

**NATIONAL MEDICAL CARE COMPANY  
(A Saudi Joint Stock Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2023 AND REVIEW REPORT**

**NATIONAL MEDICAL CARE COMPANY  
(A Saudi Joint Stock Company)  
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

<b>Index</b>	<b>Page</b>
Report on review of condensed interim financial statements	2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of financial position	4
Condensed statement of changes in equity	5
Condensed statement of cash flows	6
Notes to the condensed interim financial statements	7 - 13



## *Report on review of condensed interim financial statements*

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

### **Introduction**

We have reviewed the accompanying condensed statement of financial position of National Medical Care Company (the “Company”) as of 31 March 2023 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

### **PricewaterhouseCoopers**

A handwritten signature in blue ink, appearing to read 'Bader I. Benmohareb', with a large circular flourish at the end.

Bader I. Benmohareb  
License Number 471

14 May 2023

**NATIONAL MEDICAL CARE COMPANY****(A Saudi Joint Stock Company)****Condensed statement of profit or loss and other comprehensive income**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
Revenue	9	261,394,742	211,478,212
Cost of sales		(171,518,393)	(150,040,822)
<b>Gross profit</b>		<b>89,876,349</b>	61,437,390
Selling and distribution expenses		(547,921)	(472,316)
General and administrative expenses		(28,952,524)	(22,199,488)
Expected credit loss allowance		(1,892,196)	(3,600,064)
Other operating income - net		4,943,805	1,844,855
<b>Profit before zakat</b>		<b>63,427,513</b>	37,010,377
Zakat expense		(7,158,707)	(7,011,249)
<b>Profit for the period</b>		<b>56,268,806</b>	29,999,128
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>56,268,806</b>	29,999,128
<b>Earnings per share (Saudi Riyals)</b>			
Basic and diluted	12	1.25	0.67

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



Saad Abdulmohsen Alfadly  
Chairman



Abdulaziz Alobaid  
Chief Executive Officer



Jahanzeb Ahmed Khan  
Chief Financial Officer

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of financial position**  
(All amounts in Saudi Riyals unless otherwise stated)

		As at 31 March	As at 31 December
	Note	2023 (Unaudited)	2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4	654,319,624	652,425,488
Intangible assets		3,484,996	4,357,494
<b>Total non-current assets</b>		<b>657,804,620</b>	<b>656,782,982</b>
<b>Current assets</b>			
Inventories		39,853,470	42,662,669
Trade and other receivables	5	696,174,975	684,061,399
Cash and cash equivalents	6	407,091,339	329,213,441
<b>Total current assets</b>		<b>1,143,119,784</b>	<b>1,055,937,509</b>
<b>Total assets</b>		<b>1,800,924,404</b>	<b>1,712,720,491</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		448,500,000	448,500,000
Statutory reserve		186,021,947	186,021,947
Retained earnings		685,335,478	629,066,672
<b>Total equity</b>		<b>1,319,857,425</b>	<b>1,263,588,619</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	10	77,248,265	77,248,265
Employee benefit obligations		87,525,105	85,995,213
<b>Total non-current liabilities</b>		<b>164,773,370</b>	<b>163,243,478</b>
<b>Current liabilities</b>			
Trade and other payables	7	212,763,308	189,516,800
Current portion of long-term borrowings	10	5,942,174	5,942,174
Zakat payable	11	97,588,127	90,429,420
<b>Total current liabilities</b>		<b>316,293,609</b>	<b>285,888,394</b>
<b>Total liabilities</b>		<b>481,066,979</b>	<b>449,131,872</b>
<b>Total equity and liabilities</b>		<b>1,800,924,404</b>	<b>1,712,720,491</b>

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

The condensed interim financial statements including notes were approved and authorized for issue by the Board of Directors on 14 May 2023 and were signed on their behalf by:



Saad Abdulmohsen Alfadly  
Chairman



Abdulaziz Alobaid  
Chief Executive Officer



Jahanzeb Ahmed Khan  
Chief Financial Officer

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of changes in equity**  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total
<b>At 1 January 2022 (Audited)</b>	448,500,000	186,021,947	489,752,631	1,124,274,578
Profit for the period	-	-	29,999,128	29,999,128
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	29,999,128	29,999,128
<b>At 31 March 2022 (Unaudited)</b>	448,500,000	186,021,947	519,751,759	1,154,273,706
<b>At 1 January 2023 (Audited)</b>	<b>448,500,000</b>	<b>186,021,947</b>	<b>629,066,672</b>	<b>1,263,588,619</b>
Profit for the period	-	-	56,268,806	56,268,806
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	56,268,806	56,268,806
<b>At 31 March 2023 (Unaudited)</b>	<b>448,500,000</b>	<b>186,021,947</b>	<b>685,335,478</b>	<b>1,319,857,425</b>

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



Saad Abdulmohsen Alfadly  
Chairman



Abdulaziz Alobaid  
Chief Executive Officer




Jahanzeb Ahmed Khan  
Chief Financial Officer

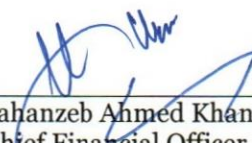
**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of cash flows**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat		63,427,513	37,010,377
<u>Adjustments for</u>			
Depreciation	4	10,199,617	10,878,358
Amortization		872,498	966,356
Gain on disposal of property and equipment		26,773	(6,459)
Expected credit loss allowance		1,892,196	3,600,064
Employee benefit obligations		5,210,387	5,533,895
<u>Changes in operating assets and liabilities:</u>			
Increase in trade and other receivables		(14,005,772)	(119,485,027)
Decrease (increase) in inventories		2,809,199	(94,587)
Increase (decrease) / in trade and other payables		23,246,508	(13,351,961)
Cash generated from (used in) operations		93,678,919	(74,948,984)
Employee benefit obligations paid		(3,680,495)	(4,108,006)
<b>Net cash inflow (outflow) from operating activities</b>		<b>89,998,424</b>	<b>(79,056,990)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property and equipment	4	(12,223,348)	(6,490,650)
Payments for purchase of intangible assets		-	(38,164)
Proceeds from sale of property and equipment		102,822	13,913
<b>Net cash outflow from investing activities</b>		<b>(12,120,526)</b>	<b>(6,514,901)</b>
<b>Net change in cash and cash equivalents</b>		<b>77,877,898</b>	<b>(85,571,891)</b>
Cash and cash equivalents at beginning of period		329,213,441	374,959,655
<b>Cash and cash equivalents at end of period</b>		<b>407,091,339</b>	<b>289,387,764</b>

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

  
Saad Abdulmohsen Alfadly  
Chairman

  
Abdulaziz Alobaid  
Chief Executive Officer

  
Jahanzeb Ahmed Khan  
Chief Financial Officer

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

National Medical Care Company (the “Company” or “NMC”) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration (‘CR’) number 1010194785 dated 9 Muharram 1425 (H) (corresponding to 29 February 2004). The registered office of the Company is located at Arrayyan District, P.O. Box 29393, Riyadh 11457, Kingdom of Saudi Arabia.

The Company carries out its activities through the following branches:

Name	CR number	Date
Riyadh Care Hospital	1010195325	22 Muharram 1425 (H) (corresponding to 14 March 2004)
National Hospital	1010195327	22 Muharram 1425 (H) (corresponding to 14 March 2004)
Care Company for Pharmaceutical and Medical Distribution	1010301247	14 Safar 1432 (H) (corresponding to 19 January 2011)
Family Health Care Center	1010397064	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.

**2 Basis of preparation**

**2.1 Statement of compliance**

These condensed interim 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 issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed interim financial statements should be read in conjunction with the Company’s annual audited financial statements as at and for the year ended 31 December 2022 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual audited financial statements.

The impact of seasonality or cyclicity on operations is not regarded as significant to the unaudited condensed interim financial statements.

The interim results may not be an indicator of the annual results of the Company.

**2.2 Basis of measurement**

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



**NATIONAL MEDICAL CARE COMPANY**  
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**Notes to the condensed interim financial statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

**2.4 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's condensed interim 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's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the annual financial statements for the year ended 31 December 2022.

**3 Significant accounting policies**

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2022.

