



دار المعدات الطبية والعلمية
Scientific & Medical Equipment House

The General Assembly Meeting

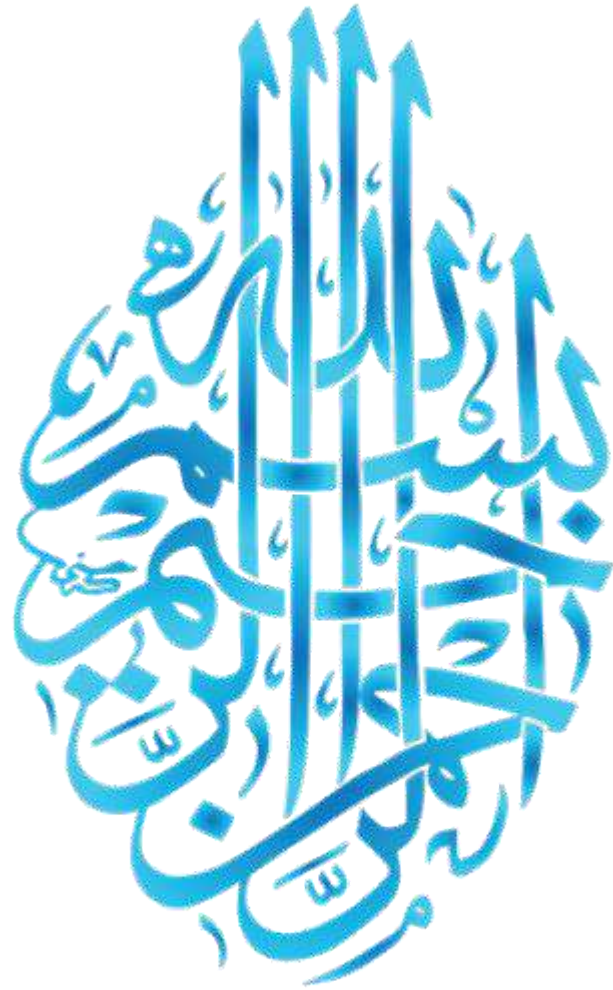
For Shareholders Scientific &
Medical Equipment House Co.

 Riyadh - using modern technology

 Tuesday, June 25, 2024 AD

 (19:30)





دار المعدات الطبية والعلمية
Scientific & Medical Equipment House

Scientific & Medical Equipment House Company invite its esteemed Shareholders to attend the Fourth Regular General Assembly Meeting (First Meeting) via modern technological means

Items	Explanation
Introduction	The Board of Directors of Scientific & Medical Equipment House Company is pleased to invite the esteemed shareholders to attend the Fourth Regular General Assembly Meeting (The First Meeting), which is scheduled to be held, Allah willing, at exactly (19:30) in the evening of Tuesday 19-12-1445 AH corresponding to 25-06-2024 (according to Umm Al-Qura Calendar), via modern technology (remotely), to discuss the Assembly's Agenda and vote on its Items.
City and Location of the General Assembly	The company's head office is in Riyadh - Al-Moatamarat District - King Fahd Street (using modern technology)
Link to the Meeting Location	https://www.tadawulaty.com.sa
Date of the General Assembly	19/12/1445 AH corresponding to 25/06/2024
Time of the General Assembly	19:30
How the General Assembly is held	Via modern technology (remotely)
Right to attend and to register, and the end of voting	<p>Every Shareholder registered in the Company's Shareholder Register at the Edaa Center at the end of the trading session preceding the Assembly Meeting has the right to attend the Assembly Meeting in accordance with the rules and regulations.</p> <p>The right to register attendance at the Assembly meeting ends at the time the Assembly is held, and the right to vote on the Assembly Items for attendees ends when the sorting committee finishes counting the votes.</p>
The quorum required for the Assembly to be held	According to Article (27) of the Company's Law, the Regular General Assembly Meeting is valid, if it is attended by shareholders representing at least a quarter of the company's shares that have voting rights. If the quorum required to hold this meeting is not available, the second meeting will be held one hour after the end of the period specified for holding the first meeting, and the second meeting will be valid regardless of the number of shares represented in it.
Assembly Agenda	Attached
Power of Attorney Form	Attached
The Shareholder's right to discuss the Subjects on the Assembly's Agenda and ask questions and how to exercise the right to vote	Shareholders have the right to discuss the Subjects on the Assembly's agenda and ask questions. The right to register attendance at the Assembly Meeting ends at the time the Assembly is held. The right to vote on the Assembly Items for attendees ends when the sorting committee finishes counting the votes.
Details of the electronic voting feature on the Assembly's Items	<p>Shareholders registered in Tadawulaty services will be able to vote remotely on on the Assembly's Items starting at 1:00 am on Friday, 19/12/1445 AH corresponding to 25/06/2024 until the end of the Assembly's Meeting time.</p> <p>Accordingly, we invite all shareholders to participate and vote remotely by visiting the Tadawulaty platform's website at the following link: www.tadawulaty.com.sa</p> <p>Note that registering in the Tadawulaty service and voting on the Assembly's Items is available free of charge to all Shareholders.</p>
How to contact if you have any Inquiries	<p>Shareholders will be able to ask questions and inquiries regarding the Items of the Assembly Meeting during the Assembly Session through the Live Streaming Link of the Assembly, which will be sent to Shareholders via the Tadawulaty service.</p> <p>They can also contact the Shareholder Relations Department on the phone number (0114646699) ext. (580) or mobile number (0580065899) during the company's official working hours from Sunday to Thursday from eight in the morning until six in the evening. Questions related to the agenda can also be sent Assembly to the following address: Investor.Relations@smeh.com.sa</p>
Attached Files	Attached



