

NATIONAL MEDICAL CARE COMPANY

(SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS - UNAUDITED

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND

INDEPENDENT AUDITOR'S REVIEW REPORT

National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month and nine-month periods ended 30 September 2021

INDEX	PAGE
Independent auditor's review report on the interim condensed financial statements	1
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss and other comprehensive income	3
Interim condensed statement of changes in equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6 – 14



INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of
National Medical Care Company
(Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **National Medical Care Company**, Saudi Joint Stock Company ("the Company") as at 30 September 2021 and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared in all material respects in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Other Matter

The financial statements of the Company for the year ended 31 December 2020 audited by another auditor, who expressed an unmodified opinion on those financial statements on 9 Sha'ban 1442H (corresponding to 22 March 2021). Also, the interim condensed financial statements of the Company for the period ended 30 September 2020 were reviewed by the same auditor, who issued an unmodified conclusion on those interim condensed financial statements on 17 Rabi ul Awal 1442H (corresponding to 3 November 2020).

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362
Riyadh, on: 26 Rabi ul Awal 1443 (H)
Corresponding to: 1 November 2021 (G)



National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

		<i>30 September</i> 2021 SR (Unaudited)	<i>31 December</i> 2020 SR (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property and equipment	4	480,869,319	494,529,809
Intangible assets		8,449,406	5,398,589
Total non-current assets		489,318,725	499,928,398
Current assets			
Inventories		46,014,086	45,849,105
Trade receivables, prepayments and others	5	628,733,494	514,176,599
Cash and cash equivalents	6	347,089,342	372,672,212
Total current assets		1,021,836,922	932,697,916
Total assets		1,511,155,647	1,432,626,314
Equity and liabilities			
Equity			
Share capital		448,500,000	448,500,000
Statutory reserve		186,021,947	186,021,947
Retained earnings		457,219,490	402,426,984
Total equity		1,091,741,437	1,036,948,931
Liabilities			
Non-current liabilities			
Long-term loan	10	83,190,440	89,132,614
Employees' end-of-service benefits		96,052,778	92,667,784
Total non-current liabilities		179,243,218	181,800,398
Current liabilities			
Trade payables, accruals, and others	7	164,154,707	150,718,185
Current portion of long-term loan	10	5,942,174	5,942,174
Zakat provision	11	70,074,111	57,216,626
Total current liabilities		240,170,992	213,876,985
Total liabilities		419,414,210	395,677,383
Total equity and liabilities		1,511,155,647	1,432,626,314



Chairman
Saad Abdulmohsen Alfadly



Chief Executive Officer
Abdulaziz Alobaid



Chief Financial Officer
Jahanzeb Ahmed Khan

National Medical Care Company
(Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2021

	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<i>Note</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	213,110,989	213,304,565	629,792,540	594,355,978
Cost of revenue	(150,027,666)	(162,240,496)	(445,306,524)	(432,208,554)
Gross profit	63,083,323	51,064,069	184,486,016	162,147,424
Selling and marketing expenses	(4,275,989)	(10,091,566)	(6,409,295)	(21,773,129)
General and administrative expense:	(19,010,657)	(18,273,731)	(58,505,988)	(51,621,522)
Operating income	39,796,677	22,698,772	119,570,733	88,752,773
Other income, net	1,556,234	2,177,105	4,610,947	7,404,381
Income before zakat	41,352,911	24,875,877	124,181,680	96,157,154
Zakat	11 (8,179,725)	(8,551,952)	(24,539,174)	(20,889,109)
Net income for the period	33,173,186	16,323,925	99,642,506	75,268,045
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	33,173,186	16,323,925	99,642,506	75,268,045
Basic and diluted earnings per share:				
Basic and diluted earnings per share from income	12 0.74	0.36	2.22	1.68



Chairman
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Chief Executive Officer
Abdulaziz Alobaid



Chief Financial Officer
Jahanzeb Ahmed Khan

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

National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the nine-months period ended 30 September 2021

