any fees due to CMA or the Exchange or any fines due to CMA.
 - 5- If it considers that the issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange.
 - 6- When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the issuer announces sufficient information regarding the target and CMA is satisfied, following the issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, CMA may decide not to suspend trading at this stage.
 - 7- Upon leakage of information about the proposed transaction of reverse takeover and the issuer cannot accurately assess its financial condition and the Exchange cannot be informed accordingly.
 - 8- If the liquidity requirements specified in Paragraph (B) of Article 41 of the Listing Rules have not been met after the expiry of the period specified in Sub-Paragraph (1) of Paragraph (D) of Article 42 of the Listing Rules.
 - 9- When an application for financial restructuring of the issuer in case of its accumulated losses reaching 50% or more of its capital is registered with a court under the Bankruptcy Law.
 - 10- When the request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law.
 - 11- Upon issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law.
 - 12- Upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law.

- b- Lifting of trading suspension under paragraph (A) above is subject to the following:
 - 1- The issuer adequately addressing the conditions that led to the suspension and the lack of a need to continue the suspension for the protection of investors.
 - 2- That lifting the suspension is unlikely to affect the normal activity of the Exchange
 - 3- The issuer complies with any other conditions that the CMA may require.
 - 4- Upon issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) (8) above.
 - 5- Upon issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) (9) above.
- c- The Exchange shall suspend the trading of securities of The Company in any of the following cases:
 - 1- When the issuer does not comply with the deadlines for disclosure of its periodic financial information within the periods specified in accordance with applicable implementing regulations.
 - 2- When the external auditor's report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing opinion.
 - 3- If the liquidity requirements in Parts two and eight of the Listing Rules are not satisfied after elapse of the time limit set forth by the Exchange for the issuer to rectify its conditions, unless CMA agrees otherwise.
 - 4- Upon issuance of a resolution by issuer's Extraordinary General Assembly to reduce its capital for the two trading days following the issuance of such resolution.
- d- The Exchange removes the suspension referred to in subparagraphs 1, 2 and 3 of paragraph (C) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.
- e- The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (A) above are to occur.
- f- The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Listing Rules.
- g- If listing suspension continues for six (6) months with no appropriate procedure taken by the issuer to correct such a suspension, CMA may cancel the listing of issuer.
- h- Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer wishes to relist its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.
- i- This paragraph shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the Exchange Rules.

Voluntary Cancellation of Listing

- a- After its shares have been listed on the Exchange, an issuer may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application shall include the following:
 - 1- Specific reasons for the request for cancellation.
 - 2- Copy of the disclosure described in paragraph (D) below.
 - 3- Copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer.
 - 4- Names and contact information of the Financial Advisor and Legal Advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.
- b- CMA may, at its discretion, approve or reject the cancellation request.

- c- The issuer must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining CMA's approval.
- d- Where cancellation is made at the issuer's request, it must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the issuer's activities.

Temporary Trading Suspension

- a- An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CML, its implementing regulations or the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that issuer immediately upon receiving such request.
- b- When trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the issuer's activities.
- c- CMA may impose a temporary trading suspension without a request from the issuer where CMA becomes aware of information or circumstances affecting the issuer's activities which CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the issuer must continue to comply with Capital Market law, its Implementing Regulations and Listing Rules.
- d- The Exchange may propose to CMA to exercise its powers in accordance with paragraph (C) above, if it becomes aware of information or circumstances affecting the issuer's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.
- e- A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (B) above of this Section, unless CMA or the Exchange decided otherwise.

Removing the Suspension

Removing the suspension of trading imposed in accordance with Paragraph (A) of "Suspension of Trading or Cancellation of Listing" section above is subject to the following conditions:

- a- Sufficiently address the situations that led to the suspension, and there is no need for the continuation of the suspension in order to protect investors.
- b- Removing the suspension is likely not to affect the normal activity of the Exchange.
- c- The Issuer's commitment to any other conditions deemed by the Authority.

If the suspension of trading in securities continues for a period of six months without the Company taking appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities.

Re-Registering and Admission of Listing of Previously evocated Securities

If the Issuer wishes to re-register its shares after their cancellation, the Issuer is required to submit a new application in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations.

9.6 Resolutions and approvals under which the Shares will be offered

The decisions and approvals under which the shares will be offered are as follows:

9.6.1 The Company's Board of Directors' Decision to Offer Shares for subscription in the Parallel Market

The Company's Board of Directors, in its meeting held on 05/05/1443H (corresponding to 09/12/2021G), recommended offering of (5,000,000) five million shares representing 25.0% of the Company's capital in the Parallel Market.

9.6.2 Approval of the Extraordinary General Assembly

The Company's Extraordinary General Assembly, in its meeting held on 08/09/1442H (corresponding to 20/04/2021G), approved the offering and listing of the Company shares in the Parallel Market.

9.6.3 Approval of the Capital Market Authority

The Authority's approval was obtained for this Prospectus and all supporting documents requested by the Authority, on the date of its announcement on its official website on Wednesday 25/05/1443H (corresponding to 29/12/2021G).

9.6.4 Approval of the Saudi Tadawul Company "Saudi Tadawul" on the listing

An approval was obtained from the Saudi Tadawul Company "Tadawul" on the listing on 03/11/1442H (corresponding to 13/06/2021G).

9.7 A statement of any arrangements in place to prevent the disposal of certain shares

Substantial Shareholders whose names appear in this Prospectus (refer to section No. (4.2) "**Substantial Shareholders who own 5% or more of The Company's shares**" of this Prospectus) may not dispose of the shares they own before the expiry of a period of (12) twelve months from the commencing date of trading of The Company's shares in the Parallel Market ("**Lock-up Period**").

Other than the Lock-up Period imposed by the Authority on Substantial Shareholders, there are no other existing arrangements that prevent the disposal of certain shares.

10. Covenants relating to the Subscription

10.1 Subscribers' Declarations

By completing and submitting the Subscription Application Form, the Subscriber:

- Agrees to subscribe to the number of shares mentioned in the Subscription Application he/she submitted.
- Warrants that he/she has carefully read the Prospectus and understood all its contents.
- Accepts the By-Laws of the Company and the Offering terms and conditions mentioned in the Prospectus and the Subscription Application Form and subscribe to the shares accordingly.
- Confirms not to waive his/her right to claim from the Company and recourse to it for any damage resulting from this Prospectus containing incorrect or insufficient material information, or as a result of omission of material information that directly affects the subscriber's acceptance of the subscription if it was added in the Prospectus.
- Acknowledges that he and any member of his family included in the Subscription Application has never submitted an application to subscribe to the Company's shares, and that the Company has the right to reject any or all of his applications in the event of a duplicate application.
- Accepts the number of the Offer Shares allocated to him (within the maximum amount he subscribed to) in accordance with the Subscription Application, and he also accepts all the subscription terms and instructions contained in the Subscription Application and in this Prospectus.
- Warrants not to cancel or amend the Subscription Application Form after submission to the Lead Manager.

10.2 Share Register and Dealing Arrangements

Tadawul maintains a register of shareholders containing their names, nationalities, residence addresses, occupations, shares they own, and the amounts paid from these shares.

10.3 Saudi Exchange Company (Saudi Tadawul)

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day at one go from 10 a.m. until 3:00 p.m., during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m. Such times is changed during the month of Ramadan, and the new timed are announced through Saudi Tadawul.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the entry time.

Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website on the Internet, which provides up-to-date market information for major information providers such as Reuters. Transactions are automatically settled within two business days (T + 2); i.e., transfer of shares ownership takes place 2 days after execution of the transaction.

The issuer must disclose all decisions, material and important information to investors through Tadawul Sistem. Saudi Tadawul management is responsible for monitoring the market in order to ensure fair trading and efficient market operations.

10.4 Trading of Shares on the Parallel Market

An application has been submitted to CMA to register and list the Company Shares on the Parallel Market and a request has been submitted to the Saudi Tadawul Company for their listing on the Parallel Market.

It is expected to start trading of the Company's shares after the final allocation of such shares and fulfilling all relevant statutory procedures. The trading date of the shares will be announced in due course. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for inference only, and they can be changed or extended with the approval of the Capital Market Authority.

Trading in the Offered Shares can only be made after approving the allocation of the shares in the shareholders' accounts in Saudi Tadawul, registering the Company in the official list, and listing its shares in Saudi Tadawul. Trading in shares is strictly prohibited before the official trading. The investors who deal in such prohibited trading activities shall be held responsible for them, and the Company will not bear any legal responsibility in this case.

Trading in shares listed in the Parallel Market is restricted to Qualified Investors (refer to Section (1) "Terms and Definitions" of this Prospectus).

11. Procedures for Incomplete Offering

If the Offering is not completed on the date specified for the end of the Offering indicated in this Prospectus (refer to the **"Important Dates and Offering Procedures"** section on page (xii) of this Prospectus), the Financial Advisor shall notify the Authority in writing within (10) ten days from the end of the Offering Period, that the Offering has not been completed. Then, the Financial Advisor will notify the subscribers, and in coordination with the Receiving Entities of the Offering Proceeds, the amounts collected from the subscribers (if any) shall be returned without deducting any commissions or fees.

The Company confirms its commitment to any decisions, instructions, or procedures issued by the Capital Market Authority in the event that the Offering is not completed.

12. Documents Available for Inspection

The following documents will be available for inspection through a virtual data room. The Financial Advisor "**Aldukheil Financial Group**" will send the electronic link of the virtual data room to the Qualified Investors upon request via e-mail "info@aldukheil.com.sa", during working days from Sunday 20/06/1443H (corresponding to 23/01/2022G) to Monday 13/07/1443H (corresponding to 14/02/2022G) for a period not less than (14) days before the Offering:

- 1- The main Commercial Registration of the Company.
- 2- The Company's Bylaws.
- 3- The Company's Articles of Association and all amendments thereto.
- 4- Copy of the announcement of the Capital Market Authority's approval of the application for registration and offering of shares in the Parallel Market.
- 5- The Company's Board of Directors' recommendation on a request for registration, offering and listing of the Company's shares in the parallel market.
- 6- The General Assembly's decision approving the registration, offering and listing of the Company's shares in the Parallel Market.
- 7- Approval of the Saudi Tadawul Company "Saudi Tadawul" to list the Company's shares in the Parallel Market.
- 8- The consolidated audited financial statements of the Company for the financial year ending on 31/12/2020G and the consolidated reviewed financial statements for the six months ending on 30/06/2021G.
- 9- The Company's Financial Assessment report.
- 10- Letters of consent to include the name, logo, and statement in the Prospectus for:
 - Financial Advisor and Lead Bookrunner to the Company " Aldukheil Financial Group".
 - Lead Manager, Bookrunner and Receiving Agent of the Company "Derayah Financial Company".
 - Bookrunner Al Rajhi Capital
- 11- Consent letter from the Company's Auditors "KPMG" to include their name and logo and to publish the consolidated audited financial statements of the Company for the financial year ending on 31/12/2020G and the consolidated reviewed financial statements for the six months ending on 30/06/2021G in the Prospectus.

13. Auditors Report

13.1 The Audited financial statements for the fiscal year ending on 31/12/2020G

**AL TIBIYAH AL ARABIAH AL ALAMIYA
HOLDING COMPANY AND ITS SUBSIDIARIES
(A Limited Liability Company)
Consolidated Financial Statements
31 December 2020
Together with independent Auditor's report**

**AL TIBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
SUBSIDIARIES**
(A Limited Liability Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

وأجهزة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Al Tibiyah Al Arabia Al Alamiya Holding Company

Opinion

We have audited the consolidated financial statements of **Al Tibiyah Al Arabia Al Alamiya Holding Company ("the Company") and its subsidiaries ("the Group")**, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative information

We draw attention to Note 36 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2019 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 31 December 2018 (from which the statement of financial position as at 1 January 2019 has been derived), excluding the adjustments described in Note 36 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 24 Rajab 1441H (corresponding to 19 March 2020) and on 14 Rajab 1440H (corresponding to 21 March 2019).