Agenda of the Ordinary General Assembly 4Th Meeting

(First Meeting)

Agenda of the Ordinary General Assembly 4th Meeting (first meeting) to be held on Tuesday on 19/12/1445AH, corresponding to 25/06/2024 on (19:30)

SN.	Item
1	Reviewing the Board of Directors' Report for the Fiscal year ending on 31/12/2023 and discussing it.
2	Voting on the Company's Auditor's Report for the Fiscal Year ending on 31/12/2023 after discussing it.
3	Review the Financial Statements for the Fiscal Year ending on 31/12/2023 and discussing it.
4	Voting on clearing Members of the Board of Directors from their liabilities for the Fiscal Year ending on 31/12/2023.
5	Voting on appointing an Auditor for the Company from among the candidates based on the recommendation of the Audit Committee; in order to examine, review and audit the Financial Statements for the second quarter, the third quarter, and the annual for the year 2024, and the first quarter of 2025, and to determine fees him.
6	Voting on disbursing an Amount of (888,333) riyals as a bonus to Members of the Board of Directors for the Fiscal Year ending on 31/12/2023.
7	Voting on delegating the authority of the Ordinary General Assembly to the Board of Directors with the license contained in Paragraph (1) of Article Twenty-Seven the Companies Law for a period of one year from the date of the General Assembly's approval or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions contained in the Executive Regulations of the Companies Law for listed Joint Stock Companies.
8	Voting on amending the work regulations of the Rewards and Nominations Committee (Attached).
9	Voting on amending the policy, standards and procedures for membership in the Board of Directors (Attached).
10	Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is a lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah to Rawabi Marketing International Co. The contract includes maintenance and operation of the building without preferential conditions, for an amount of (864,000) SAR during 2023 (Attached).
11	Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is Employees Lease contract for Rawabi Marketing International Co. At the prevailing market price and without preferential terms, for an amount of (5,890,400) SAR during 2023 (Attached).
12	Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is a contracting and construction contract for warehouses with Rawabi Marketing International Co. The contract includes the supply and implementation of all civil, structural, architectural, mechanical and electrical works for the warehouses, at the prevailing market price and without preferential terms, for an amount of (4,012,726) SAR during 2023 (Attached).
13	Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is purchase orders and supply of cleaning materials for projects according to approved purchase orders and quotations, at the prevailing market price and without preferential terms, for an amount of (80,129) SAR during 2023 (Attached).
14	Approval of the works and contracts concluded between the company Rawabi Company for Smart Services and Devices (RSSD), with which Board member Mr. Bashir Saud Al-Arifi (General Manager) has an indirect interest, it is in exchange for providing technical support to Scientific & Medical Equipment House Company without favourable terms. The contract includes maintenance and operation work for the company's networks, computers and servers, and business follow-up in the SAP computerized system with the implementing company, at the prevailing market price and without preferential terms, for an amount of (3,585,750) SAR during 2023 (Attached).
15	Approval of the works and contracts concluded between the company and the National Company for Sulphur Products, with which Chairman and Board members Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors), it is a lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in