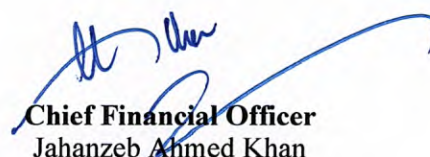
	<i>Share capital</i> <i>SR</i>	<i>Statutory</i> <i>reserve</i> <i>SR</i>	<i>Retained</i> <i>earnings</i> <i>SR</i>	<i>Total</i> <i>SR</i>
As at 1 January 2021 (Audited)	448,500,000	186,021,947	402,426,984	1,036,948,931
Income for the period	-	-	99,642,506	99,642,506
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	99,642,506	99,642,506
Dividends (Note 8)	-	-	(44,850,000)	(44,850,000)
As at 30 September 2021 (Unaudited)	448,500,000	186,021,947	457,219,490	1,091,741,437
As at 1 January 2020 (Audited)	448,500,000	186,021,947	398,368,587	1,032,890,534
Income for the period	-	-	75,268,045	75,268,045
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	75,268,045	75,268,045
Dividends (Note 8)	-	-	(89,700,000)	(89,700,000)
As at 30 September 2020 (Unaudited)	448,500,000	186,021,947	383,936,632	1,018,458,579



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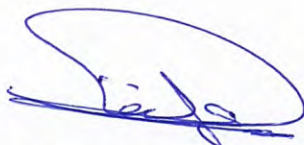


Chief Financial Officer
Jahanzeb Ahmed Khan

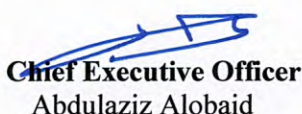
The accompanying notes form an integral part of these interim condensed financial statements.

National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the nine-months period ended 30 September 2021

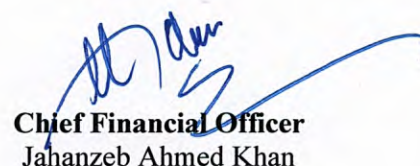
	Note	2021 SR (Unaudited)	2020 SR (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES			
Income before zakat		124,181,680	96,157,154
Adjustments for non-cash items:			
Depreciation of property and equipment	4	35,476,912	42,972,506
(Gain) / loss on disposal of property and equipment		(102,309)	108,552
Amortization of intangible assets		2,183,521	352,439
Allowance for expected credit losses	5	5,113,611	21,214,605
Allowance for expected medical rejections	5	42,817,591	32,323,303
Allowance for slow moving inventories		-	604,593
Provision for employees' end-of-service benefits		13,897,140	12,831,710
		<u>223,568,146</u>	<u>206,564,862</u>
Changes in operating assets and liabilities:			
Trade receivables, prepayments and others		(162,488,097)	(151,407,117)
Inventories		(164,981)	3,092,703
Trade payables, accruals and others		13,436,522	29,400,966
Net cash from operations		<u>74,351,590</u>	<u>87,651,414</u>
Zakat paid	11	(11,681,689)	(13,288,125)
Employees' end-of-service benefits paid		(10,512,146)	(9,107,084)
Net cash from operating activities		<u>52,157,755</u>	<u>65,256,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	4	(21,866,896)	(9,219,417)
Proceeds from disposal of property and equipment		152,783	115,407
Additions to intangibles assets		(5,234,338)	(698,478)
Net cash used in investing activities		<u>(26,948,451)</u>	<u>(9,802,488)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid for long term loan		(5,942,174)	(5,942,175)
Dividends paid	8	(44,850,000)	(89,700,000)
Net cash used in financing activities		<u>(50,792,174)</u>	<u>(95,642,175)</u>
Net (decrease) / increase in cash and cash equivalents		(25,582,870)	(40,188,458)
Cash and cash equivalents at the beginning of the period		372,672,212	379,665,910
Cash and cash equivalents at the end of the period	6	<u>347,089,342</u>	<u>339,477,452</u>



Chairman
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Chief Executive Officer
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Chief Financial Officer
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National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the nine-months period ended 30 September 2021

1. CORPORATE INFORMATION AND ACTIVITIES

National Medical Care Company (the “Company”) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010194785 dated 9 Muharram 1425 (H) (corresponding to 29 February 2004).

The company carries out its activities through the following branches:

- Riyadh Care Hospital under commercial registration No. 1010195325 dated 22 Muharram 1425 (H) (corresponding to 14 March 2004).
- National Hospital under commercial registration No. 1010195327 dated 22 Muharram 1425 (H) (corresponding to 14 March 2004).
- Care Company for Pharmaceutical and Medical Distribution under commercial registration No. 1010301247 dated 14 Safar 1432 (H) (corresponding to 19 January 2011).
- Family Health Care Center under commercial registration No. 1010397064 dated 29 Muharram 1435 (H) (corresponding to 2 December 2013).