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2020, we audited the adjustments described in Note 36 that were applied to restate the comparative information presented as at and for the year ended 31 December 2019 and the statement of financial position as at 1 January 2019. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended 31 December 2019 or 31 December 2018 (not presented herein) or to the consolidated statement of financial position as at 1 January 2019, other than with respect to the adjustments described in Note 36 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated financial statements taken as a whole. However, in our opinion, the adjustments described in Note 36 are appropriate and have been properly applied.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 16,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مساهمة مغلقة مسجلة في المملكة العربية السعودية وأسمائها (١٥٠٠٠٠٠) بزل سعودي مملوكة بالكامل، وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي إم جي للقران والمحاسبة والمحاسبون وراجمون كازارتون" إلى الاسم الحالي بتاريخ ٢١/٠٣/٢٠٢١م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي العالمية والتابعة لكي بي إم جي العالمية، شركة مسجلة في بريطانيا



Independent Auditor's Report

To the Shareholders of Al Tibiyah Al Arabiah Al Alamiya Holding Company (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report

To the Shareholders of Al Tibiyah Al Arabiah Al Alamiya Holding Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Al Tibiyah Al Arabiah Al Alamiya Holding Company ("the Company") and its subsidiaries ("the Group")**.

KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Riyadh on: 16 Sha'ban 1442H
Corresponding to: 29 March 2021



AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	<i>Notes</i>	31 December 2020 SR	<i>31 December 2019 SR</i> <i>Restated -note 36</i>	<i>As at 1 January 2019 SR</i> <i>Restated – note 36</i>
ASSETS				
Non-current assets				
Property and equipment	13	5,838,953	8,657,463	10,834,473
Right-of-use assets	14	13,173,417	15,279,671	--
Intangible assets	15	274,678	472,580	1,181,070
Investment in a joint venture	16	46,385,903	45,558,018	34,911,322
Total non-current assets		65,672,951	69,967,732	46,926,865
Current assets				
Inventories, net	17	223,761,306	205,712,524	119,770,378
Trade receivables, net	18	915,301,843	893,440,723	620,818,977
Contract assets	19	36,584,207	110,498,135	300,442,937
Prepayments and other current assets	20	53,935,874	48,784,957	40,088,856
Amounts due from related parties	21	867,729	1,416,297	3,935,899
Cash and cash equivalents		13,110,271	14,220,793	3,781,122
Total current assets		1,243,561,230	1,274,073,429	1,088,838,169
TOTAL ASSETS		1,309,234,181	1,344,041,161	1,135,765,034
EQUITY AND LIABILITIES				
Equity				
Capital	22	200,000,000	500,000	500,000
Additional equity contribution	23	--	179,310,546	179,310,546
Statutory reserve	24	9,829,040	250,000	250,000
Retained earnings		122,613,221	86,217,457	62,925,866
Total equity		332,442,261	266,278,003	242,986,412
Non-current liabilities				
Employee defined benefit liabilities	25	26,844,276	27,204,364	23,177,450
Non-current portion of contract liabilities	26	30,517,468	30,468,802	23,631,311
Non-current portion of lease liabilities	14	9,521,537	11,730,327	--
Loans and borrowings	27	100,000,000	--	--
Total non-current liabilities		166,883,281	69,403,493	46,808,761
Current liabilities				
Trade and notes payables	28	287,878,025	270,339,001	154,216,248
Accrued expenses and other current liabilities	29	157,645,028	132,037,045	124,936,439
Amounts due to a related party	21	27,030,833	1,157,284	--
Current portion of contract liabilities	26	85,200,295	65,778,159	73,317,174
Current portion of lease liabilities	14	3,154,458	2,448,176	--
Loans and borrowings	27	225,000,000	521,000,000	475,500,000
Zakat payable	12	24,000,000	15,600,000	18,000,000
Total current liabilities		809,908,639	1,008,359,665	845,969,861
Total liabilities		976,791,920	1,077,763,158	892,778,622
TOTAL EQUITY AND LIABILITIES		1,309,234,181	1,344,041,161	1,135,765,034

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
 (A Limited Liability Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 For the year ended 31 December 2020

	<i>Notes</i>	2020 SR	2019 SR
Revenue	6	818,689,016	697,033,413
Cost of revenue	7	(620,309,116)	<u>(525,689,241)</u>
GROSS PROFIT		198,379,900	171,344,172
Selling and marketing expenses	8	(66,260,322)	(64,610,004)
General and administrative expenses	9	(31,554,981)	(25,860,450)
Impairment loss on trade receivables and contract assets	18,19	(2,950,000)	(19,164,526)
Share in profit of joint venture	16	8,157,007	19,229,863
Other income	10	46,422,212	13,997,508
Other expenses, net	11	(10,353,652)	<u>(12,590,111)</u>
OPERATING PROFIT		141,840,164	82,346,452
Finance charges	27	(22,049,760)	<u>(25,617,820)</u>
PROFIT BEFORE ZAKAT		119,790,404	56,728,632
Zakat	12	(24,000,000)	<u>(15,600,000)</u>
PROFIT FOR THE YEAR		95,790,404	41,128,632
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement gain / (loss) of employee defined benefit liabilities	25	1,223,854	<u>(939,796)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		97,014,258	<u>40,188,836</u>
EARNINGS PER SHARE			
Basic and diluted earnings per share	34	73.3	822.5

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES

(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Capital SR	Additional contribution to capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 1 January 2019	500,000	179,310,546	250,000	48,477,678	228,538,224
Impact of correction of error – (note 36)	--	--	--	14,448,188	14,448,188
As at 1 January 2019 – restated	500,000	179,310,546	250,000	62,925,866	242,986,412
Profit for the year	--	--	--	41,128,632	41,128,632
Other comprehensive loss	--	--	--	(939,796)	(939,796)
Total comprehensive income for the year	--	--	--	40,188,836	40,188,836
Dividends - (Note 35)	--	--	--	(16,897,245)	(16,897,245)
As at 31 December 2019 - restated (note 36)	500,000	179,310,546	250,000	86,217,457	266,278,003
As at 1 January 2020	500,000	179,310,546	250,000	86,217,457	266,278,003
Profit for the year	--	--	--	95,790,404	95,790,404
Other comprehensive income	--	--	--	1,223,854	1,223,854
Total comprehensive income for the year	--	--	--	97,014,258	97,014,258
Transfer to statutory reserve	--	--	9,579,040	(9,579,040)	--
Increase in share capital - (note 22)	199,500,000	(179,310,546)	--	(20,189,454)	--
Dividends - (Note 35)	--	--	--	(30,850,000)	(30,850,000)
As at 31 December 2020	200,000,000	--	9,829,040	122,613,221	332,442,261

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Limited Liability Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>SR</i>	2019 <i>SR</i>
OPERATING ACTIVITIES			
Profit before zakat		119,790,404	56,728,632
<i>Adjustments for:</i>			
Provision for employee defined benefit liabilities	25	4,039,840	4,270,820
Depreciation of property and equipment	13	3,853,458	4,039,584
Depreciation of right of use assets	14	3,326,233	3,129,501
Charge for /(Reversal of) provision for obsolete and slow-moving inventories	17	2,573,915	(945,966)
Leases accretion of interest	14	880,554	926,106
Amortization of intangible assets	14	351,273	719,790
Gain on disposal of property and equipment	11	(438,579)	(427,840)
Share in profit of joint venture	16	(8,157,007)	(19,229,863)
Impairment loss on trade receivables and contract assets	18,19	2,950,000	19,164,526
		129,170,091	68,375,290
<i>Changes in operating assets and liabilities:</i>			
Inventories		(20,622,697)	(84,996,180)
Trade receivables		(24,811,120)	(294,134,623)
Contract assets		73,913,928	192,293,153
Prepayments and other current assets		(5,150,917)	(10,625,137)
Due from related parties		548,568	2,519,601
Due to a related party		25,873,549	1,157,284
Trade payable and notes payables		17,539,024	116,122,753
Accrued expenses and other current liabilities		25,607,983	7,100,606
Contract liabilities		19,470,802	(701,524)
Cash generated from / (used in) from operations		241,539,211	(2,888,777)
Employee defined benefit liabilities paid	25	(3,176,074)	(1,183,702)
Zakat paid	12	(15,600,000)	(18,000,000)
Net cash generated from / (used in) operating activities		222,763,137	(22,072,479)
INVESTING ACTIVITIES			
Purchase of property and equipment	13	(1,279,690)	(2,316,300)
Proceeds on disposal of property and equipment		683,321	881,567
Purchase of intangible assets	15	(153,371)	(11,300)
Dividend received from joint venture	16	7,329,122	10,512,203
Net cash from investing activities		6,579,382	9,066,170
FINANCING ACTIVITIES			
Proceeds from / (repayment of) short-term loans from Parent Company, net		(296,000,000)	45,500,000
Proceeds from long-term loans from Parent Company, net		100,000,000	--
Payment of lease liabilities		(3,603,041)	(5,156,775)
Dividends paid		(30,850,000)	(16,897,245)
Net cash (used in) / generated from financing activities		(230,453,041)	23,445,980
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,110,522)	10,439,671
Cash and cash equivalents at the beginning of the year		14,220,793	3,781,122
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		13,110,271	14,220,793
NON-CASH TRANSACTIONS:			
Remeasurement gain / (loss) of employee defined benefit liabilities	25	1,223,854	(939,796)
Addition in Right of use asset	14	1,219,979	18,409,172
Correction of error		--	1,929,036

The attached notes 1 to 39 form an integral part of these consolidated financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. ACTIVITIES

Al Tibiyah Al Arabiah Al Alamiya Holding Company (the "Company") is a Limited Liability Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010380429 dated 10 Sha'aban 1434H (corresponding to 19 June 2013).

The Company is engaged in the retail and wholesale trading of medical and surgical equipment and tools, artificial - handicapped systems, surgical operation's accessories, hospital supplies, medical systems and programs, lab chemical analysis systems, measurement, testing and scientific measurement systems, maintenance of medical and analytical lab systems and equipment.

The registered office of the Company is located at the following address:

Qurtubah District
Business Gate, Building No. 9
P.O. Box 62961
Riyadh 11595
Kingdom of Saudi Arabia

The subsidiaries included in these consolidated financial statements are as follows:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Effective shareholding %</i>
Al Faisaliah Medical Systems Company	Kingdom of Saudi Arabia	100*
International Medical Supplies Company	Kingdom of Saudi Arabia	100*
International Healthcare Optimization Company	Kingdom of Saudi Arabia	100*
Health Care Technologies Company	Kingdom of Saudi Arabia	100*

*1% shareholding is held by second shareholder (an affiliate of the Parent Company).

The effective shareholding percentage are the same as at 31 December 2019.

The Group's head office is located in Riyadh. The Group has following branches. The assets, liabilities and results of operations of the branches are included in these consolidated financial statements.