	Sulaymaniyah to The National Company for Sulphur Products, the contract includes maintenance and operation of the building without preferential terms, for an amount of (384,000) SAR during 2023 (Attached).
16	Approval of the works and contracts concluded between the company and the National Company for Sulphur Products, with which Chairman and Board members Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors), it is employees lease contract for The National Company for Sulphur Products, at the prevailing market price and without preferential terms, for an amount of (5,675,511) SAR during 2023 (Attached).
17	Approval of the works and contracts concluded between the company and the National Company for Sulphur Products, with which Chairman and Board members Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors), it is approved purchase orders to supply construction services for the rehabilitation work of the sulfur factory building in Riyadh and cleaning materials for the projects, at the prevailing market price and without preferential terms, in an amount of (1,723,281) SAR during 2023 (Attached).
18	Approval of the works and contracts concluded between the company and the German Metal Surface Treatment Chemicals Co. with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman) and Bashir Saud Al-Arifi (Managing Director), it is a lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in Sulaymaniyah to The German Metal Surface Treatment Chemicals Co. the contract includes maintenance and operation of the building without preferential terms, for an amount of (264,000) SAR during 2023 (Attached).
19	Approval of the works and contracts concluded between the company and the German Metal Surface Treatment Chemicals Co. with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman) and Bashir Saud Al-Arifi (Managing Director), it is employees Lease contract for The German Metal Surface Treatment Chemicals Co. at the prevailing market price and without preferential terms, for an amount of (842,274) SAR during 2023 (Attached).
20	Approval of the works and contracts concluded between the company and the German Metal Surface Treatment Chemicals Co. with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman) and Bashir Saud Al-Arifi (Managing Director), it is purchase orders and supply of cleaning materials for projects according to approved purchase orders and quotations, at the prevailing market price and without preferential terms, for an amount of (265,493) SAR during 2023 (Attached).
21	Approval of the business and contracts concluded between the company and Deira Al Ammar Real Estate Company, with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Chairman), it is contract for contracting and establishing a commercial complex for Deira Al Ammar Real Estate Co. located on Al-Takhasosi Street in Riyadh. The contract includes the supply and implementation of all civil, structural, architectural, mechanical and electrical works for the commercial complex, at the prevailing market price and without preferential terms, for an amount of (4,602,461) SAR during 2023 (Attached).
22	Approval of the business and contracts concluded between the company and Deira Al Ammar Real Estate Company, with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Chairman), it is contract for renting units in the Scientific & Medical Equipment House Co. Building on King Fahd Road for Deira Al Ammar Real Estate Co. at the prevailing market price and without preferential terms, for an amount of (3,182,543) SAR during 2023 (Attached).
23	Approval of the works and contracts concluded between the company and The Ardh Al Ethihad Trading Est, with which Board member Mr. Bandar Saud Al-Arifi (General Manager) has a direct interest, it is exchange for a contract to supply consumables (electrical), by issuing approved purchase orders at the prevailing market price, and according to the value of the consumables agreed upon, without preferential terms, for an amount of (1,160,221) SAR during 2023 (Attached).
24	Approval of the works and contracts concluded between the company and Barakat Al-Khair Trading Establishment, with which Board member Mr. Barakat Saud Al-Arifi (General Manager) has a direct interest, it is exchange for a contract for the supply of consumables (mechanical - catering), through the issuance of approved purchase orders at the prevailing market price, according to the value of the consumables agreed upon without preferential terms, for an amount of (2,387,875) SAR during 2023 (Attached).



Power of Attorney Form



Clarification on Proxy Form	إيضاح حول نموذج التوكيل
<p>Dear Esteemed Shareholders</p> <p>As the Ordinary General Shareholders Assembly 4th, the SCIENTIFIC & MEDICAL EQUIPMENT HOUSE Co. We would like to inform you that the power of attorney form is not available because it is will only be held remotely visa modern technology means.</p> <p>Thus, there is no need to complete the proxy form, as the attendance will be virtually, and voting will be online (e-voting).</p> <p>We invite all shareholders of the SCIENTIFIC & MEDICAL EQUIPMENT HOUSE Co. to use remote electronic voting visa the website of Tadawulaty Service:</p> <p>www.tadawulaty.com.sa</p> <p>We hope that the shareholders register in Tadawulaty service, and the voting will be available free of charge to all shareholders before the date of the assembly according to the statutory period.</p>	<p>السادة المساهمين الكرام</p> <p>في ضوء الإعلان المنشور على موقع تداول بتاريخه نود إشعاركم بأن نموذج التوكيل غير متاح وذلك نظراً لأنه سيتم الاكتفاء بعقد الجمعية العامة العادية الرابعة لشركة دار المعدات الطبية والعلمية عبر وسائل التقنية الحديثة (عن بُعد).</p> <p>عليه، فإنه لا توجد حاجة لتعبئة نموذج التوكيل، حيث إن الحضور سيكون عن بُعد والتصويت إلكترونياً.</p> <p>وعليه ندعو جميع مساهمي شركة دار المعدات الطبية والعلمية إلى استخدام التصويت الإلكتروني عن بعد وذلك عبر الموقع الإلكتروني الخاص بخدمة تداولاتي:</p> <p>www.tadawulaty.com.sa</p> <p>عليه نأمل من السادة المساهمين التسجيل في خدمة تداولاتي، وسوف يكون التصويت متاحاً مجاناً لجميع المساهمين قبل موعد الجمعية حسب المدة النظامية.</p>





