

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

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2022 AND REVIEW REPORT**

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

Index	Page
Report on review of condensed interim financial statements	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of financial position	4
Condensed interim statement of changes in equity	5
Condensed interim 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 interim statement of financial position of National Medical Care Company (the "Company") as of 30 September 2022 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022, and the condensed interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2022 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

Bader I. Benmohareb
License Number 471

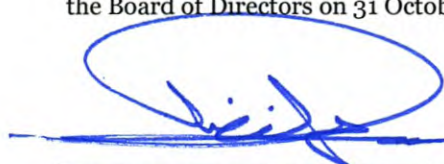
31 October 2022

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue	238,278,330	213,110,989	666,244,624	629,792,540
Cost of sales	(155,572,391)	(150,027,666)	(455,300,259)	(445,306,524)
Gross profit	82,705,939	63,083,323	210,944,365	184,486,016
Selling and distribution expenses	(1,543,344)	(609,782)	(3,103,172)	(1,295,684)
General and administrative expenses	(23,928,833)	(19,010,657)	(66,816,609)	(58,505,988)
Expected credit loss allowance	(8,173,213)	(3,666,207)	(10,844,381)	(5,113,611)
Operating profit	49,060,549	39,796,677	130,180,203	119,570,733
Other operating income - net	1,357,146	1,556,234	7,267,366	4,610,947
Profit before zakat	50,417,695	41,352,911	137,447,569	124,181,680
Zakat expense	(7,793,154)	(8,179,725)	(22,817,779)	(24,539,174)
Profit for the period	42,624,541	33,173,186	114,629,790	99,642,506
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	42,624,541	33,173,186	114,629,790	99,642,506
Earnings per share (Saudi Riyals)				
Basic and diluted (Note 12)	0.95	0.74	2.56	2.22

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 31 October 2022 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 interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

		As at 30 September	As at 31 December
	Note	2022 (Unaudited)	2021 (Audited)
Assets			
Non-current assets			
Property and equipment	4	654,579,027	483,162,527
Intangible assets		5,229,993	7,481,659
Total non-current assets		659,809,020	490,644,186
Current assets			
Inventories		43,014,846	45,858,628
Trade and other receivables	5	800,259,482	647,958,301
Cash and cash equivalents	6	131,251,496	374,959,655
Total current assets		974,525,824	1,068,776,584
Total assets		1,634,334,844	1,559,420,770
Equity and liabilities			
Equity			
Share capital		448,500,000	448,500,000
Statutory reserve		186,021,947	186,021,947
Retained earnings		559,532,421	489,752,631
Total equity		1,194,054,368	1,124,274,578
Liabilities			
Non-current liabilities			
Long-term borrowings	10	77,248,266	83,190,440
Employee benefit obligations		100,345,512	97,528,443
Total non-current liabilities		177,593,778	180,718,883
Current liabilities			
Trade and other payables	7	171,924,293	175,147,200
Current portion of long-term borrowings	10	5,942,174	5,942,174
Zakat payable	11	84,820,231	73,337,935
Total current liabilities		262,686,698	254,427,309
Total liabilities		440,280,476	435,146,192
Total equity and liabilities		1,634,334,844	1,559,420,770

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

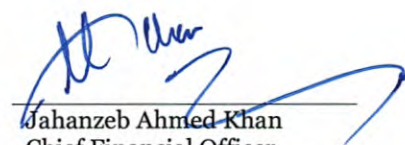
The condensed interim financial statements including notes were approved and authorized for issue by the Board of Directors on 31 October 2022 and were signed on their behalf by:



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 interim statement of changes in equity
 (All amounts in Saudi Riyals unless otherwise stated)