Branch location	C.R Number	Date
Jeddah	4030280314	13 Rabi Thani 1436H (corresponding to 2 February 2015)
Khobar	2051062515	17 Sha'aban 1437H (corresponding to 24 May 2016)
Jeddah	4030280313	13 Rabi Thani 1436H (corresponding to 2 February 2015)
Khobar	2051060081	22 Rabi Thani 1436H (corresponding to 11 February 2015)
Jeddah	4030280345	15 Rabi Thani 1436H (corresponding to 4 February 2015)
Khobar	2051060082	22 Rabi Thani 1436H (corresponding to 11 February 2015)
Jeddah	4030280342	15 Rabi Thani 1436H (corresponding to 4 February 2015)
Khobar	2051062516	17 Sha'aban 1437H (corresponding to 24 May 2016)

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

2. SIGNIFICANT EVENT DURING THE YEAR

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organisation (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economy in which the Group operates. The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time.

The Group has taken containment steps that, as at 31 December 2020, have limited the adverse impact of the virus on the financial results of the Group. The Group does not expect future, significant and adverse impact on the going concern, the Group will continue to reassess its position and the related impact on regular basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”) (collectively referred as “IFRS as endorsed in KSA”).

The consolidated financial statements have been prepared on the historical cost basis except for the employee defined benefit liability, which has been actuarially valued as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements have been prepared using accrual basis of accounting and going concern concept.

The consolidated financial statements are presented in Saudi Riyals (“SR”), which is also the Group’s functional currency, and is rounded to nearest SR unless otherwise indicated.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (as listed in note 1 above) (collectively, the “Group”). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
 (A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

A Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

B Fair value measurement

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 consolidated financial statements are categorized within the level 2 of the fair value hierarchy in which is the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
 (A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

C Revenue Recognition

The Group recognizes revenue from the sale of goods, both with and without installation, construction of civil works, the sale of warranties and the sale of maintenance contracts. Revenue is measured based on the consideration specified in a contract with a customer net of returns and allowances, trade discounts and volume rebates and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The specific recognition criteria described below must also be met before revenue is recognized.

(i) *Sales of goods*

Revenue from the sale of goods without installation is recognized when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery) and duly received and accepted by the customer. Revenue from the sale of goods with installation are recognized once the installation has been performed and inspected by the customer. A receivable is recognized by the Group when the performance obligation is satisfied in full and the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group also considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

(ii) *Revenue on civil works*

The Group performs civil works under long-term contracts with customers. Such contracts are entered into before construction of the civil work begins. Revenue from civil works is recognized over time on a percentage of completion method i.e. based on the proportion of work completed to the estimated total scope of work mentioned in the contract. The Group considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

(iii) *Sale of warranty*

Sales-related warranties, associated with goods which cannot be purchased separately, serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Revenue is recognized over the period in which the service-type warranty is provided based on the time elapsed. The management consider that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

(iv) *Revenue on maintenance contracts*

Maintenance contracts with customers require that the Group maintains a specified piece of equipment at specific time intervals. Revenue is recognized accordingly when each such time period elapses and the service is rendered to the customer. The Group considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

Under the Group's standard contract terms, customers have a right of return. No refund liability has been raised given the historically low level of returns of goods. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent low levels of returns over previous years.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
 (A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

D Trade receivables

Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.3(O) for further details.

E Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

F Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (K) Impairment of tangible and intangible assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Summary of significant accounting policies (continued)

F Leases (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

G Employee benefits

Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

H Zakat

Zakat is calculated and provided for by the Al Faisaliah Group Holding Company (the "Parent Company") and its effectively wholly-owned subsidiaries in accordance with Saudi Arabian fiscal regulations. Zakat is computed on the higher of the zakat base or adjusted net income. Zakat is calculated using rates that have been substantively enacted at the reporting date in the consolidated statement of profit or loss and other comprehensive income. Any difference in the estimate is recorded when the final assessment is approved, at which time the amount provided for is cleared.

I VAT

The Company is subject to a VAT on a monthly basis. It is paid and settled through the monthly statements submitted by the company to the GAZT.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

J Property and equipment

Property and equipment, except land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment in value, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

Following are the useful life used to calculate depreciation:

Leasehold improvements	7 years or the lease term whichever is shorter
Machinery and tools	3 to 10 years
Furniture and fixtures	5 years
Office equipment	6 to 7 years
Computer hardware	3 years
Motor vehicles	4 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

K Intangible assets

Intangible assets, other than goodwill, with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the effective date of the business combination. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Group applies an annual rates of amortization ranging from 14.3% to 20% to its software. Distributor license fees are amortized over the period of the underlying legal agreement.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

L Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life, for example land, are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

M Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on the weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

N Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Group unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

O Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

O Financial Instruments - initial recognition and subsequent measurement (continued)

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value net of directly attributable transaction costs.

The Group's financial assets at amortised cost includes trade receivables, contract assets and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

O Financial Instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

Credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, short-term loans from Parent Company, contract liabilities and amounts due to related parties which are subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, all financial liabilities, including the short-term loans from Parent Company are measured at amortised cost. In case of long-term interest-bearing loans, EIR method will be applied.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

P Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

P Foreign currency translation (continued)

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Q Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the articles of association of the Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

R Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

S Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (continued)

S Investment in joint venture (continued)

The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

T Trade payables and other liabilities

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. No interest charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

U Expenses

Selling and marketing expenses are those arising from the Group's efforts underlying the marketing and selling functions. All other expenses, excluding cost of sales and finance cost, are classified as general and administrative expenses. Allocations of common expenses between cost of sales, selling and marketing, and general and administrative expenses, when required, are made on a consistent basis.

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4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

A number of new pronouncements are effective for annual years beginning on or after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- COVID -19 related rent concessions (Amendment to IFRS 16)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). The amendments to the definition of material is not expected to have a significant impact on the Group's financial statements.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables and contract assets

An estimate of the provision for ECL is calculated in accordance with the accounting policy detailed in note 3.3 (O) to the consolidated financial statements.

At the reporting date, gross trade receivables were SR 964.1 million (2019: SR 940.1 million, 2018: SR 700.9 million) with SR 49.2 million (2019: SR 46.6 million, 2018: SR 80.1 million) being provided for. On the other hand, contract assets at the reporting date were SR 39.2 million (2019: SR 113.1 million, 2018: SR 305.4 million) with SR 2.6 million (2019: SR 2.6 million, 2018: SR 4.9 million) being provided for. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

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5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Employee defined benefit liabilities

Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs. These estimates have been disclosed in note 25 to the consolidated financial statements.

6 REVENUE

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Sale of equipment including turnkey projects	534,573,447	416,437,798
Sale of consumables including equipment	284,115,569	280,595,615
	818,689,016	697,033,413
 <i>Revenue by customer sector</i>		
Government sector	689,239,331	578,645,674
Private sector	129,449,685	118,387,739
	818,689,016	697,033,413

Sale of equipment including turnkey projects comprises of revenue from equipment sales, civil works, maintenance contracts and sale of warranties. The transaction price allocated to unsatisfied performance obligations as of 31 December 2020 is SR 288,301,322 (2019: 684,212,765).

Seasonal nature of operations

Due to the seasonal nature of the operations of the medical devices segment, higher revenues and operating profits are usually expected in the last quarter of the year than the first nine months. In the financial year ended 31 December 2020, 56% (2019: 37%) of revenues accumulated in the first nine months of the year, with 44% (2019: 63%) accumulating in the last three months.

7 COST OF REVENUE

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Material cost	597,253,540	508,229,780
Salaries and other employee related costs	17,767,670	15,621,142
Provision / reversal for slow-moving inventory	2,661,502	(945,913)
Travel expense	1,706,818	2,093,005
Others	919,586	691,227
	620,309,116	525,689,241

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8 SELLING AND MARKETING EXPENSES

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Salaries and other employee related costs	48,008,142	47,144,419
Depreciation and amortization	4,967,524	5,252,969
Travel	4,550,956	5,660,935
Communication and information technology	3,039,872	2,962,559
Marketing, advertising and promotion	1,391,821	2,479,807
Others	4,302,007	1,109,315
	<u>66,260,322</u>	<u>64,610,004</u>

9 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Salaries and other employee related costs	22,192,629	17,333,138
Legal and professional charges	3,000,309	1,085,009
Depreciation and amortization	2,486,789	2,565,909
Communication and information technology	2,220,657	2,307,787
Travelling and transportation expense	379,609	617,316
Utilities and rent expense	698,071	433,182
Others	576,917	1,518,109
	<u>31,554,981</u>	<u>25,860,450</u>

10 OTHER INCOME

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Income from termination of an arrangement*	34,129,095	--
Royalty income	11,332,147	12,745,747
Other income	960,970	1,251,761
	<u>46,422,212</u>	<u>13,997,508</u>

*During August 2020, the Company entered into an agreement to terminate an arrangement with one of its suppliers who resolved to set up their own entity in the Kingdom of Saudi Arabia.

11 OTHER EXPENSES, NET

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
Bank charges	5,761,163	2,369,321
Provision for supplier balances and returns	2,244,995	--
Foreign exchange losses	1,360,124	702,789
Gain on sale of property and equipment	(438,579)	(427,840)
Provision for legal case*	--	7,000,000
Other expenses, net	1,425,949	2,945,841
	<u>10,353,652</u>	<u>12,590,111</u>

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11 OTHER EXPENSES, NET (CONTINUED)

*During 2018, a legal case is filed against the Group for an allegation of non-payment of custom duties to the Saudi Customs amounting to SR 30 million. The management confirms that all due custom amounts were already paid by the Group to the Saudi Customs through its agent who might have not settled the amounts with Saudi Customs. The external legal counsel hired to represent the Group believes that the case is in favor of the Group. However, the Group management provided a provision for this case of SR 7 million and SR 13 million for the year ended 31 December 2019 and 2018, respectively and will reassess the adequacy of the provision regularly until the case is closed.

12 ZAKAT

12.1 Charge for the year

The Group is effectively a wholly owned subsidiary of the Parent Company. According to the Ministerial Resolution No. 1005 dated 28 Rabi Thani 1428H (Corresponding to 15 May 2007), the Parent Company submits zakat return based on its consolidated financial statements and consolidated zakat base and settles zakat liability accordingly. The Group's share of zakat for the year amounting to SR 24 million (2019: SR 15.6 million, 2018: SR 18 million) has been estimated based on the Group's standalone zakat base and is charged to its consolidated statement of profit or loss and other comprehensive income. This estimation is adjusted proportionately by the consolidation impact, as applicable.

12.2 Movement of provision for zakat

The movement of provision for zakat is as follows:

	<i>2020</i>	<i>2019</i>
	<i>SR</i>	<i>SR</i>
At the beginning of the year	15,600,000	18,000,000
Charge for the year	24,000,000	15,600,000
Paid to the Parent Company	(15,600,000)	(18,000,000)
At end of the year	24,000,000	15,600,000

12.3 Zakat status

The Group is effectively a wholly owned subsidiary of the Parent Company. The Parent Company accounts for and settles the zakat liability on the basis of its consolidated financial statements.