Annual Report 2023
(Click on the Link)



**The company's auditor's report on the
2023 annual financial statements**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Scientific and Medical Equipment House Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code") that is 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 that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as of and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 8 Ramadan 1444H (corresponding to 30 March 2023).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

For each key audit matter, a description of how our audit addressed the matter is set out below:

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>During the year ended 31 December 2023, the Group recognised revenue of SR 799 million (2022: SR 714 million).</p> <p>The Group mainly recognizes revenue from the following activities:</p> <ol style="list-style-type: none"> 1) Maintenance & operating contracts related revenues are recognized over the period when services are rendered. 2) Sales of medical equipment related revenues are recognized at point in time when control over goods are transferred to customer. <p>We have identified revenues recognition as a key audit matter because:</p> <ol style="list-style-type: none"> 1) Revenue is one of the Group's performance indicators and that gives rise to an inherent risk that revenue may be overstated to meet targets or expectations. 2) There are judgements involved in estimating deductions from customers from the invoice amounts before the final amount to be paid is approved. <p><i>Refer to note 2.3 (n) for the accounting policy relating to revenue recognition, note 3 (e) for estimates and assumption used in revenue recognition and note 21 for disclosures in relation to revenue recorded in the consolidated financial statements.</i></p>	<p>In order to evaluate the revenue recorded and reported during the year, we performed, among other audit procedures, the following:</p> <ul style="list-style-type: none"> • Assessed the design and implementation and on a sample basis, tested the operating effectiveness of the Group's key internal controls over the recognition of revenue. • Performed test of details and substantive analytical procedures to ensure that revenues have been appropriately measured and recorded. • Performed testing of sales transactions on a sample basis, against customer acknowledgements received for the services rendered and goods delivery notes against sale of goods, to assess whether revenue was recognized in the correct accounting period. • Assessed the appropriateness of significant accounting judgements and estimates made by the management to determine the estimated customer deductions from the invoice amounts before the final amount to be paid is approved. On a sample basis, we also performed a review of actual deductions from the customers against the invoice amounts. • Assessed the adequacy and appropriateness of the related disclosures regarding revenue in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Assessment of the expected credit losses provision</p> <p>As at 31 December 2023, the gross value of trade receivables and contract assets amounted to SR 827 million. (2022: SR 644 million) and the allowance for expected credit losses ("ECL") amounted to SR 28 million (2022: SR 49 million) .</p> <p>Assessment of allowance for expected credit losses is highly subjective due to the significant judgement, estimates and assumptions applied by the management in determining the expected losses. The management is required to determine an expected loss rate against its outstanding trade receivables and contract assets based on the Group's historical credit loss experience adjusted with forward-looking information.</p> <p>We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and contract assets and the potential impact on the Group's consolidated financial statements.</p> <p><i>Refer to note 2.3 (d) to the consolidated financial statements for the accounting policy related to impairment of financial assets, note 3 (f) for the critical accounting estimates and judgements and note 9 which details the disclosure of ECL against trade receivables and contract assets.</i></p>	<p>Our audit procedures related to the allowance for the ECL on trade receivables and contract assets included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the design and implementation of key controls over the process of expected credit loss calculation. • Obtained management's model for the expected credit losses assessment and tested on sample basis key assumptions, including those used to calculate the expected loss rate. We also assessed reasonability of the incorporation of forward-looking macro-economic factors to reflect the impact of future events on expected credit losses. • On a sample basis, we tested the accuracy of the historical data of trade receivables and contract assets used as inputs to the expected credit loss model. • On a sample basis, assessed the reasonableness of the assessment of forecasted recovery from the receivables as prepared by management through checking the collections of receivables after the year end. • We also checked the arithmetical accuracy of the model and recalculated expected credit losses on a sample basis. • Assessed the adequacy and appropriateness of the related disclosures regarding expected credit losses of trade receivables and contract assets in the notes to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Other Information included in the Group's 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and the provisions of Companies' Law and the Company's Bylaws, 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, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)**

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 ISAs 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 the 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 ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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, 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 (CONTINUED)

**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)**

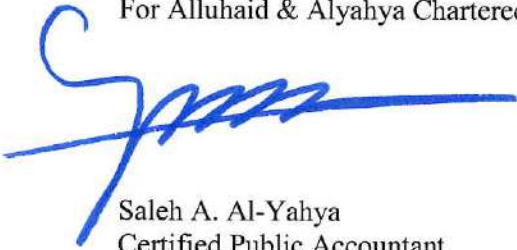
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Alluhaid & Alyahya Chartered Accountants



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

Riyadh: 15 Ramadan 1445H
(25 March 2024)




SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(SAUDI RIYAL)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property and equipment	4	38,607,557	36,698,464
Right-of-use assets	5	23,457,703	20,545,054
Investment properties	6	31,572,345	31,918,144
Intangible assets	7	2,500,259	3,693,434
Prepayments and other debit balances-non current portion	10	5,766,271	3,712,308
Total non-current assets		101,904,135	96,567,404
Current assets			
Inventories	8	105,033,060	97,679,230
Trade receivables and contract assets	9	798,863,524	594,848,337
Prepayments and other debit balances	10	66,569,497	68,613,976
Due from related parties	12(a)	14,724,912	18,766,227
Cash and cash equivalents	11	16,947,670	54,558,170
Total current assets		1,002,138,663	834,465,940
TOTAL ASSETS		1,104,042,798	931,033,344
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	300,000,000	200,000,000
Statutory reserve		36,586,165	36,586,165
Retained earnings		174,180,026	233,786,599
Equity attributable to the shareholders of the Parent Company		510,766,191	470,372,764
Non-controlling interests	28	(3,998,442)	(1,744,361)
TOTAL EQUITY		506,767,749	468,628,403
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations	15	68,079,524	63,610,909
Lease liabilities	16	11,517,789	10,606,791
Long-term borrowings	17	8,325,000	9,673,750
Total non-current liabilities		87,922,313	83,891,450
Current liabilities			
Lease liabilities – current portion	16	9,465,143	8,232,953
Long-term borrowings - current portion	17	1,250,000	163,750
Notes payable	17	12,729,229	7,841,356
Short-term borrowings	17	319,543,993	170,038,472
Trade payables	18	49,727,164	68,490,730
Accrued expenses and other credit balances	19	94,956,654	107,794,566
Due to a related party	12(b)	1,079	-
Contract liabilities	9(d)	6,221,894	3,788,673
Zakat payable	20	15,457,580	12,162,991
Total current liabilities		509,352,736	378,513,491
TOTAL LIABILITIES		597,275,049	462,404,941
TOTAL EQUITY AND LIABILITIES		1,104,042,798	931,033,344


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


Chief Executive Officer
 Mr. Barakat Bin Saud Al-Arifi


Chief Financial Officer
 Mr. Yasser Ahmed El-Safadi


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

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	Notes	2023	2022
Revenue	21	799,275,994	713,821,099
Cost of revenue	22	(666,223,912)	(558,974,197)
Gross profit		133,052,082	154,846,902
Selling and marketing expenses	23	(18,064,393)	(10,264,703)
General and administrative expenses	24	(67,839,307)	(67,643,538)
Reversal/ (provision) for expected credit losses	9	21,505,302	(39,429,271)
Operating profit		68,653,684	37,509,390
Finance cost	25	(27,818,048)	(20,986,801)
Other income	26	12,115,460	11,216,539
Profit before zakat		52,951,096	27,739,128
Zakat	20	(15,149,773)	(12,123,195)
Net profit for the year		37,801,323	15,615,933
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gain / (loss) on employees' defined benefits obligations	15	338,023	(663,264)
Other comprehensive income/(loss) for the year		338,023	(663,264)
Total comprehensive income for the year		38,139,346	14,952,669
Net profit for the year attributable to:			
Shareholders of the parent company		40,058,545	17,566,594
Non-controlling interests		(2,257,222)	(1,950,661)
		37,801,323	15,615,933
Total comprehensive income for the year attributable to:			
Shareholders of the parent company		40,393,427	16,915,079
Non-controlling interests	28	(2,254,081)	(1,962,410)
		38,139,346	14,952,669
Basic and diluted earnings per share	27	1.34	0.59


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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	Notes	Attributable to the shareholders of the Parent Company			Non-controlling interests	Total equity	
		Share capital	Statutory reserve	Retained earnings			Total
2022							
As at 1 January 2022		200,000,000	34,829,506	238,628,179	473,457,685	218,049	473,675,734
Net profit for the year		-	-	17,566,594	17,566,594	(1,950,661)	15,615,933
Other comprehensive loss		-	-	(651,515)	(651,515)	(11,749)	(663,264)
Total comprehensive income for the year		-	-	16,915,079	16,915,079	(1,962,410)	14,952,669
Dividends	14	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Transfer to statutory reserve		-	1,756,659	(1,756,659)	-	-	-
As at 31 December 2022		200,000,000	36,586,165	233,786,599	470,372,764	(1,744,361)	468,628,403
2023							
As at 1 January 2023		200,000,000	36,586,165	233,786,599	470,372,764	(1,744,361)	468,628,403
Net profit for the year		-	-	40,058,545	40,058,545	(2,257,222)	37,801,323
Other comprehensive income		-	-	334,882	334,882	3,141	338,023
Total comprehensive income for the year		-	-	40,393,427	40,393,427	(2,254,081)	38,139,346
Issuance of bonus shares	13	100,000,000	-	(100,000,000)	-	-	-
As at 31 December 2023		300,000,000	36,586,165	174,180,026	510,766,191	(3,998,442)	506,767,749