The Company is engaged in the business to establish, own, equip, manage, maintain and operate healthcare facilities and provide Home Health Care services.

The Company is a subsidiary of Saudi Medical Care Group Company (the “Parent”) which owns 49.2% of the Company’s shares, while the remaining shares, which represent 50.8%, are publicly owned by several shareholders with less than 5% ownership each.

The registered office is located at Arrayyan District, P.O. Box 29393, Riyadh 11457, Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These interim condensed financial statements have been prepared in accordance with International Accounting Standard “Interim Financial Reporting” (“IAS 34”) as 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”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020. In addition, results for the interim period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2.2 BASIS OF MEASUREMENT

These interim condensed financial statements have been prepared under the historical cost convention using the accrual basis of accounting. For employee’s and other post-employment benefits, actuarial present value calculations are used.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

2. BASIS OF PREPARATION (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Company accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2020. However, in view of the current uncertainty regarding COVID 19, any future change in assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. As the situation continues to evolve, management will continue to assess the impact based on prospective developments (see also note 16).

3. CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted in the preparation of interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of amendments to standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company. As required by IAS 34, endorsed in Kingdom of Saudi Arabia the nature and effect of these changes are disclosed below.

3.1 INTEREST RATE BENCHMARK REFORM – PHASE 2: AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

4. PROPERTY AND EQUIPMENT

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Cost:		
At the beginning of the period / year	1,243,364,547	1,237,736,582
Additions during the period / year	21,866,896	13,536,106
Disposals during the period / year	<u>(20,478,924)</u>	<u>(7,908,141)</u>
At the end of the period / year	<u>1,244,752,519</u>	<u>1,243,364,547</u>
Accumulated depreciation:		
At the beginning of the period / year	748,834,738	701,200,079
Depreciation charge for the period / year	35,476,912	55,318,831
Relating to disposals during the period / year	<u>(20,428,450)</u>	<u>(7,684,172)</u>
At the end of the period / year	<u>763,883,200</u>	<u>748,834,738</u>
Net book amounts:		
At the end of the period / year	<u>480,869,319</u>	<u>494,529,809</u>

Additions and disposals during the period / year mainly pertain to medical equipment.

The Company has land and buildings, with net book value of SR 318 million as at 30 September 2021 (31 December 2020: SR 326 million) pledged to the Ministry of Finance against loan granted to the Company (note 10).

5. TRADE RECEIVABLES, PREPAYMENTS, AND OTHERS

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Trade accounts receivable	428,923,648	397,792,724
Due from a related party - trade receivables (note 9)	<u>434,812,343</u>	<u>323,541,288</u>
	863,735,991	721,334,012
Allowance for expected medical rejections	<u>(154,714,649)</u>	<u>(125,733,930)</u>
	709,021,342	595,600,082
Less:		
Allowance for expected credit losses	<u>(117,159,242)</u>	<u>(112,774,211)</u>
Net trade receivables	<u>591,862,100</u>	<u>482,825,871</u>
Letter of guarantees margin (see note below)	14,452,643	15,526,518
Advances to suppliers	6,064,245	7,776,955
Prepaid expenses	8,849,858	3,581,308
Others	<u>7,504,648</u>	<u>4,465,947</u>
	<u>628,733,494</u>	<u>514,176,599</u>

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

5. TRADE RECEIVABLES, PREPAYMENTS, AND OTHERS (continued)

The movement in the expected medical rejections is as follows:

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
At the beginning of the period / year	125,733,930	107,586,375
Charge for the period / year	42,817,591	41,757,232
Write-off and reversals, net during the period / year	(13,836,872)	(23,609,677)
At the end of the period / year	154,714,649	125,733,930

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

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
At the beginning of the period / year	112,774,211	73,053,014
Charge for the period / year	5,113,611	41,366,007
Write-off and reversals, net during the period / year	(728,580)	(1,644,810)
At the end of the period / year	117,159,242	112,774,211

Letter of guarantee represent performance guarantees issued to governmental entities (note15).

6. CASH AND CASH EQUIVALENTS

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Cash in hand	512,123	263,876
Cash at bank	346,577,219	172,408,336
Short-term deposits*	-	200,000,000
	347,089,342	372,672,212

*Short-term bank deposits represented time deposits with local banks with original maturities of less than three months and had an average rate of return 0.65% per annum.