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13 PROPERTY AND EQUIPMENT

	Leasehold improvements SR	Machinery And tools SR	Furniture and fixtures SR	Office equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
<i>Cost:</i>							
As at 1 January 2020	5,819,373	17,569,542	3,308,482	935,112	2,629,990	3,181,393	33,443,892
Additions	390,735	232,137	383,842	155,741	117,235	--	1,279,690
Disposal	--	(655,024)	--	--	--	--	(655,024)
As at 31 December 2020	6,210,108	17,146,655	3,692,324	1,090,853	2,747,225	3,181,393	34,068,558
<i>Accumulated Depreciation:</i>							
As at 1 January 2020	3,645,918	13,303,514	3,089,014	646,567	2,391,338	1,710,078	24,786,429
Charge for the year	699,733	2,301,213	95,106	75,497	145,135	536,774	3,853,458
Relating to disposals	--	(410,282)	--	--	--	--	(410,282)
As at 31 December 2020	4,345,651	15,194,445	3,184,120	722,064	2,536,473	2,246,852	28,229,605
<i>Net book value:</i>							
As at 31 December 2020	1,864,457	1,952,210	508,204	368,789	210,752	934,541	5,838,953

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13 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements SR	Machinery And tools SR	Furniture and fixtures SR	Office equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
<i>Cost:</i>							
As at 1 January 2019	5,366,438	17,149,835	3,182,536	779,920	2,429,878	3,603,205	32,511,812
Additions	452,935	1,158,274	125,946	155,192	202,703	221,250	2,316,300
Disposal	--	(738,567)	--	--	(2,591)	(643,062)	(1,384,220)
As at 31 December 2019	5,819,373	17,569,542	3,308,482	935,112	2,629,990	3,181,393	33,443,892
<i>Accumulated Depreciation:</i>							
As at 1 January 2019	3,082,568	11,045,910	2,901,421	545,174	2,294,366	1,807,900	21,677,339
Charge for the year Relating to disposals	563,350	2,545,088	187,593	101,393	99,562	542,598	4,039,584
	--	(287,484)	--	--	(2,590)	(640,420)	(930,494)
As at 31 December 2019	3,645,918	13,303,514	3,089,014	646,567	2,391,338	1,710,078	24,786,429
<i>Net book value:</i>							
As at 31 December 2019	2,173,455	4,266,028	219,468	288,545	238,652	1,471,315	8,657,463

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13 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold improvements SR	Machinery And tools SR	Furniture and fixtures SR	Office equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
<i>Cost:</i>							
As at 1 January 2018	7,205,609	12,904,525	4,512,771	1,723,716	3,607,772	2,088,510	32,042,903
Additions	--	9,715,431	93,478	39,838	138,116	1,925,820	11,912,683
Retirement	(1,839,171)	(2,511,349)	(1,423,713)	(983,634)	(1,309,429)	(411,125)	(8,478,421)
Disposal	--	(2,958,772)	--	--	(6,581)	--	(2,965,353)
As at 31 December 2018	5,366,438	17,149,835	3,182,536	779,920	2,429,878	3,603,205	32,511,812
<i>Accumulated Depreciation:</i>							
As at 1 January 2018	4,383,981	11,853,328	3,905,318	1,151,052	3,567,512	1,912,717	26,773,918
Charge for the year	537,758	1,788,464	408,172	222,444	42,864	306,308	3,306,010
Relating to retirement	(1,839,171)	(2,497,010)	(1,412,069)	(828,322)	(1,309,429)	(411,125)	(8,297,126)
Relating to disposals	--	(98,872)	--	--	(6,581)	--	(105,453)
As at 31 December 2018	3,082,568	11,045,910	2,901,421	545,174	2,294,366	1,807,900	21,677,339
<i>Net book value:</i>							
As at 1 January 2019	2,283,870	6,103,925	281,115	234,746	135,512	1,795,305	10,834,473

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14 LEASES

The Group has lease contracts for building used in its operations. Information about assets for which the Group is a lessee is presented below:

	<i>Right of use</i> 2020 <i>SR</i>	<i>Right of use</i> 2019 <i>SR</i>
<i>Cost:</i>		
As at 1 January	18,409,172	--
Additions during the year	1,219,979	18,409,172
Deletions during the year	(1,026,419)	--
As at 31 December	18,602,732	18,409,172
<i>Depreciation:</i>		
As at 1 January	3,129,501	--
Charge for the year	3,326,233	3,129,501
Deletion during the year	(1,026,419)	--
As at 31 December	5,429,315	3,129,501
<i>Net book value:</i>		
At 31 December	13,173,417	15,279,671

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 <i>SR</i>	2019 <i>SR</i>
As at 1 January	14,178,503	--
Additions during the year	1,219,979	18,409,172
Accretion of interest	880,554	926,106
Payments during the year	(3,603,041)	(5,156,775)
As at 31 December	12,675,995	14,178,503
Non-current portion	9,521,537	11,730,327
Current portion	3,154,458	2,448,176

Amounts recognized in statement of profit or loss and other comprehensive income:

	2020	2019
Interest on lease liabilities	880,554	926,106
Expenses relating to short term leases	551,383	515,910

Amounts recognized in statement of cash flows

	2020	2019
Total cash outflow for leases	3,603,041	5,156,775

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15 INTANGIBLE ASSETS

	<i>Distribution rights SR</i>	<i>Software SR</i>	<i>Brands SR</i>	<i>Total SR</i>
<i>Cost:</i>				
As at 1 January 2020	351,633	21,704,129	1,645,600	23,701,362
Additions	--	153,371	--	153,371
As at 31 December 2020	351,633	21,857,500	1,645,600	23,854,733
<i>Accumulated amortization:</i>				
As at 1 January 2020	351,633	21,231,549	1,645,600	23,228,782
Charge for the year	--	351,273	--	351,273
As at 31 December 2020	351,633	21,582,822	1,645,600	23,580,055
<i>Net book value:</i>				
At 31 December 2020	--	274,678	--	274,678
<i>Distribution rights SR</i>				
	<i>SR</i>	<i>Software SR</i>	<i>Brands SR</i>	<i>Total SR</i>
<i>Cost:</i>				
As at 1 January 2019	351,633	21,692,829	1,645,600	23,690,062
Additions	--	11,300	--	11,300
As at 31 December 2019	351,633	21,704,129	1,645,600	23,701,362
<i>Accumulated amortization:</i>				
As at 1 January 2019	245,313	20,618,079	1,645,600	22,508,992
Charge for the year	106,320	613,470	--	719,790
As at 31 December 2019	351,633	21,231,549	1,645,600	23,228,782
<i>Net book value:</i>				
At 31 December 2019	--	472,580	--	472,580
<i>Distribution rights SR</i>				
	<i>SR</i>	<i>Software SR</i>	<i>Brands SR</i>	<i>Total SR</i>
<i>Cost:</i>				
As at 1 January 2018	351,633	21,424,513	1,645,600	23,421,746
Additions	--	268,316	--	268,316
As at 31 December 2018	351,633	21,692,829	1,645,600	23,690,062
<i>Accumulated amortization:</i>				
As at 1 January 2018	128,102	19,798,160	1,645,600	21,571,862
Charge for the year	117,211	819,919	--	937,130
As at 31 December 2018	245,313	20,618,079	1,645,600	22,508,992
<i>Net book value:</i>				
As at 1 January 2019	106,320	1,074,750	--	1,181,070

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16 INVESTMENT IN A JOINT VENTURE

The investment in a joint venture pertains to a 50% holding in Philips Healthcare Saudi Arabia Limited (the "Joint Venture"), which is incorporated in the Kingdom of Saudi Arabia.

The principal activities of the Joint Venture are importing, installing, repairing and leasing of medical devices and equipment, providing training services and technical support related to the medical devices and equipment, information technology and software. The Joint Venture is accounted for using the equity method in these consolidated financial statements.

Summarized below are the financial information in respect of the Group's share in the Joint Venture. The summarized financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia. The Group has assessed the impact of significant Gaps in IFRSs and IFRS for SMEs on the financial statements of the joint venture and related adjustment has been recorded accordingly.

	<u>2020</u> <u>SR</u>	<u>2019</u> <u>SR</u>	<u>As at 1 January</u> <u>2019</u>
Current assets	483,122,063	572,449,679	460,054,060
Non-current assets	17,976,148	7,555,899	8,191,001
Current liabilities	(335,652,682)	(407,250,998)	(332,341,577)
Non-current liabilities	(76,233,416)	(90,173,510)	(66,685,544)
Net assets	89,212,113	82,581,070	69,217,940
Adjustments to net assets*	3,559,693	8,534,966	604,704
Adjusted net assets	92,771,806	91,116,036	69,822,644
Group's share in Joint Venture's net assets – 50% (2019: 50%)	46,385,903	45,558,018	34,911,322

*This includes amendments made to the net assets of the Joint Venture to arrive at the base amount used for the calculation of the Group's share in the Joint Venture. This also includes adjustment for gaps in IFRS and IFRS for SME.

Summary of the financial performance of the Joint Venture during the year ended 31 December are as follows:

	<u>2020</u> <u>SR</u>	<u>2019</u> <u>SR</u>	<u>2018</u> <u>SR</u>
Revenue	331,759,832	384,061,945	384,061,945
Amended profit for the year	16,314,014	38,459,726	38,459,726
Group's share in Joint Venture's profit – 50% (2019: 50%)	8,157,007	19,229,863	19,229,863
Dividends from Joint Venture during the year	7,329,122	10,512,203	10,512,203
	<u>2020</u> <u>SR</u>	<u>2019</u> <u>SR</u>	<u>2018</u> <u>SR</u>
As at 1 January	45,558,018	34,911,322	27,431,015
Impact of restatement – note 36	–	1,929,036	10,939,946
As at 1 January - restated	45,558,018	36,840,358	38,370,961
Share of profit of joint venture	8,157,007	19,229,863	7,944,896
Dividend received	(7,329,122)	(10,512,203)	(11,404,535)
Investment as at 31 Dec	46,385,903	45,558,018	34,911,322

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17 INVENTORIES, NET

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>As at 1 January</i> <i>2019</i> <i>SR</i>
Goods held for sale and projects in progress	239,998,381	219,997,858	129,103,969
Goods in transit	1,136,529	1,447,817	7,930,642
Spare parts	614,526	725,004	671,615
	241,749,436	222,170,679	137,706,226
Less: allowance for obsolete and slow-moving inventories	(17,988,130)	(16,458,155)	(17,935,848)
	223,761,306	205,712,524	119,770,378
	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>2018</i> <i>SR</i>
As at 1 January	16,458,155	17,935,848	23,864,902
Charge / (reversal) during the year	2,573,915	(945,966)	2,500,000
Write off during the year	(1,043,940)	(531,727)	(8,429,054)
As at 31 December	17,988,130	16,458,155	17,935,848

During 2020, SR 583,317,192 (2019: SR 489,731,273, 2018: SR 254,728,067) was recognized as an expense for inventories carried at net realisable value. The amounts are recognised under cost of revenue in the consolidated statement of profit or loss and other comprehensive income. Amount written off during 2020 is SR 1,043,940 (2019: SR 531,727 2018: SR 8,429,054).

18 TRADE RECEIVABLES, NET

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>As at 1 January</i> <i>2019</i> <i>SR</i>
Gross amount of trade receivables	964,551,806	940,085,506	700,873,884
Less: impairment loss	(49,249,963)	(46,644,783)	(80,054,907)
Net trade receivables	915,301,843	893,440,723	620,818,977

The average credit period on sales of goods is 90 to 120 days. No interest is charged on outstanding trade receivables.

Set out below is the movement of the allowance for expected credit losses of trade receivables for the year ended 31 December:

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>2018</i> <i>SR</i>
As at 1 January	46,644,783	80,054,907	88,751,528
Impairment / (reversals) during the year	2,950,000	21,512,877	(8,696,621)
Write off during the year	(345,090)	(54,923,001)	--
As at 31 December	49,249,693	46,644,783	80,054,907

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19 CONTRACT ASSETS

Amounts relating to contract assets are balances due from customers under various projects that arise when the Group performs services which have not been invoiced to the customer by the reporting date. These amounts will be transferred to trade receivables when they are invoiced to the customer.

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>As at 1</i> <i>January 2019</i> <i>SR</i>
Gross contract assets	39,181,633	113,095,561	305,388,714
Less: Impairment loss	(2,597,426)	(2,597,426)	(4,945,777)
Net contract assets	36,584,207	110,498,135	300,442,937

Set out below is the movement of the allowance for expected credit losses of contract assets for the year ended 31 December.