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SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	2023	2022
CASH FLOWS FROM OPERATING		
Net profit before zakat	52,951,096	27,739,128
<i>Adjustments:</i>		
Depreciation of property and equipment	11,898,191	10,376,169
Depreciation of investment properties	345,799	345,799
Depreciation of right-of-use assets	9,661,708	6,295,527
(Reversal of)/ provision for expected credit losses	21,505,302	39,429,271
Provision of slow-moving inventories	3,012,406	4,138,536
Amortization of intangible assets	737,209	833,271
Gain on disposal of property and equipment	(13,131)	(89,077)
Gain on disposal of right-of-use assets	455,967	-
Loss on disposal of intangible assets	(463,383)	-
Finance cost	27,818,048	20,986,801
Employees' defined benefits cost	10,611,406	11,003,714
	<u>138,520,618</u>	<u>121,059,139</u>
<i>Working capital changes:</i>		
(Increase)/ decrease in trade receivables and contract	(225,520,489)	74,362,983
Increase in inventories	(10,366,236)	(4,580,097)
Decrease in prepayments and other debit balances	2,044,479	5,479,338
Decrease in capitalized contracts costs	-	12,141,128
(Decrease)/increase in trade payables	(18,763,566)	8,342,656
Decrease in accrued expenses and other credit	(12,837,912)	(35,655,676)
Increase/(decrease) in contract liabilities	2,433,221	(1,822,710)
Decrease/ (increase) due from / to related parties	4,042,394	(19,489,012)
	<u>(120,447,491)</u>	<u>159,837,749</u>
Employees' defined benefits obligations paid	(8,332,590)	(6,199,010)
Zakat paid	(11,855,184)	(6,889,887)
Net cash flow (used in)/ generated from operating activities	<u>(140,635,265)</u>	<u>146,748,852</u>


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

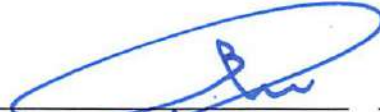

Chief Executive Officer
Mr. Barakat Bin Saud Al-Arifi


Chief Financial Officer
Mr. Yasser Ahmed El-Safadi

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

SCIENTIFIC AND MEDICAL EQUIPMENT HOUSE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023
(SAUDI RIYAL)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(14,877,275)	(13,285,031)
Purchase of intangible assets	-	(4,526,705)
Proceeds from disposal of property and equipment	1,083,121	165,961
Proceeds from termination of right of use assets	463,382	-
Proceeds from disposal of intangible assets	455,966	-
Prepayments and other debit balances-non-current portion	(2,053,963)	(3,641,787)
Net cash (used in) / generated from investing activities	<u>(14,928,769)</u>	<u>(21,287,562)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts	-	(7,920,125)
Notes payable	4,887,873	639,294
Lease liabilities paid	(13,012,111)	(9,188,149)
Proceeds from short-term borrowings	1,065,780,713	1,006,447,936
(Repayment)/ proceeds from long-term borrowing	(375,000)	2,112,500
Repayment of short-term borrowings	(916,275,192)	(1,069,293,641)
Dividends paid	-	(20,000,000)
Finance costs paid	(23,052,749)	(19,023,835)
Net cash generated from / (used in) financing activities	<u>117,953,534</u>	<u>(116,226,020)</u>
Net change in cash and cash equivalents	<u>(37,610,500)</u>	<u>9,235,270</u>
Cash and cash equivalents at the beginning of the year	<u>54,558,170</u>	<u>45,322,900</u>
Cash and cash equivalents at the end of the year	<u>16,947,670</u>	<u>54,558,170</u>
Non-cash transactions:		
Bonus shares issued	<u>100,000,000</u>	-
Additions to right-of-use assets against lease liabilities	<u>15,465,685</u>	<u>16,891,755</u>
Termination of right-of-use assets against lease liabilities	<u>(2,891,328)</u>	-
Actuarial (gain)/ loss on employees' defined benefits obligations	<u>(338,022)</u>	<u>663,264</u>


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


Chief Executive Officer
 Mr. Barakat Bin Saud Al-Arifi


Chief Financial Officer
 Mr. Yasser Ahmed El-Safadi

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



Financial Statements
(Click on the Link)