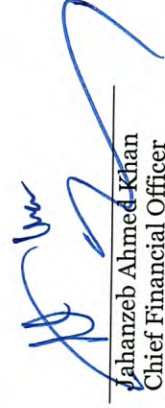
Note	Share capital	Statutory reserve	Retained earnings	Total
At 1 January 2021 (Audited)	448,500,000	186,021,947	402,426,984	1,036,948,931
Profit for the period	-	-	99,642,506	99,642,506
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	99,642,506	99,642,506
Dividends	-	-	(44,850,000)	(44,850,000)
At 30 September 2021 (Unaudited)	448,500,000	186,021,947	457,219,490	1,091,741,437
At 1 January 2022 (Audited)	448,500,000	186,021,947	489,752,631	1,124,274,578
Profit for the period	-	-	114,629,790	114,629,790
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	114,629,790	114,629,790
Dividends	-	-	(44,850,000)	(44,850,000)
At 30 September 2022 (Unaudited)	448,500,000	186,021,947	559,532,421	1,194,054,368

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 31 October 2022 and were signed on their behalf by:


 Saad Abdulmohsen Alfadly
 Chairman


 Abdulaziz Alobaaid
 Chief Executive Officer


 Fahanzeb Ahmed Khan
 Chief Financial Officer

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

	Note	For the nine-month period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat		137,447,569	124,181,680
<u>Adjustments for</u>			
Depreciation	4	31,542,646	35,476,912
Amortization		2,908,324	2,183,521
Gain on disposal of property and equipment		(14,958)	(102,309)
Expected credit loss allowance		10,844,381	5,113,611
Employee benefit obligations		13,235,756	13,897,140
<u>Changes in operating assets and liabilities:</u>			
Increase in trade and other receivables		(163,145,562)	(119,670,506)
Decrease in inventories		2,843,782	(164,981)
(Decrease) / increase in trade and other payables		(3,222,907)	13,436,522
Cash generated from operations		32,439,031	74,351,590
Employee benefit obligations paid		(10,418,687)	(10,512,146)
Zakat paid	11	(11,335,483)	(11,681,689)
Net cash inflow from operating activities		10,684,861	52,157,755
Cash flows from investing activities			
Payments for purchase of property and equipment	4	(202,966,599)	(21,866,896)
Payments for purchase of intangible assets		(656,658)	(5,234,338)
Proceeds from sale of property and equipment		22,411	152,783
Net cash outflow from investing activities		(203,600,846)	(26,948,451)
Cash flows from financing activities			
Repayment of long-term borrowings	10	(5,942,174)	(5,942,174)
Dividends paid	8	(44,850,000)	(44,850,000)
Net cash outflow from financing activities		(50,792,174)	(50,792,174)
Net decrease in cash and cash equivalents		(243,708,159)	(25,582,870)
Cash and cash equivalents at beginning of period		374,959,655	372,672,212
Cash and cash equivalents at end of period		131,251,496	347,089,342

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 31 October 2022 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)
Notes to the condensed interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(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 2021 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
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(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 2021.

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 2021.

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 2022 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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Cost		
At the beginning of the period / year	1,257,767,185	1,243,364,547
Additions during the period / year	202,966,599	35,688,875
Disposals during the period / year	(5,322,976)	(21,286,237)
At the end of the period / year	1,455,410,808	1,257,767,185
Accumulated depreciation		
At the beginning of the period / year	(774,604,658)	(748,834,738)
Additions during the period / year	(31,542,646)	(47,005,683)
Disposals during the period / year	5,315,523	21,235,763
At the end of the period / year	(800,831,781)	(774,604,658)
Net book value		
At the end of the period / year	654,579,027	483,162,527

During the nine-month period ended 30 September 2022, the Company has purchased a parcel of land in Riyadh for a consideration of Saudi Riyals 180.1 million to construct new healthcare facility.