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>2018</i> <i>SR</i>
As at 1 January	2,597,426	4,945,777	5,335,570
Reversals during the year	-	(2,348,351)	(389,793)
As at 31 December	2,597,426	2,597,426	4,945,777

20 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR – restated</i> <i>note 36</i>	<i>As at 1</i> <i>January 2019</i> <i>SR – restated</i> <i>note 36</i>
Advances to suppliers	44,441,710	36,099,384	28,701,011
Prepaid expenses	2,112,925	1,199,288	2,300,792
Other receivables	7,381,239	11,486,285	9,087,053
	53,935,874	48,784,957	40,088,856

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21 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include its shareholder and their affiliated companies where the shareholder has control, joint control or significant influence. In the ordinary course of business, the Company enters into transactions with related parties, which are based on mutually agreed prices and contract terms approved by the management of the Company.

The following are the details of major related parties' transactions during the year and year end balances:

<i>Related party</i>	<i>Nature of transactions</i>	2020 SR	2019 SR
Parent Company	Expenses paid on behalf of the Group	53,108,292	56,686,608
	Payment made by the Parent Company	53,280,082	55,529,324
	Payment made to Parent Company	-	1,143,410
	Expenses paid on behalf of Parent Company	-	937,709
	Repayment of loans and borrowings	540,000,000	245,500,000
	Receipts of loans and borrowings	344,000,000	291,000,000
	Receipts for utilization of banking facility	26,045,339	--
Modern Media Systems (Fellow subsidiary)	Payment	-	1,258,535
Philips Healthcare Saudi Arabia Limited (Joint venture)	Royalty income	11,332,147	12,745,747
	Dividend received	7,329,122	10,512,203

*Fellow subsidiary are subsidiaries of the Parent Company

Amounts due from and to related parties are as follows:

	2020 SR	2019 SR	<i>As at 1</i> <i>January</i> 2019 SR
Amounts due from related parties:			
Modern Media Systems (Fellow subsidiary)	-	-	1,258,535
Parent Company	867,729	1,416,297	2,677,364
	867,729	1,416,297	3,935,899
Amounts due to a related party:			
Parent Company	27,030,833	1,157,284	--
	27,030,833	1,157,284	-

The amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No amount has been expensed in the current year for bad or doubtful debts in respect of amounts owed by related parties. Compensation paid to key management personnel during the year, in the form of short-term benefits, was SR 11,264,937 (2019: SR 7,381,529).

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22 CAPITAL

On 8 December 2020, shareholder of the Group resolved to increase the share capital of the Company from SR 500,000 to SR 200,000,000 through the transfer from additional equity contribution by 179,310,546 and retained earnings by SR 20,189,454.

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>As at 1</i> <i>January 2019</i> <i>SR</i>
20,000,000 shares of SR 10 each (2019 and 2018: 50,000 shares of SR 10 each)	200,000,000	500,000	500,000

23 ADDITIONAL EQUITY CONTRIBUTION

This represents the contribution from Parent Company to be maintained by the Group to meet the Group's business requirements. The balance has no maturity date and is free of commission. During the year, Group transferred this balance for increasing share capital of the Company.

24 STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies and the Company's Articles of Association, 10% of the profit for the year (after zakat) is required to be transferred to statutory reserve. The Group may resolve to discontinue such transfers when the reserve total 30% of capital. During the year, Group increased share capital of the Company and transferred 10% of the profit for the year to statutory reserve in accordance with the Saudi Arabian Regulations for Companies and the Company's Articles of Association. The reserve is not available for distribution as dividends.

25 EMPLOYEE DEFINED BENEFIT LIABILITIES

The Group grants employee defined benefit liabilities ("benefit plan") to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowances and their cumulative years of service at the date of termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of the employee defined benefit liabilities is the present value of the defined benefit obligation at the reporting date. The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The movement of employee defined benefit liabilities for the year is as follows:

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>2018</i> <i>SR</i>
At the beginning of the year – present value of defined benefit obligation	27,204,364	23,177,450	21,183,970
Current service cost	3,170,262	3,086,845	3,130,081
Interest cost	869,578	1,016,743	812,507
Past service cost	—	167,232	1,226,560
Paid during the year	(3,176,074)	(1,183,702)	(1,548,261)
Actuarial (gain) / loss during the year	(1,223,854)	939,796	(1,627,407)
At the end of the year – present value of defined benefit obligation	26,844,276	27,204,364	23,177,450

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25 EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2020	2019	2018
	%	%	%
<i>Financial assumptions:</i>			
Net discount rate (per annum)	2.35	3.45	4.80
Rate of salary increases (per annum)	2.00	3.00	4.00
<i>Demographic assumptions:</i>			
Retirement age	60	60	60

All movements in the employee defined benefit liabilities are recognized in consolidated statement of profit or loss and other comprehensive income. The actuarial loss / (gain) is recorded in the other comprehensive income.

The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2020	2019	2018
	SR	SR	SR
Increase in discount rate of 1%	(1,205,379)	(2,249,364)	(2,116,450)
Decrease in discount rate of 1%	3,442,621	3,238,636	2,501,550
Increase in rate of salary of 1%	3,425,621	3,222,636	2,497,550
Decrease in rate of salary of 1%	(1,232,379)	(2,282,364)	(2,150,450)

26 CONTRACT LIABILITIES

	2020	2019	As at 1 January
	SR	SR	2019
			SR
Advances from customers	81,047,336	61,869,050	68,723,882
Unearned warranty revenue	34,670,427	34,377,911	28,224,603
	115,717,763	96,246,961	96,948,485
Non-current portion	30,517,468	30,468,802	23,631,311
Current portion	85,200,295	65,778,159	73,317,174

27 LOANS AND BORROWINGS

	2020	2019	As at 1 January
	SR	SR	2019
			SR
Loan from parent Company	225,000,000	521,000,000	475,500,000
Long term loan from parent Company*	100,000,000	--	--
	325,000,000	521,000,000	475,500,000

**AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
SUBSIDIARIES**

(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

27 LOANS AND BORROWINGS (CONTINUED)

The Group has obtained unsecured short-term loans from parent Company to finance its working capital requirements and accrues special commission at agreed commercial rates with no fixed terms of repayment. These loans will be renewed by the Parent Company, if required. Interest charges on the loans and borrowings from Parent Company during 2020 is SR 20,883,151 (2019: SR 25,412,088).

*During the year, Group obtained long term loan of SR 100,000,000 (2019: nil, 1 January 2019: nil) from parent Company. The interest on the loan is payable on quarterly basis with first installment payable on 28 April 2022 and last installment on 31 October 2025.

28 TRADE AND NOTES PAYABLES

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>As at 1 January</i> <i>2019</i> <i>SR</i>
Trade payable	263,444,483	270,339,001	154,216,248
Notes payable*	24,433,542	--	--
	287,878,025	270,339,001	154,216,248

No interest is charged on trade payables. The Group has financial risk management policies disclosed in note 31 to the consolidated financial statements in place to ensure that all payables are paid within the credit timeframe.

*During the year the Group has used available short-term borrowing facility to finance its purchases. The principal is payable on its maturity; however, related charges were paid on the initiation of arrangement.

29 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>2020</i> <i>SR</i>	<i>2019</i> <i>SR</i>	<i>As at 1 January</i> <i>2019</i> <i>SR</i>
Accrued expenses	140,611,876	115,518,671	108,692,609
Accrued salaries and related expenses	15,919,188	13,846,306	12,786,474
Other payables	1,113,964	2,672,068	3,457,356
	157,645,028	132,037,045	124,936,439

30 COMMITMENTS AND CONTINGENCIES

The Group has issued letters of guarantee through its banks amounting to SR 250 million (2019: SR 229 million, 2018: SR 250 million) in the ordinary course of business.

31 RISK MANAGEMENT

31.1 Capital Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity and debt comprising capital, statutory reserve, additional contribution to capital, retained earnings and short-term loans from the Parent Company and other financial institutions.

**AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
SUBSIDIARIES**

(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

31 RISK MANAGEMENT (CONTINUED)

31.2 Market Risk

The Group was exposed to market risk, in the form of foreign currency risk and interest rate risk as described below.

A Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals during the year. As at the consolidated statement of financial position date, the Group does not have significant foreign currency exposure.

B Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing liabilities. The Group does not hedge its exposure to movements in interest rates.

With all other variables held constant, the Group's profit before zakat is affected by a +/- 0.05% change on floating rate borrowings for the year ended 31 December 2020 by increase or decrease of SR 1,877,394 (2019: increase or decrease of SR 2,605,000, 2018: increase or decrease of SR 2,377,500).

31.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 90 to 120 days of the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. The non-current contract liabilities consists of deferred warranty revenue expected to be amortised after 1 year subsequent to yearend. All other financial liabilities are to mature within 1 year subsequent to date of consolidated statement of financial position.

31.4 Credit Risk

Credit is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivable balances.

The Group sells its products to a large number of Government and quasi-government customers which account for the majority of receivable balance at the end of the year. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade receivable and contract assets on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. As at 31 December 2020, trade receivables consist of a large number of customers, however, Ministry of Health accounts for 37% (2019: 49%) of the Group's trade receivables balance.

**AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
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(A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

31 RISK MANAGEMENT (CONTINUED)

31.4 Credit Risk (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group's credit exposure is limited to its trade receivables and contract assets which is presented below and in notes 18 and 19, respectively. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	Not past due SR	Contract assets and trade receivables – years past due			More than 3 years SR	Total SR
		Less than 1 year SR	1 – 2 years SR	2 – 3 years SR		
31 December 2020						
Gross carrying amount	358,830,841	338,134,394	92,792,814	62,984,001	150,991,389	1,003,733,439
Lifetime ECL	(4,789,663)	(8,282,945)	(5,545,691)	(13,009,374)	(20,219,715)	(51,847,388)
Net carrying amount	354,041,178	329,851,449	87,247,123	49,974,627	130,771,674	951,886,051

	Not past due SR	Contract assets and trade receivables – years past due			More than 3 years SR	Total SR
		Less than 1 year SR	1 – 2 years SR	2 – 3 years SR		
31 December 2019						
Gross carrying amount	493,479,073	238,393,722	87,697,416	37,237,135	196,373,721	1,053,181,067
Lifetime ECL	(3,541,529)	(5,387,921)	(2,474,786)	(1,114,205)	(36,723,768)	(49,242,209)
Net carrying amount	489,937,544	233,005,801	85,222,630	36,122,930	159,649,953	1,003,938,858

	Not past due SR	Contract assets and trade receivables – years past due			More than 3 years SR	Total SR
		Less than 1 year SR	1 – 2 years SR	2 – 3 years SR		
As at 1 January 2019						
Gross carrying amount	407,824,441	268,390,687	47,355,341	80,483,466	202,208,663	1,006,262,598
Lifetime ECL	(5,189,716)	(4,183,668)	(1,072,488)	(3,531,595)	(71,023,217)	(85,000,684)
Net carrying amount	402,634,725	264,207,019	46,282,853	76,951,871	131,185,446	921,261,914

**AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
SUBSIDIARIES**

(A Limited Liability Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2020

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments including investment in joint venture, trade receivables, contract assets, amounts due from related parties, cash and cash equivalents, short-term loans from the Parent Company, trade payables, accrued expenses and other current liabilities, contract liabilities, and amounts due to a related party approximate their carrying values due to the relatively short-term maturity of these financial instruments. The carrying amounts of these financial instruments are the reasonable approximation of their fair value. These are categorized within Level 2 of the fair value hierarchy.