Annual Audit Committee Report 2023



دار المعدات الطبية والعلمية
Scientific & Medical Equipment House

**SCIENTIFIC & MEDICAL EQUIPMENT HOUSE CO.
AUDIT COMMITTEE**

ANNUAL REPORT 2023

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1. Introduction

The Audit Committee of Scientific & Medical Equipment House (SMEH) Co. directly supervises the operations of the internal audit department and is committed to working to provide best professional practices in the fields of audit in its various aspects (financial, administrative and operational) through adherence to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA), the Audit Committee also constantly seeks to raise the efficiency of internal controls to achieve its main objective of adding value to the company and helping to improve its business by ensuring that all controls and governance procedures in the company work effectively, and work to assist the Board of Directors and the executive management to carry out their work with a high degree of integrity, efficiency and effectiveness, and in pursuit of this goal, the Audit Committee submitted this annual report for the year 2023.

2. Audit committee membership

According to the decision of the General Assembly of Scientific & Medical Equipment House (SMEH) Co. on Monday, 14/10/2019, the Audit Committee was formed for a period of (3) years ending on 13/10/2022, and it was renewed for a new period of (3) years according to the General Assembly's decision of (SMEH) on Wednesday corresponding to 29/06/2022 ending on 13/10/2025. Later, according to the decision of (SMEH)'s general assembly on Tuesday corresponding to 15/11/2022, it was approved to increase the number of audit committee members to become (4) members, having adequate experience and good knowledge in the financial, operational, administrative, and legal affairs: –

1. Mr. Luay Ali Sartawi (Chairman).
2. Mr. Ahmed Nihad Al Zaeem (Member).
3. Mr. Mohamed Abdel-Fattah Mohamed (Member).
4. Mr. Mohamed Ibrahim Al-Hokail (Member).

3. Audit committee objectives

The main objective of the Audit Committee of (SMEH) Co. is to participate and assist the Board of Directors of the company in assuming its responsibilities in relation to the following: –

1. Monitoring the company's financial, administrative, and operational activities and reporting such to both the Board of Directors and the General Assembly (if necessary).
2. Verify SMEH's internal control system and its adequacy, and issue any recommendations to the Board of Directors that would enhance and develop the internal control system in a way that achieves the company's objectives and protects the interests of shareholders.
3. Verifying the efficiency and effectiveness of corporate governance and issue recommendations to the company's management to improve the corporate governance system.

4. Audit committee independence

The Audit Committee of Scientific & Medical Equipment House (SMEH) Co. is completely independent from the executive management of the company, and it did not face any material restrictions by the executive management during its work.

5. Audit committee documents

The internal audit work in Scientific & Medical Equipment House (SMEH) Co. is organized through the following documents:

1. Audit Committee Regulations.
2. Audit Committee Guide.
3. Internal Audit Charter.
4. Internal Audit Manual – Policies & Procedures.

6. Audit committee duties

A. Monitoring the company's financial, administrative, and operational activities

1. Review operational Policies & Procedures for the whole company and express its opinion.
2. Review the company's Accounting Policies and express its opinion to the Board of Directors, regarding its adequacy to the nature of the company's business.
3. Review material issues impacting the company's financial and operational performance.
4. Recommend to the Board of Directors the appointment of the external auditors, the termination of the contract with them, and the determination of professional fees, also ensuring their independence.
5. Review the scope of work related to the external auditors and issue any observations in order to enhance the efficiency and effectiveness of implementation of the audit plan.
6. Review the interim and annual Financial Statements, before submitting them to the Board of Directors with recommendation for approval.
7. Review the observations of the external auditors on the Financial Statements (Management report), and follow up with the concerned parties.

B. Evaluating Internal Control & Governance

1. Report to the General Assembly in its annual report its opinion about the adequacy/efficiency of the internal control system.
2. Review Corporate Governance and risk systems in the company, expressing its opinion and recommendations, and raising it to the Board of Directors.
3. Ensure the existence and implementation of a periodic internal review function and evaluation the mechanism of Corporate Governance system.
4. Review the Internal Audit Department report about progress of implementation of recommendations related to Corporate Governance, risk, and internal control systems, and report to the Board of Directors once the committee finds out that the recommendations have not been taken into consideration.

C. Supervision of the Internal audit

1. Review the Internal Audit Charter and the audit committee manual & recommend its approval to the Board of Directors.
2. Review and approve the strategic, annual, and progressive internal audit plans.
3. Ensure the independence of the internal audit from the executive management, and ensure that there are no restrictions limiting its work.
4. Supervise the Internal Audit Department in the company and ensuring its efficiency performing its functions.
5. Review the Internal Audit Department reports and follow up the implementation of corrective actions related to the observations recorded.