Certain land and buildings are 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 and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

5 Trade and other receivables

		30 September 2022	31 December 2021
	Note	(Unaudited)	(Audited)
Trade and related party receivables	9	872,338,938	687,787,134
Allowance for expected credit losses		(88,733,888)	(81,260,957)
		783,605,050	606,526,177
Letters of guarantee margin		650,927	27,121,670
Advances to suppliers		3,910,737	4,244,414
Prepaid expenses		5,823,842	4,963,598
Others		6,268,926	5,102,442
		800,259,482	647,958,301

6 Cash and cash equivalents

		30 September 2022	31 December 2021
		(Unaudited)	(Audited)
Cash in hand		1,719,171	443,425
Cash at banks		129,532,325	374,516,230
		131,251,496	374,959,655

7 Trade and other payables

		30 September 2022	31 December 2021
		(Unaudited)	(Audited)
Trade payables		39,539,925	46,845,201
Accrued expenses		74,466,173	69,254,124
Employees' related accruals		42,428,696	45,216,675
VAT payable		10,930,907	9,766,751
Others		4,558,592	4,064,449
		171,924,293	175,147,200

8 Dividends

On 16 Shawwal 1443 H (17 May 2022) the shareholders in their Extraordinary General Assembly Meeting approved dividends of Saudi Riyals 44.9 million (Saudi Riyal 1.00 per share) for the year ended 31 December 2021 which was paid during the nine-month period ended 30 September 2022 (2021: Saudi Riyals 44.9 million approved and paid).

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(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 30 September		For the nine-month period ended 30 September	
		2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
General Organization for Social Insurance (“GOSI”) (Ultimate controlling party)	Revenues from medical services	87,691,825	68,754,845	236,545,544	209,213,317
Drager Arabian Company Limited (Owned by a shareholder and director)	Purchases	11,475	64,947	65,225	1,071,945

Related party balances

Name of related party	Relationship	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<i>Due from a related party</i>			
GOSI	Ultimate controlling party	533,335,909	464,542,297
<i>Due to a related party</i>			
Drager Arabian Company Limited	Owned by a shareholder and director	-	19,464

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

Key management personnel compensation

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Salaries and other short-term employee benefits	1,781,226	3,419,549	10,812,933	10,715,243
Attendance allowance and committee's remuneration	150,000	171,000	2,377,000	2,819,000
Employee benefit obligations	74,217	75,756	254,392	229,915
	2,005,443	3,666,305	13,444,325	13,764,158

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 30 September 2022 and 31 December 2021 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

	30 September 2022 (Unaudited)	31 December 2021 (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	53,479,570	59,421,744
	83,190,440	89,132,614

Long-term borrowings are presented as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Current maturity under current liabilities	5,942,174	5,942,174
Non-current portion	77,248,266	83,190,440
	83,190,440	89,132,614

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. During the nine-month period ended 30 September 2022, the Company has repaid borrowings amounting to Saudi Riyals 5.9 million as per the repayment terms of the agreement (2021: Saudi Riyals 5.9 million). The loan is interest free and is secured by the Company's collateralized land and buildings. Also see note 4.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals unless otherwise stated)

11 Zakat

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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
At the beginning of the period / year	73,337,935	57,216,626
Provided during the period / year	22,817,779	28,044,998
Paid during the period / year	(11,335,483)	(11,923,689)
	84,820,231	73,337,935

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, and the decision is awaited from POC.

The Company is maintaining adequate provision against such additional assessments.

During April 2022, the Company has filed the Zakat return with ZATCA and received the zakat certificate up to 31 December 2021.

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:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Profit for the period	42,624,541	33,173,186	114,629,790	99,642,506
Weighted average number of ordinary shares	44,850,000	44,850,000	44,850,000	44,850,000
Basic and diluted loss per share	0.95	0.74	2.56	2.22

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(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 30 September 2022 and 31 December 2021, 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 interim 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 30 September 2022, the Company was contingently liable for bank guarantees issued in the normal course of business amounting to Saudi Riyals 45.7 million (31 December 2021: Saudi Riyals 16.3 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 30 September 2022 was approximately Saudi Riyals 39.5 million (31 December 2021: Saudi Riyals 9.9 million).

16 Subsequent events

No other events have arisen subsequent to 30 September 2022 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 30 September 2022.