During the current and prior year, there were no transfers between into/out of Level 2 of the fair value hierarchy.

33 SEGMENT REPORTING

The Group's principal business activities involve sale of a broad line of health care products. Selected financial information categorised by these business segments, is as follows:

Medical Devices Sales of a broad line of branded Medical Devices
Medical Supplies Sales of a broad line of branded Medical Consumables

	<i>Medical Equipment SR</i>	<i>Medical Supplies SR</i>	<i>Other Activities SR</i>	<i>Total SR</i>
31 December 2020				
Revenue from external Customers	534,573,447	284,115,569	-	818,689,016
Depreciation and Amortisation	3,668,307	1,836,106	2,026,551	7,530,964
Profit for the period	62,339,226	33,451,178	-	95,790,404
Total Assets	917,271,423	375,595,558	16,367,200	1,309,234,181
Total Liabilities	718,460,821	238,774,475	19,556,624	976,791,920
31 December 2019				
Revenue from external Customers	416,437,798	280,595,615	-	697,033,413
Depreciation and Amortisation	3,807,342	2,019,907	2,061,626	7,888,875
Profit for the period	23,425,953	17,702,679	-	41,128,632
Total Assets	963,463,990	356,142,557	24,434,614	1,344,041,161
Total Liabilities	809,905,041	239,837,785	28,020,332	1,077,763,158

34 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit / (loss) for the period by the weighted average number of outstanding shares during the period. There were no potentially dilutive shares or options in the period, therefore no difference between the basic and the diluted earnings per share. Basic and diluted earnings (losses) per share are calculated as follows:

	<i>2020 SR</i>	<i>2019 SR</i>
Profit for the year	95,790,404	41,128,632
Weighted average number of outstanding shares during the period (Share)	1,307,000	50,000
Basic and diluted earnings per share	73.3	822.5

**AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
SUBSIDIARIES**
(A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

34 EARNINGS PER SHARE (CONTINUED)

	<i>2020</i>	<i>2019</i>
No of shares as at 1 January	<u>50,000</u>	50,000
Shares issued during the year*	<u>19,950,000</u>	--
No of shares as at 31 December	<u>20,000,000</u>	50,000
Weighted average number of shares	<u>1,307,123</u>	50,000

*On 8 December 2020, Company resolved to increase the share capital of the Company by issuing 19,950,000 new shares.

35 DIVIDENDS

On 20 Rajab 1441 H (corresponding to 15 March 2020) the shareholders approved dividends of SR 30.9 million (2019: 16.8 million) for the year ended 31 December 2019 which was paid during 2020.

36 PRIOR PERIOD RESTATEMENT

During the year ended 31 December 2020, the Group 's management identified an accounting error relating to prior periods.

In prior years, the statutory financial statements of the joint venture were finalized subsequent to the issuance of the annual consolidated financial statements. The Group's management equity accounted the results of the joint venture using the latest available management financial information of the joint venture. Further to the availability of the latest statutory financial statements of the joint venture, it is noted that there is a material difference between the investment in a joint venture balance in the Group's annual consolidated financial statements and the Group's share of total equity in the joint venture's statutory financial statements.

As a result, the above difference has been corrected in these consolidated financial statements by restating the investment in a joint venture balance and opening balances of prior period's retained earnings.

The impact on each consolidated financial statements line item are as follows:

Statement of financial position**As at 1st January 2019**

	Balances previously reported	Effect of restatement	Restated balance
Investment in a joint venture	23,971,376	10,939,946	34,911,322
Retained earnings	48,477,678	14,448,188	62,925,866
Prepayments and other current assets	36,580,614	3,508,242	40,088,856

**AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS
SUBSIDIARIES**
(A Limited Liability Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2020

36 PRIOR PERIOD RESTATEMENT (CONTINUED)**As at 31 December 2019**

	Balances previously reported	Effect of restatement	Restated balance
Investment in a joint venture	32,689,036	12,868,982	45,558,018
Retained earnings	71,769,269	14,448,188	86,217,457
Prepayments and other current assets	47,205,751	1,579,206	48,784,957

37 COMPARATIVE FIGURES**Extract of statement of consolidated financial position****As at 1st January 2019**

	Balances previously reported	Reclassification	Balance after reclassification
Amounts due from a related party - (note 37.1)	1,464,237	2,471,662	3,935,899
Cash and bank balance - (note 37.1)	6,252,784	(2,471,662)	3,781,122

As at 31 December 2019

	Balances previously reported as at 31 December 2019	Reclassification	Balance after reclassification as at 31 December 2019
Amounts due from a related party – (note 37.1)	--	1,416,297	1,416,297
Cash and bank balance - (note 37.1)	15,637,090	(1,416,297)	14,220,793

37.1 The Group has a bank account which is in the name of the parent Company. This has been reclassified to due from related party balance.

38 EVENTS SUBSEQUENT TO THE REPORTING DATE

No events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure thereto.

39 CONSOLIDATED FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved on 16 Sha'ban 1442H (corresponding to 29 March 2021).

13.2 The Reviewed financial statements for the six-months period ending on 30/06/2021G

**Al Tibiyah Al Arabiah Al Alamiya
Holding Company and its Subsidiaries
(A Closed Joint Stock Company)**

Condensed Consolidated Interim Financial Statements (Unaudited)

**For the six-month period ended 30 June 2021
Together**

**with the independent Auditor's report
on review of condensed consolidated interim financial statements**

AL TIBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Closed Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021

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AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

		<i>30 June 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
ASSETS			
Non-current assets			
Property and equipment		4,273,382	5,838,953
Intangible assets		2,891,094	274,678
Right-of-use assets		12,705,490	13,173,417
Investment in a joint venture	6	48,518,634	46,385,903
Total non-current assets		68,388,600	65,672,951
Current assets			
Inventories, net	7	264,968,456	223,761,306
Trade receivables, net	8	931,369,254	915,301,843
Contract assets, net	9	38,731,993	36,584,207
Prepayments and other current assets	10	43,495,343	53,935,874
Amounts due from a related party	12	611,604	867,729
Cash and cash equivalents	11	34,113,429	13,110,271
Total current assets		1,313,290,079	1,243,561,230
TOTAL ASSETS		1,381,678,679	1,309,234,181
EQUITY AND LIABILITIES			
Equity			
Capital	13	200,000,000	200,000,000
Statutory reserve		9,829,040	9,829,040
Retained earnings		45,028,911	122,613,221
Total equity		254,857,951	332,442,261
Non-current liabilities			
Employee defined benefit liabilities		27,681,975	26,844,276
Non-current portion of contract liabilities	15	37,017,944	30,517,468
Non-current portion of lease liabilities		9,567,663	9,521,537
Loan and borrowings	12	100,000,000	100,000,000
Total non-current liabilities		174,267,582	166,883,281
Current liabilities			
Trade and notes payables	14	301,901,774	287,878,025
Accrued expenses and other current liabilities	16	182,482,564	157,645,028
Amounts due to a related party	12	28,875,951	27,030,833
Current portion of contract liabilities	15	68,813,032	85,200,295
Current portion of lease liabilities		3,479,825	3,154,458
Current portion of loans and borrowings	12	360,000,000	225,000,000
Zakat payable	12	7,000,000	24,000,000
Total current liabilities		952,553,146	809,908,639
Total liabilities		1,126,820,728	976,791,920
TOTAL EQUITY AND LIABILITIES		1,381,678,679	1,309,234,181

These condensed consolidated interim financial statements shown on pages 3 to 19 were approved by the Board of Directors on 22 Rabi' Awwal 1443 H (corresponding to 28 October 2021)

The accompanying notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Closed Joint Stock Company)
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the six-month periods ended 30 June 2021 (Unaudited)

		<i>30 June 2021</i>	<i>30 June 2020</i>
		<i>SR</i>	<i>SR</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	17	249,238,527	193,646,399
Cost of revenue	18	(191,513,913)	(154,705,015)
GROSS PROFIT		57,724,614	38,941,384
Selling and marketing expenses		(30,274,161)	(32,038,860)
General and administrative expenses		(15,929,265)	(15,910,965)
Impairment loss on trade receivables and contract assets	8 & 9	(2,125,000)	(1,975,000)
Other income, net	19	2,884,136	3,312,970
Share in profit / (loss) of joint venture	6	5,374,033	(2,246,440)
OPERATING PROFIT / (LOSS)		17,654,357	(9,916,911)
Finance charges	20	(5,558,667)	(12,540,754)
PROFIT / (LOSS) BEFORE ZAKAT		12,095,690	(22,457,665)
Zakat	12	(7,000,000)	(8,500,000)
PROFIT / (LOSS) FOR THE PERIOD		5,095,690	(30,957,665)
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial (loss)/gain on employee defined benefit liabilities		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		5,095,690	(30,957,665)
EARNINGS PER SHARE			
Basic and diluted earnings per share	21	0.25	(619.15)

These condensed consolidated interim financial statements shown on pages 3 to 19 were approved by the Board of Directors on 22 Rabi' Awwal 1443H (corresponding to 28 October 2021)

The accompanying notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES

(A Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	<i>Capital</i> <i>SR</i>	<i>Additional</i> <i>contribution</i> <i>to capital</i> <i>SR</i>	<i>Statutory</i> <i>reserve</i> <i>SR</i>	<i>Retained</i> <i>earnings</i> <i>SR</i>	<i>Total</i> <i>SR</i>
As at 1 January 2021 (Audited)	200,000,000	-	9,829,040	122,613,221	332,442,261
Profit for the period	-	-	-	5,095,690	5,095,690
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,095,690	5,095,690
Dividends	-	-	-	(82,680,000)	(82,680,000)
As at 30 June 2021 (Unaudited)	200,000,000	-	9,829,040	45,028,911	254,857,951
As at 1 January 2020 (Audited)	500,000	179,310,546	250,000	86,217,457	266,278,003
Loss for the period	-	-	-	(30,957,665)	(30,957,665)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(30,957,665)	(30,957,665)
Dividends	-	-	-	(30,850,000)	(30,850,000)
As at 30 June 2020 (Unaudited)	500,000	179,310,546	250,000	24,409,792	204,470,338

These condensed consolidated interim financial statements shown on pages 3 to 19 were approved by the Board of Directors on 22 Rabi' Awwal 1443H (corresponding to 28 October 2021)

The accompanying notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Closed Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
For the six-month period ended 30 June 2021 (Unaudited)

	<i>Notes</i>	30 June 2021 SR (Unaudited)	30 June 2020 SR (Unaudited)
OPERATING ACTIVITIES			
Profit / (loss) before zakat		12,095,690	(22,457,665)
<i>Adjustments for:</i>			
Provision for employee defined benefit liabilities		2,609,774	2,446,102
Depreciation of property and equipment and right of use assets		3,546,767	3,658,720
Provision for obsolete and slow-moving inventories	7	1,250,000	3,303,186
Finance cost – lease liabilities		396,330	450,639
Amortization of intangible assets		117,084	230,197
Share in (profit) / loss of joint venture	6	(5,374,033)	2,246,440
Charge of provision for trade receivables	8	2,125,000	1,975,000
		<u>16,766,612</u>	<u>(8,147,381)</u>
<i>Changes in operating assets and liabilities:</i>			
Inventories, net		(42,457,150)	(117,805,515)
Trade receivables, net		(18,192,413)	(58,262,139)
Contract assets, net		(2,147,786)	18,406,193
Prepayments and other current assets		(30,893,628)	(10,149,343)
Related parties' balances, net		2,101,243	3,530,986
Trade payables		14,021,165	15,446,118
Accrued expenses and other current liabilities		24,837,534	(15,231,270)
Contract liabilities		(9,886,787)	149,683,300
		<u>(45,851,210)</u>	<u>(22,529,051)</u>
Employee defined benefit liabilities paid		(1,775,326)	(1,215,432)
Zakat paid		(24,000,000)	-
Net cash used in operating activities		<u>(71,626,536)</u>	<u>(23,744,483)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(336,433)	(568,495)
Purchase of intangible assets		(2,733,500)	-
Dividend received from joint venture	6	3,241,301	1,127,996
Net cash generated from investing activities		<u>171,368</u>	<u>559,501</u>
FINANCING ACTIVITIES			
Proceeds from short-term loans	12	179,000,000	158,000,000
Repayment of short-term loans	12	(44,000,000)	(133,000,000)
Payment of lease liabilities		(1,201,670)	(1,164,054)
Dividends paid		(41,340,004)	-
Net cash generated from financing activities		<u>92,458,326</u>	<u>23,835,946</u>
CHANGE IN CASH AND CASH EQUIVALENTS		<u>21,003,158</u>	<u>650,964</u>
Cash and cash equivalents at beginning of the period		<u>13,110,271</u>	<u>14,220,793</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>34,113,429</u>	<u>14,871,757</u>

These condensed consolidated interim financial statements shown on pages 3 to 19 were approved by the Board of Directors on 22 Rabi' Awwal 1443H (corresponding to 28 October 2021)

The accompanying notes 1 to 28 form an integral part of these condensed consolidated interim financial statements.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
(A Closed Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021 (Unaudited)

1. ACTIVITIES

Al Tibbiyah Al Arabiah Al Alamiya Holding Company (the “Company”) is a closed joint stock company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010380429 dated 10 Sha’aban 1434H (corresponding to 19 June 2013).