**New IFRS standards, amendments to standards and interpretations not yet adopted**

There are no new standards issued, however, there are number of amendments to existing standards which are effective from 1 January 2023 and have been explained in Company's annual financial statements, but they do not have a material effect on these condensed interim financial statements.

**4 Property and equipment**

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Cost</b>		
At the beginning of the period / year	<b>1,463,615,454</b>	1,257,767,185
Additions during the period / year	<b>12,223,347</b>	211,171,245
Disposals during the period / year	<b>(5,283,732)</b>	(5,322,976)
At the end of the period / year	<b>1,470,555,069</b>	1,463,615,454
<b>Accumulated depreciation</b>		
At the beginning of the period / year	<b>(811,189,966)</b>	(774,604,658)
Additions during the period / year	<b>(10,199,617)</b>	(41,900,832)
Disposals during the period / year	<b>5,154,138</b>	5,315,524
At the end of the period / year	<b>(816,235,445)</b>	(811,189,966)
<b>Net book value</b>		
At the end of the period / year	<b>654,319,624</b>	652,425,488

The Company has land and buildings, with net book value of Saudi Riyals 301.7 million as at 31 March 2023 (31 December 2022: Saudi Riyals 304.4 million) pledged to the Ministry of Finance against loan granted to the Company. Also see note 10.

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Trade and other receivables**

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade and related party receivables	9	759,342,842	740,979,057
Allowance for expected credit losses		<b>(85,015,080)</b>	<b>(83,122,883)</b>
		<b>674,327,762</b>	657,856,174
Advances to suppliers		7,092,839	6,477,536
Prepaid expenses		7,615,068	7,119,506
Letters of guarantee margin		387,000	7,492,500
Others		<b>6,752,306</b>	5,115,683
		<b>696,174,975</b>	<b>684,061,399</b>

**6 Cash and cash equivalents**

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Cash in hand	369,003	329,552
Cash at banks	131,722,336	78,883,889
Time deposits	<b>275,000,000</b>	250,000,000
	<b>407,091,339</b>	<b>329,213,441</b>

**7 Trade and other payables**

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables	43,225,768	38,346,153
Accrued expenses	100,082,034	87,428,270
Employees' related accruals	55,507,745	48,945,498
VAT payable	10,073,254	10,337,582
Others	<b>3,874,507</b>	4,459,297
	<b>212,763,308</b>	<b>189,516,800</b>

**8 Dividends**

The Board of Directors in their meeting held on 29 Shaban 1444 H (21 March 2023), proposed a dividend of SR 1.00 per share totaling to SR 48.5 million for the year ended 31 December 2022, which will be presented for approval in the Company's Extraordinary General Assembly Meeting planned on 01 Dhul-Hijja 1444 H (19 June 2023).

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

**9 Related parties**

Related parties are key shareholders, directors and 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:

(a) Related party transactions

Name of related party and relationship	Nature of transaction	For the three-month period ended 31 March	
		2023 (Unaudited)	2022 (Unaudited)
General Organization for Social Insurance ("GOSI") (Ultimate controlling party)	Revenues from medical services	107,168,940	71,709,721
Drager Arabian Company Limited (Owned by a shareholder and director)	Purchases	(23,861)	(9,989)

**Related party balances**

Name of related party	Relationship	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<i>Due from a related party</i>			
GOSI	Ultimate controlling party	447,667,218	473,865,735
<i>Due to a related party</i>			
Drager Arabian Company Limited	Owned by a shareholder and director	-	(211,754)

**NATIONAL MEDICAL CARE COMPANY**  
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**Notes to the condensed interim financial statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

**Key management personnel compensation**

	<b>For the three-month period ended 31 March</b>	
	<b>2023 (Unaudited)</b>	<b>2022 (Unaudited)</b>
Salaries and other short-term employee benefits	<b>1,886,376</b>	5,888,467
Attendance allowance and committee's remuneration	<b>1,929,000</b>	1,425,667
Employee benefit obligations	<b>111,259</b>	74,217
	<b>3,926,635</b>	7,388,351

The amounts disclosed in the above table are the amounts recognized 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 mutually agreed terms. Outstanding balances as at 31 March 2023 and 31 December 2022 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.