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

7. TRADE PAYABLES, ACCRUALS, AND OTHERS

	<u>30 September</u> <u>2021</u> <u>SR</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2020</u> <u>SR</u> <u>(Audited)</u>
Trade payables	45,613,647	39,379,795
Accrued expenses	60,293,445	57,844,330
Employees' related accruals	44,075,997	42,982,530
VAT payable	9,872,186	6,597,443
Others	4,299,432	3,914,087
	<u>164,154,707</u>	<u>150,718,185</u>

8. DIVIDENDS

The Board of Directors in their meeting held on 15 Sha'ban 1442H (corresponding to 24 March 2021) proposed dividends of SR 1.00 per share (2019: SR 2.00 per share) totalling to SR 44,850,000 (2019: SR 89,700,000) for the year ended 31 December 2020, which was approved in the Company's general assembly meeting held on 16 Shawwal 1442H (corresponding to 27 May 2021).

9. RELATED PARTIES

Related parties are key shareholders, directors, key management personnel of the Company. The terms of these transactions have been approved by the Company's management. The following are the most significant transactions with related parties and the resulting balances:

Related party transactions

			<i>Transactions during nine-months period ended</i>	
	<i>Relation</i>	<i>Nature of transaction</i>	<u>30 September</u> <u>2021</u> <u>SR</u> <u>(Unaudited)</u>	<u>30 September</u> <u>2020</u> <u>SR</u> <u>(Unaudited)</u>
General Organization for Social Insurance	Indirect shareholder	Revenue from medical services	209,213,317	235,245,908
Drager Arabian Co. Ltd.	Owned by a shareholder	Purchases	(1,071,945)	(139,388)
			<i>Transactions during three-months period ended</i>	
	<i>Relation</i>	<i>Nature of transaction</i>	<u>30 September</u> <u>2021</u> <u>SR</u> <u>(Unaudited)</u>	<u>30 September</u> <u>2020</u> <u>SR</u> <u>(Unaudited)</u>
General Organization for Social Insurance	Indirect shareholder	Revenue from medical services	68,754,845	66,474,443
Drager Arabian Co. Ltd.	Owned by a shareholder	Purchases	(64,947)	(18,121)

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

9. RELATED PARTIES (continued)

Related party balances

		<u>30 September</u> 2021 SR (Unaudited)	<u>31 December</u> 2020 SR (Audited)
<i>Due from a related party:</i>			
General Organization for Social Insurance (note 5)	Indirect shareholder	434,812,343	323,541,288
<i>Due to a related party:</i>			
Drager Arabian Co. Ltd.	Owned by a shareholder	61,491	17,311

Key management personnel

	<i>For the nine-months period ended</i>	
	<u>30 September</u> 2021 SR (Unaudited)	<u>30 September</u> 2020 SR (Unaudited)
Short-term benefits	12,881,448	8,357,765
Attendance allowance and committee's remuneration	2,819,000	2,104,000
Post-employment benefits	328,621	330,404
	16,029,069	10,792,169

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

Terms and conditions of transactions with related parties

The transactions with related parties are at terms as agreed by the management. Outstanding balances as at 30 September 2021 and 31 December 2020 are unsecured, interest free and are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables during the current period and prior year. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

10. LONG-TERM LOAN

	<u>30 September</u> 2021 SR (Unaudited)	<u>31 December</u> 2020 SR (Audited)
Within one year – current	5,942,174	5,942,174
One to five years	23,768,696	23,768,696
More than five years	59,421,744	65,363,918
Long-term loan- non-current	83,190,440	89,132,614
Total long-term loan	89,132,614	95,074,788

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

10. LONG-TERM LOAN (continued)

On 10 December 2012, the Company signed a loan agreement with the Ministry of Finance to fund the construction work under progress amounting to SR 154,112,000. The Company was able to utilize only SR 118,843,485 during 2013 and 2015.

The loan is payable in 20 equal annual instalments with the first instalment due after 5 years of the contract date. The first instalment became due on 11 October 2017. The loan is interest free and is secured by the Company's collateralized land and buildings (note 4).

On transition (effective from 1 January 2018) from Generally Accepted Accounting Standards issued by SOCPA to IFRS as endorsed in KSA, management opted for the exemption provided under IFRS 1 to keep the similar classification of interest free loan obtained from Ministry of Finance till 31 December 2017 and to adopt application of IAS – 20 “Accounting for Government Grants and Disclosure of Government Assistance” for new loans (within the scope of IAS-20) obtained on and after the date of adoption of IFRS for its statutory financials statements.