D. Others

1. Verify the existence, approval, and adherence to the code of ethics of the company.
2. The committee has the right to request the assistance of specialists and external parties to carry out tasks as per the scope of its work and require special expertise.
3. Submit reports to the Board of Directors and/or the General Assembly (if necessary) regarding its activities and recommendations.

7. Audit committee meetings

The Audit Committee conducted (13) meetings during the year 2023, for the purposes of carrying out its duties, supervising the work of the Internal Audit Department (audit plan/audit reports), in addition to discussing and approving the issuance of the consolidated (annual/interim) financial statements of the company.

The Audit Committee emphasises the need to adhere to the implementation of recommendations issued related to the organizational units of the company, and the continuation of the Internal Audit Department's follow up of the implementation of such recommendations, and disclose the progress as approved in the internal audit plan.

8. The adequacy of the company's internal control system

Based on the audit work performed during the year 2023 and the observations reported by the Internal Audit Department, which were discussed and confirmed/approved by both the Audit Committee and the Executive Management of the company, the Audit Committee confirms the following:

1. We have noted sufficient enhancement in the company's internal controls system which provide acceptable assurance to avoid material errors, prevent fraud, and its related losses.
2. We emphasise the need of continuation of improvement of the internal controls system, in accordance with business requirements and best practices, to achieve the company's goals.
3. The continuation of the cooperation and support of the Executive Management is a must to keep the momentum of the implementation of the Audit Committee's issued recommendations and to expedite the execution of the corrective action plan.

Chairman of Audit Committee



Luay Ali Sartawi



**The Audit Committee's recommendation
to appoint the company's auditor**



Scientific and Medical Equipment House Company

Audit Committee

Meeting No. (5)

- ❖ Discussing the quotations for providing “External audit and issuance of the financial statements” services.

(Second Quarter 2024 - Third Quarter 2024 - Annual for 2024 - First Quarter 2025)

Place of Holding the Meeting	Scientific and Medical Equipment House Company – Attendance virtually- (Zoom App.)
Date of Holding the Meeting	Wednesday 07 Dhual-Qa’dah 1445 corresponding 15 May 2024
Meeting Commencement Time	07:50 PM
Meeting End Time	08:20 PM

Attendees

SN.	Name	Position
1	Mr. Luay Al-Sartawi	Chairman of Audit Committee
2	Mr. Ahmed Al-Zaim	Audit Committee Member
3	Mr. Mohamed Abdel Fattah	Audit Committee Member
4	Mr. Muhammad Al-Hogail	Audit Committee Member
5	Mr. Yasser Al-Safadi	Chief Financial Officer
6	Mr. Ahmed Al-Najjar	Internal Audit Manager

Meeting Agenda

- (1) Discussing the quotations for providing “External audit and issuance of the financial statements” services.

(Second Quarter 2024 - Third Quarter 2024 - Annual for 2024 - First Quarter 2025)

Beginning of the meeting: Mr. Luay Al-Sartawi welcomed the attendees and announced the completion of a quorum for the Committee meeting.



Scientific and Medical Equipment House Company

Audit Committee

The discussions take place about quotations of providing “External audit and issuance of the financial statements” services, which is summarized as follows: -

SN.	Name of the Auditing firm*	Quotation submitted	License No.
1	Dr. Mohamed Al-Amri & Co.	705,000	1010433982
2	Turki Abdul Mohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants	440,000	1010468314
3	Alzoman, Alfahad & Alhajjaj CPA	420,000	1010461402
4	Crowe Solutions for Professional Consulting	Pass on	1010466353

*All the above firms are approved by the Capital Market Authority (CMA) for the purpose of auditing and issuing the financial statements for listed companies in the Saudi Capital Market. Accordingly, the following decision has been issued: -

SN.	Committee Decisions
1	<p>The Audit Committee recommended the approval on one of the following two companies: -</p> <ol style="list-style-type: none">1) Alzoman, Alfahad & Alhajjaj CPA with amount of SAR (420,000).2) Turki Abdul Mohsen Alluhaid & Saleh Abdullah Al Yahya Chartered Accountants with amount of SAR (440,000). <p>As an external auditor for the Company based on their accredited experience in the field of auditing the accounts of listed joint-stock companies and being the lowest quotations submitted for the purposes of providing “auditing and issuing financial statements” services for the period of (Second Quarter 2024 - Third Quarter 2024 - Annual for 2024 - First Quarter 2025)</p> <p>The Audit Committee recommendation need to be presented to the General Assembly of Shareholders for the purposes of voting and selecting one of the companies recommended above.</p>

Meeting ended...

Mr. Luay Al-Sartawi	Mr. Ahmed Al-Zaim	Mr. Mohamed Abdel Fattah	Mr. Muhammad Al-Hogail
Chairman of Audit Committee	Audit Committee Member	Audit Committee Member	Audit Committee Member