**10 Long-term borrowings**

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Within one year – current	<b>5,942,174</b>	5,942,174
One to five years	<b>23,768,697</b>	23,768,697
More than five years	<b>53,479,568</b>	53,479,568
	<b>83,190,439</b>	83,190,439

Long-term borrowings are presented as follows:

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Current maturity under current liabilities	<b>5,942,174</b>	5,942,174
Non-current portion	<b>77,248,265</b>	77,248,265
	<b>83,190,439</b>	83,190,439

During 2012, the Company signed a loan agreement with the Ministry of Finance to fund the construction work under progress amounting to Saudi Riyals 154.1 million. The Company was able to utilize Saudi Riyals 118.8 million during 2013 and 2015.

The loan is payable in twenty equal annual instalments with the first instalment due in 2017. The loan is interest free and is secured by the Company's collateralized land and buildings. Also see note 4.

**NATIONAL MEDICAL CARE COMPANY**  
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**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

On transition (effective from 1 January 2018) from Generally Accepted Accounting Standards issued by SOCPA to IFRS, 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:

	<b>31 March 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At the beginning of the period / year	<b>90,429,420</b>	73,337,935
Provided during the period / year	<b>7,158,707</b>	28,426,968
Paid during the period / year	-	(11,335,483)
	<b>97,588,127</b>	90,429,420

During 2021, Zakat, Tax and Customs Authority (“ZATCA”) issued additional zakat assessments for the years from 2015 to 2018 amounting to Saudi Riyals 29.0 million. The Company had filed appeals against such assessments with the Preliminary Objection Committee (“POC”) but the appeal was rejected. The Company has filed an appeal against such decision by POC with Higher Appeal Committee (“HAC”) and is yet to hear back from HAC.

During later part of 2021, ZATCA issued additional zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 25.0 million. The Company has filed appeals with POC. During the three-month period ended 31 March 2023, the Company has received summary judgement in its favour.

The Company is maintaining adequate provision against such additional assessments.

**12 Basic and diluted loss 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:

	<b>For the three-month period ended 31 March</b>	
	<b>2023 (Unaudited)</b>	<b>2022 (Unaudited)</b>
Profit for the period	<b>56,268,806</b>	29,999,128
Weighted average number of ordinary shares	<b>44,850,000</b>	44,850,000
Basic and diluted loss per share	<b>1.25</b>	0.67

**NATIONAL MEDICAL CARE COMPANY**  
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**Notes to the condensed interim financial statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

**13 Segment reporting**

The Company's operations principally represent hospital services segment only. 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**

As at 31 March 2023 and 31 December 2022, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature and are expected to be realized at their current carrying values within twelve months from the date of condensed statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values except for the interest free loan from Ministry of Finance. Also see note 10.

**15 Contingencies and commitments**

- (i) At 31 March 2023, the Company was contingently liable for bank guarantees issued in the normal course of business amounting to Saudi Riyals 53.1 million (31 December 2022: Saudi Riyals 53.1 million).
- (ii) There are various ongoing legal cases filed against the Company by former employees and third parties. The management of the Company has recorded appropriate provision based on the expected outcomes of such cases and believes that such cases would be resolved without any material impact on the financial statements of the Company.
- (iii) The capital expenditure contracted by the Company as at 31 March 2023 was approximately Saudi Riyals 46.5 million (31 December 2022: Saudi Riyals 53.2 million).

**16 Subsequent events**

As disclosed in note 27 of the annual financial statements, during January 2023, the Company entered into a share-purchase agreement (the "Agreement") to acquire entire share capital of Jiwar Medical Services Company for a consideration of Saudi Riyals 65.0 million, subject to customary purchase price adjustments made in light of the completion accounts under the Agreement. Although the Agreement has been signed, certain substantive conditions still need to be completed. As a result, the accounting impact of the transaction will be recognized when such conditions have been met.

There are no other events subsequent to 31 March 2023 and before the date of signing the independent auditor's review report, that could have a significant effect on the condensed interim financial statements as at and for the three-month period ended 31 March 2023.