The Company and its subsidiaries (together, the “Group”) are engaged in the retail, wholesale trading and installation of medical and surgical equipment and tools, artificial - handicapped systems, surgical operation’s accessories, hospital supplies, medical systems and programs, lab chemical analysis systems, measurement, testing and scientific measurement systems, maintenance of medical and analytical lab systems and equipment in the Saudi Arabian market. The Group is also engaged in construction of the civil works required in the projects.

The registered office of the Group is located at the following address:

Qurtubah District
Business Gate, Building No. 9
P.O. Box 62961
Riyadh 11595
Kingdom of Saudi Arabia

The subsidiaries included in these condensed consolidated interim financial statements are as follows:

<i>Subsidiary</i>	<i>Country of incorporation</i>	<i>Effective shareholding %</i>
Al Faisaliah Medical Systems Company	Kingdom of Saudi Arabia	100
International Medical Supplies Company	Kingdom of Saudi Arabia	100
International Healthcare Optimization Company	Kingdom of Saudi Arabia	100
Health Care Technologies Company	Kingdom of Saudi Arabia	99*

*1% shareholding is held by another shareholder, an affiliate of the Al Faisaliah Group Holding (“Ultimate Parent Company”).

The Company has changed its status from a limited liability Company to closed joint stock company during the year with effect from 30th March 2021 through ministerial resolution.

2. COVID 19 UPDATE

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organization (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economies in which the Group operates.

The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time. The Group has taken containment steps that, as at 30 June 2021, have limited the adverse impact of the pandemic on the financial results of the Group.

The Group do not expect future, significant and adverse impact on the going concern, property and equipment and loan covenant. The Group will continue to reassess its position and the related impact on regular basis.

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3. BASIS OF PREPARATION

3.1 *Statement of Compliance*

These condensed consolidated interim financial statements have been prepared for the six-month period ended 30 June 2021 (“Condensed Consolidated Interim Financial Statements”) in accordance with requirements of IAS 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and should be read in conjunction with annual financial statements as at 31 December 2020. The comparative figures for the period ended 30 June 2020 presented in these condensed consolidated interim financial statements have been prepared by the Group’s management and no review report has been issued.

The condensed consolidated interim financial statements do not include all the information required for the full financial statements in accordance with the International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. However, the condensed consolidated interim financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Group’s financial position and performance since the last annual financial statements. The condensed consolidated interim financial statements have been prepared for the information for the purposes of initial public offering of the Group’s shares in Nomu – Parallel Market in KSA.

3.2 *Basis of measurement*

The interim financial statements have been prepared in accordance with the historical cost basis, except for the provision for employees’ end-of-service benefits, which is measured at present value using the projected unit credit method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

3.3 *Functional and presentation currency*

The condensed consolidated interim financial statements of the Group are presented in Saudi Riyals (SR) which is the Group’s functional currency.

3.4 *New standards and amendments issued:*

The standards issued up to the date of issuance of the Group’s condensed consolidated interim financial statements are listed below which have no impact on the condensed consolidated interim financial statements of the Group.:

New standard or amendment	Effective date
COVID-19-Related Rent Concessions – Amendment to IFRS 16	01 June 2020
Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41	
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	
Reference to the Conceptual Framework – Amendments to IFRS 3	
Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	01 January 2023
IFRS 17 Insurance Contracts	
Definition of Accounting Estimate – Amendments to IAS 8	
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely

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4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA for the year ended 31 December 2020. For the assumptions used in estimating liability of employees defined benefit liabilities, it has been assumed that there is no change in the assumptions which were used for determining the liability for Group's annual consolidated financial statements as at 31 December 2020.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied on these condensed consolidated interim financial statements have been prepared in accordance with in the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA). These accounting policies are the same accounting policies applied on the financial statements for the Group which were prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia as at the financial year ended 31 December 2020.

6 INVESTMENT IN A JOINT VENTURE

The investment in a joint venture pertains to a 50% holding in Philips Healthcare Saudi Araba Limited (the "Joint Venture"), which is incorporated in the Kingdom of Saudi Arabia.

The principal activities of the Joint Venture are importing, installing, repairing and leasing of medical devices and equipment, providing training services and technical support related to the medical devices and equipment, information technology and software. The Joint Venture is accounted for using the equity method in these condensed consolidated interim financial statements.

Summarized below are the financial information in respect of the Group's share in the Joint Venture. The summarized financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with IFRS as endorsed in Kingdom of Saudi Arabia.

	<i>30 June</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current assets	514,876,846	483,122,063
Non-current assets	18,018,518	17,976,148
Current liabilities	(425,247,244)	(335,652,682)
Non-current liabilities	(19,822,188)	(76,233,416)
Net assets	87,825,932	89,212,113
Adjustments to net assets*	9,211,336	3,559,693
Adjusted net assets	97,037,268	92,771,806
Group's share in Joint Venture's net assets – 50% (2020: 50%)	48,518,634	46,385,903

*The adjustments to net assets pertain to zakat expense, income tax expense and financial reporting framework differences between the group and joint venture to arrive at the base amount used for the calculation of the Group's share in the Joint Venture.

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6 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summary of the financial performance of the Joint Venture during the period ended 30 June are as follows:

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2020</i> <i>SR</i> <i>(Unaudited)</i>
Revenue	<u>149,612,693</u>	<u>126,161,514</u>
Amended total comprehensive income	<u>6,749,346</u>	<u>(4,492,880)</u>
Adjusted Group's share in Joint Venture's profit – 50% (2020: 50%)	<u>5,374,033</u>	<u>(2,246,440)</u>
Dividends received from Joint Venture during the period	<u>3,241,301</u>	<u>1,127,996</u>

7 INVENTORIES, NET

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>SR</i> <i>(Audited)</i>
Goods held for sale and projects in progress	<u>283,191,685</u>	<u>239,998,381</u>
Goods in transit	<u>363,191</u>	<u>1,136,529</u>
Spare parts	<u>651,710</u>	<u>614,526</u>
	<u>284,206,586</u>	<u>241,749,436</u>
Less: Allowance for obsolete and slow-moving inventories	<u>(19,238,130)</u>	<u>(17,988,130)</u>
	<u>264,968,456</u>	<u>223,761,306</u>

Movement of the Provision is as follows:

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>SR</i> <i>(Audited)</i>
Opening	<u>17,988,130</u>	<u>16,458,155</u>
Provision during the period / year	<u>1,250,000</u>	<u>2,573,915</u>
Written off during the year	<u>-</u>	<u>(1,043,940)</u>
Closing	<u>19,238,130</u>	<u>17,988,130</u>

8. TRADE RECEIVABLES, NET

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>SR</i> <i>(Audited)</i>
Gross amount of trade receivables	<u>982,743,947</u>	<u>964,551,806</u>
Less: Allowance for expected credit losses	<u>(51,374,693)</u>	<u>(49,249,963)</u>
Trade receivables, net	<u>931,369,254</u>	<u>915,301,843</u>

The average credit period on sales of goods is 90 to 120 days. No interest is charged on outstanding trade receivables.

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8 TRADE RECEIVABLES, NET (CONTINUED)

Below is the movement of allowance for expected credit losses of trade receivables for period / year end:

	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
At beginning of the period	49,249,693	46,644,783
Provision during the period / year	2,125,000	2,950,000
Write off during the period / year	-	(345,090)
At the end of the period / year	<u>51,374,693</u>	<u>49,249,693</u>

9 CONTRACT ASSETS

Amounts relating to contract assets are balances under various projects that arise when the Group performs services which have not been invoiced to the customer as at the reporting date. These amounts will be transferred to trade receivables when they are invoiced to the customer.

	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
Gross contract assets	41,329,419	39,181,633
Less: Allowance for expected credit losses	<u>(2,597,426)</u>	<u>(2,597,426)</u>
Net contract assets	<u>38,731,993</u>	<u>36,584,207</u>

Below is the movement of allowance for expected credit losses of contract assets for period / year end

	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
At the beginning of the period / year	2,597,426	2,597,426
Charge / (reversals) during the period / year	-	-
At the end of the period / year	<u>2,597,426</u>	<u>2,597,426</u>

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
Advance to supplier	35,289,089	44,441,710
Prepaid expenses	2,342,544	2,112,925
Other receivables	<u>5,863,710</u>	<u>7,381,239</u>
	<u>43,495,343</u>	<u>53,935,874</u>

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11 CASH AND CASH EQUIVALENTS

	30 June 2021 SR (Unaudited)	31 December 2020 SR (Audited)
Cash at bank	34,113,429	13,110,271
Cash in hand	-	-
	34,113,429	13,110,271

12 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group include its shareholders and their affiliated companies where the Group or its shareholders have control, joint control or significant influence. In the ordinary course of business, the Group enters transactions with related parties, which are based on mutually agreed prices and contract terms approved by the management of the Group. The following are the details of major related parties' transactions during the period and period end balances:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
		<u>30 June 2021 SR (Unaudited)</u>	<u>30 June 2020 SR (Unaudited)</u>
<i>Due from related parties:</i>			
Ultimate Parent Company	Expenses paid on behalf of the Group	37,599,270	22,046,585
	Payments made by the Ultimate Parent Company	35,754,152	19,242,003
	Payments made to Ultimate Parent Company	-	707,375
	Expenses paid on behalf of Ultimate Parent Company	-	707,375
Philips Healthcare Saudi Arabia Limited (joint venture)	Royalty income	4,983,501	4,181,515
	Dividend received	3,241,301	1,127,996
<i>Due to a related party</i>			
Ultimate Parent Company	Receipts of short-term loans	179,000,000	158,000,000
	Repayment of short-term loans	44,000,000	133,000,000

*Fellow subsidiary are subsidiaries of parent Company / Ultimate parent company.