11. ZAKAT

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

	<u>30 September 2021</u> SR <i>(Unaudited)</i>	<u>31 December 2020</u> SR <i>(Audited)</i>
At the beginning of the period / year	57,216,626	44,512,149
Provided during the period / year	24,539,174	26,027,938
Paid during the period / year	(11,681,689)	(13,323,461)
	<u>70,074,111</u>	<u>57,216,626</u>

The Company has filed its zakat returns with the General Authority of Zakat and Tax (“GAZT”) and received the zakat certificates up to 31 December 2020. The Company received final zakat assessments up to the year 2014. The Company is currently conducting assessment procedures for the years 2015 to 2018, however, final assessments for these years have not been issued.

12. EARNINGS PER SHARE

Basic and diluted earnings per share (“EPS”) is calculated by dividing the income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is the same as the regular or basic earnings per share as the Company does not have any convertible securities or diluted instruments to exercise.

The following table reflects the income for the period attributable to ordinary equity holders and weighted average number of ordinary shares outstanding during the period used in the basic and diluted EPS computations:

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

12. EARNINGS PER SHARE (continued)

Basic and diluted earnings per share from net income.

	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
	<i>30 September 2021</i>	<i>30 September 2020</i>	<i>30 September 2021</i>	<i>30 September 2020</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net income for the period	33,173,186	16,323,925	99,642,506	75,268,045
Weighted average number of ordinary shares	44,850,000	44,850,000	44,850,000	44,850,000
Basic and diluted earnings per share	0.74	0.36	2.22	1.68

13. SEGMENT REPORTS

The Company's operations principally consist of one main operating segment, which is hospital services. Accordingly, presenting different segmental information is not considered necessary. Furthermore, the Company's operations are conducted in the Kingdom of Saudi Arabia only.

14. FAIR VALUE OF ASSETS AND LIABILITIES

The financial instruments comprise financial assets and financial liabilities. The Company's financial assets and liabilities consists of cash and cash equivalents, trade receivables, due from related party and other receivables. Financial liabilities consist of long-term loan, trade payables and other payables.

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 Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the nine-months period ended 30 September 2021

14. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the period ended 30 September 2021, there were no movements between the levels.

As at 30 September 2021 and 31 December 2020, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company has capital commitments resulting from the renovation of Riyadh Care Hospital as of 30 September 2021 amounting to SR 32.4 million (31 December 2020: SR 0.3 million).

The Company has contingent liabilities arising from letters of guarantee issued to certain customers as at 30 September 2021 amounting SR 17.9 million (31 December 2020: SR 15.5 million). Letters of guarantee represent performance guarantees issued to governmental institutions

There are various legal cases filed against the Company by former employees and third parties, however, the outcome of these cases is not yet certain as most of the cases are under hearings. Information relating to the amounts of these claims and the provisions against them are not disclosed, as management believes this may prejudice the Company's position in litigation. However, the Company has made appropriate provisions for these legal cases. Management is confident that the outcome of these cases will be in favor of the Company and provisions recognized in the financial statements are sufficient to cover the risks involved.

16. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The existence of novel coronavirus (COVID-19) was confirmed and characterized as a pandemic by the World Health Organisation (WHO) during March 2020 which since then caused disruption to business and economic activities around the globe. The government of Saudi Arabia is constantly monitoring and managing the spread of infection through various measure including implementation of travel bans, limiting large gatherings, mandating vaccinations, etc.

The extent to which the pandemic impacts Company's business and operations is ascertainable but the financial impact over the next 12 months cannot be measured reliably as it depends on various factors and future developments, that the Company may currently not be able to estimate reliably. These factors include virus transmission rate, duration of the outbreak or vaccination of significant percentage of population, advent of subsequent waves of the virus, etc. and the resulting precautionary actions that may be taken by the authorities to control spread of the virus and impact of such measures on economic activities and Company's customers.

Considering the challenges of the uncertainty around the extent and duration of business and economic impact, management is monitoring the situation with a continued focus on ensuring employees' and patient safety, sustainability of supply chain and maintenance of sufficient liquidity.

In view of the above, management has made certain estimates and assumptions and any future change in assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amounts of assets or liabilities affected in the future years. As the situation continues to evolve, management will continue to assess the impact based on prospective developments.

17. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved for issuance by the Board of Directors on 26 Rabi ul Awal 1443H (corresponding to 01 November 2021).