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12 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Amounts due from and to related parties are as follows:

	<i>30 June 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
<i>Amounts due from a related party:</i>		
Ultimate Parent Company	<u>611,604</u>	<u>867,729</u>
<i>Amounts due to a related party:</i>		
Ultimate Parent Company	<u>28,875,951</u>	<u>27,030,833</u>

The amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No amount has been expensed in the current period for bad or doubtful debts in respect of amounts owed by related parties. Compensation paid to key management personnel during the period, in the form of short-term benefits, was SR 5,761,712 (2020: SR 5,601,138).

The Group has obtained unsecured short-term and long-term loans from Ultimate Parent Company to finance its working capital requirements and accrues special commission at agreed commercial rates with no fixed terms of repayment. These loans will be renewed by the Ultimate Parent Company, if required. As at 30 June 2021.

The amount of long and short-term loans from Ultimate Parent Company are SR 100,000,000 (2020: SR 100,000,000) and SR 360,000,000 (2020: SR 225,000,000). Interest charges from these loans from Ultimate Parent Company during 2021 is SR 5,146,778 (2020: SR 12,090,115).

The Group is indirectly owned by the Ultimate Parent Company. According to the Ministerial Resolution No. 1005 dated 28 Rabi Thani 1428H (Corresponding to 15 May 2007), the Ultimate Parent Company submits zakat return based on its consolidated financial statements and consolidated Zakat base and settles Zakat liability accordingly.

13 CAPITAL

	<i>30 June 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
20,000,000 shares of SR 10 each	<u>200,000,000</u>	<u>200,000,000</u>

As at 31 December 2020, the share capital of the Company amounting to SR 200,000,000 is divided into 20,000,000 shares of SR 10 each and is owned by the following shareholders:

	<u>Number of Shares</u>	<u>Face Value of shares in SR</u>	<u>% of shareholding</u>
Shareholders			
Al Faisaliah Group Holding Company	19,800,000	198,000,000	99
Al Faisaliah Commercial Investment Company	200,000	2,000,000	1
	<u>200,000,000</u>	<u>200,000,000</u>	<u>100</u>

During the period Ministry of Commerce approved the transfer of the shareholding of Al Faisaliah Group (99%) to Advanced Drug Company (99%) which is a subsidiary of Al Faisaliah Group.

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13 CAPITAL (CONTINUED)

As at 30 June 2021, the share capital of the Company amounting to SR 200,000,000 is divided into 20,000,000 shares of SR 10 each and is owned by following shareholder:

Shareholders	Number of Shares	Face Value of shares in SR	% of shareholding
Advanced Drug Company for Pharmaceutical Limited	19,800,000	198,000,000	99
Al Faisaliah Commercial Investment Company	200,000	2,000,000	1
	<u>200,000,000</u>	<u>200,000,000</u>	<u>100</u>

14 TRADE AND NOTES PAYABLES

No interest is charged on trade payables. The Group has financial risk management policies disclosed in note 25 to the condensed consolidated interim financial statements in place to ensure that all payables are paid within the credit timeframe. Due to seasonal nature of the business as explained in note 17 and some specific orders received by the Group, trade payable balance is higher as at 30 June 2021.

15 CONTRACT LIABILITIES

	<i>30 June 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Advances from customers	73,634,140	81,047,336
Unearned warranty revenue	32,196,836	34,670,427
	<u>105,830,976</u>	<u>115,717,763</u>
Non-current portion	<u>37,017,944</u>	<u>30,517,468</u>
Current portion	<u>68,813,032</u>	<u>85,200,295</u>

16 ACCRUED EXPENSE AND OTHER LIABILITIES

	<i>30 June 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Accrued project and related costs	87,034,023	92,803,624
Accrued expenses and other payables	82,241,125	43,868,345
Accrued salaries and related costs	8,029,211	15,919,208
Other payable	5,178,205	5,053,851
	<u>182,482,564</u>	<u>157,645,028</u>

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17 REVENUE

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2020</i> <i>SR</i> <i>(Unaudited)</i>
<i>Timing of revenue recognition</i>		
<i>At a point in time</i>		
Sale of goods with and without installation	193,408,011	170,783,532
<i>Over time</i>		
Revenue from construction of civil works	13,293,717	2,195,799
Sale of maintenance contracts	40,081,345	16,069,925
Sale of warranties	2,455,454	4,597,143
	249,238,527	193,646,399

Seasonal nature of operations

Due to the seasonal nature of the operations of the medical devices segment, higher revenues and operating profits are usually expected in the last quarter of the year than the first nine months. Revenues and operating profits are more evenly spread for a full year of operations.

18 COST OF REVENUE

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2020</i> <i>SR</i> <i>(Unaudited)</i>
Material cost	180,793,377	142,377,518
Salaries and other employee related costs	8,360,214	7,710,220
Provision / reversal for slow-moving inventory	1,250,000	3,575,000
Travel expense	892,669	669,048
Others	217,653	373,229
	191,513,913	154,705,015

19 OTHER INCOME, NET

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2020</i> <i>SR</i> <i>(Unaudited)</i>
Royalty income	4,983,501	4,181,515
Other expenses	(2,099,365)	(868,545)
	2,884,136	3,312,970

20 FINANCE CHARGES

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2020</i> <i>SR</i> <i>(Unaudited)</i>
Interest on loans	5,146,778	12,090,115
Interest on lease	396,330	450,639
Other charges	15,559	-
	5,558,667	12,540,754

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21 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit / (loss) for the period by the weighted average number of outstanding shares during the period. There were no potentially dilutive shares or options in the period, therefore no difference between the basic and the diluted earnings per share. Basic and diluted earnings (losses) per share are calculated as follows:

	<i>30 June</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>30 June</i> <i>2020</i> <i>SR</i> <i>(Unaudited)</i>
Profit / (loss) for the period	5,095,690	(30,957,665)
Weighted average number of outstanding shares during the period (Share)	20,000,000	50,000
Basic and diluted earnings (losses) per share	0.25	(619.15)

22 SEGMENT REPORTING

The Group's principal business activities involve sale of a broad line of health care products. Selected financial information categorised by these business segments, is as follows:

Medical Devices Sales of a broad line of branded Medical Devices
Medical Supplies Sales of a broad line of branded Medical Consumables

	<i>Medical</i> <i>Equipment</i> <i>SR</i>	<i>Medical</i> <i>Supplies</i> <i>SR</i>	<i>Other</i> <i>Activities</i> <i>SR</i>	<i>Total</i> <i>SR</i>
30 June 2021 (Unaudited)				
Revenue from external customers	123,934,130	125,304,397	-	249,328,527
Depreciation and Amortisation	1,848,659	877,107	938,085	3,663,851
Profit for the period	5,400,796	(305,106)	-	5,095,690
Segment Assets	942,215,343	420,609,038	18,854,298	1,381,678,679
Segment Liabilities	764,943,614	338,262,396	23,614,718	1,126,820,728
30 June 2020 (Unaudited)				
Revenue from external customers	71,432,954	122,213,445	-	193,646,399
Depreciation and Amortisation	1,856,520	918,936	1,113,461	3,888,917
Loss for the period	(31,911,737)	954,072	-	(30,957,665)
31 December 2020				
Segment Assets	917,271,423	375,595,558	16,367,200	1,309,234,181
Segment Liabilities	718,460,821	238,774,475	19,556,624	976,791,920

23 DIVIDENDS

On 17 Ramadan 1442 H (corresponding to 29th April 2021) the shareholders approved dividends of SR 82.7 million (SR 4.13 per share) for the year ended 31 December 2020 payable to Al Faisaliah Group Holding Company. The dividend amounting to SR 41.3 million was paid during the period.

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24 COMMITMENTS AND CONTINGENCIES

The Group has issued letters of guarantee through its banks amounting to SR 255 million (2020: SR 250 million) in the ordinary course of business.

During 2018, a legal case is filed against the Group for an allegation of non-payment of custom duties to the Saudi Customs amounting to SR 30 million. The management confirms that all due custom amounts were already paid by the Group to the Saudi Customs through its agent who might have not settled the amounts with Saudi Customs. The external legal counsel hired to represent the Group believes that the case is in favor of the Group. However, the Group management provided a provision for this case of SR 7 million and SR 13 million for the year ended 31 December 2019 and 2018, respectively and will reassess the adequacy of the provision regularly until the case is closed.

25 FINANCIAL INSTRUMENTS

The Group is exposed to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Senior management is responsible for the risk management. Financial instruments carried on the statement of financial position include cash and cash equivalents, investments, accounts receivable, due to related parties, other current assets, short term loans, trade payables, contract liabilities, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial asset and liability is offset and net amounts reported in the condensed consolidated interim financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1. Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States dollar. The Saudi Riyal is pegged to the US Dollar. The management closely and continuously monitors the exchange rate fluctuations.

2. Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flow.

With all other variables held constant, the Group's profit before zakat is affected by a +/- 0.05% change on floating rate borrowings for the period ended 30 June 2021 by increase or decrease of SR 118,262.

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25 FINANCIAL INSTRUMENTS (CONTINUED)

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables, cash and cash equivalent and other receivables.

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Trade receivable, net	931,369,254	915,301,843
Contract assets, net	38,731,993	36,584,207
Cash and cash equivalents	34,113,429	13,110,271
	<u>1,004,214,676</u>	<u>964,996,321</u>

The carrying amount of financial assets represents their maximum credit exposure.

	<i>Not past due</i>	<i>Trade receivables and contract assets – years past due</i>				<i>Total</i>
		<i>Less than 1 year</i>	<i>1 – 2 years</i>	<i>2 – 3 years</i>	<i>More than 3 years</i>	
30 June 2021 (Unaudited)	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross carrying amount	204,637,586	314,407,496	185,703,964	55,083,257	264,241,063	1,024,073,366
Lifetime ECL	(2,827,206)	(3,083,588)	(142,129)	(1,980,791)	(45,938,405)	(53,972,119)
Net carrying amount	<u>201,810,380</u>	<u>311,323,908</u>	<u>185,561,835</u>	<u>53,102,466</u>	<u>218,302,658</u>	<u>970,101,247</u>
31 December 2020 (Audited)	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross carrying amount	358,830,841	338,134,394	92,792,814	62,984,001	150,991,389	1,003,733,439
Lifetime ECL	(4,789,664)	(8,282,945)	(5,545,691)	(13,009,374)	(20,219,715)	(51,847,389)
Net carrying amount	<u>354,041,177</u>	<u>329,851,449</u>	<u>87,247,123</u>	<u>49,974,627</u>	<u>130,771,674</u>	<u>951,886,050</u>

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 90 to 120 days of the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. The non-current contract liabilities consist of deferred warranty revenue and lease liabilities expected to be amortised after 1 year subsequent to yearend. All other financial liabilities are to mature within 1 year.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments including investment in joint venture, trade receivables, amounts due from related parties, cash and cash equivalents, short-term loans from the Ultimate Parent Company, trade payables, accrued expenses and other current liabilities, and amounts due to a related party approximate their carrying values due to the relatively short-term maturity of these financial instruments. These are categorized within Level 2 of the fair value hierarchy. During the current and prior period, there were no transfers between into/out of Level 2 of the fair value hierarchy.

AL TIBBIYAH AL ARABIAH AL ALAMIYA HOLDING COMPANY AND ITS SUBSIDIARIES
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period ended 30 June 2021 (Unaudited)

27. EVENTS SUBSEQUENT TO THE REPORTING DATE

No events have occurred subsequent to the reporting date and before the issuance of these condensed consolidated interim financial statements which requires adjustment to, or disclosure thereto.

28. FINANCIAL STATEMENTS APPROVAL

The condensed consolidated interim financial statements were approved on 22 Rabi' Awwal 1443H (corresponding to 28 October 2021).

TIBBIYAH

Arabian International Holding Company



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