

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
30 JUNE 2024 AND REVIEW REPORT**

**NATIONAL MEDICAL CARE COMPANY  
(A Saudi Joint Stock Company)  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

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## Report on review of condensed consolidated interim financial statements

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

### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of National Medical Care Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2024, and the condensed consolidated statements of changes in equity and cash flows for the six-month period ended 30 June 2024 and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated 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 consolidated 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 information 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### PricewaterhouseCoopers

Waleed A. Alhidiri  
License Number 559

4 August 2024



**NATIONAL MEDICAL CARE COMPANY**

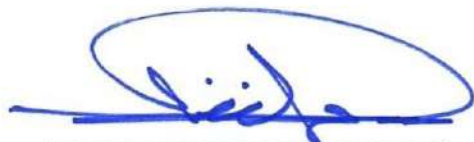
**(A Saudi Joint Stock Company)**

**Condensed consolidated interim statement of profit or loss and other comprehensive income**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue	14	296,817,981	245,191,520	595,378,999	506,586,262
Cost of revenue		(188,663,187)	(163,849,867)	(377,029,477)	(335,368,260)
<b>Gross profit</b>		<b>108,154,794</b>	<b>81,341,653</b>	<b>218,349,522</b>	<b>171,218,002</b>
Selling and distribution expenses		(2,343,003)	(811,046)	(3,563,750)	(1,358,967)
General and administrative expenses		(37,891,949)	(25,831,755)	(69,170,681)	(54,784,278)
Expected credit loss allowance		(4,743,033)	(603,457)	(11,384,539)	(2,495,653)
Other operating income, net	23	1,940,572	952,535	3,227,264	2,408,723
<b>Operating profit</b>		<b>65,117,381</b>	<b>55,047,930</b>	<b>137,457,816</b>	<b>114,987,827</b>
Finance income	23	5,083,162	2,342,361	11,943,078	5,829,978
Finance cost		(5,085,405)	(202,210)	(9,925,013)	(202,210)
<b>Profit before zakat</b>		<b>65,115,138</b>	<b>57,188,081</b>	<b>139,475,881</b>	<b>120,615,595</b>
Zakat	16	4,380,759	(9,392,657)	11,307,461	(16,551,364)
<b>Profit for the period</b>		<b>69,495,897</b>	<b>47,795,424</b>	<b>150,783,342</b>	<b>104,064,231</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>69,495,897</b>	<b>47,795,424</b>	<b>150,783,342</b>	<b>104,064,231</b>
<b>Earnings per share (Saudi Riyals)</b>					
Basic and diluted earnings per share	17	1.55	1.07	3.36	2.32

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



Saad Abdulmohsen Alfadly  
Chairman



Abdulaziz Alobaid  
Chief Executive Officer



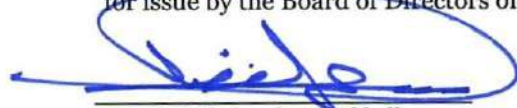
Jahanzeb Ahmed Khan  
Chief Financial Officer

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

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4	893,533,602	726,332,451
Right-of-use assets	5	97,434,929	90,850,614
Goodwill and intangible assets	18	118,105,925	118,798,009
<b>Total non-current assets</b>		<b>1,109,074,456</b>	<b>935,981,074</b>
<b>Current assets</b>			
Inventories		52,138,463	53,012,026
Trade and other receivables	6	650,759,581	531,701,580
Term deposits	7	-	385,000,000
Cash and cash equivalents	8	379,508,781	308,669,934
<b>Total current assets</b>		<b>1,082,406,825</b>	<b>1,278,383,540</b>
<b>Total assets</b>		<b>2,191,481,281</b>	<b>2,214,364,614</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		448,500,000	448,500,000
Statutory reserve	9	-	186,021,947
Treasury shares	10	(6,931,970)	-
Retained earnings		1,066,019,400	818,914,111
<b>Total equity</b>		<b>1,507,587,430</b>	<b>1,453,436,058</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	15	238,160,509	261,996,854
Lease liabilities	11	61,736,821	53,230,333
Employee benefit obligations		101,778,129	98,006,041
<b>Total non-current liabilities</b>		<b>401,675,459</b>	<b>413,233,228</b>
<b>Current liabilities</b>			
Trade and other payables	12	213,857,476	228,192,634
Current portion of long-term borrowings	15	31,620,632	7,767,473
Current portion of lease liabilities	11	7,338,561	7,252,784
Zakat payable	16	29,401,723	104,482,437
<b>Total current liabilities</b>		<b>282,218,392</b>	<b>347,695,328</b>
<b>Total liabilities</b>		<b>683,893,851</b>	<b>760,928,556</b>
<b>Total equity and liabilities</b>		<b>2,191,481,281</b>	<b>2,214,364,614</b>

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

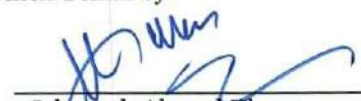
The condensed consolidated interim financial statements including notes were approved and authorized for issue by the Board of Directors on 31 July 2024 and were signed on their behalf by:



Saad Abdulmohsen Alfadly  
Chairman



Abdulaziz Alobaid  
Chief Executive Officer

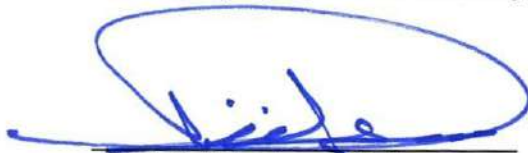



Jahanzeb Ahmed Khan  
Chief Financial Officer


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

	Note	Share capital	Statutory reserve	Treasury shares	Retained earnings	Total
<b>At 1 January 2023 (Audited)</b>		448,500,000	186,021,947	-	629,066,672	1,263,588,619
Profit for the period		-	-	-	104,064,231	104,064,231
Other comprehensive income for the period		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	104,064,231	104,064,231
Dividends	13	-	-	-	(44,850,000)	(44,850,000)
<b>At 30 June 2023 (Unaudited)</b>		448,500,000	186,021,947	-	688,280,903	1,322,802,850
<b>At 1 January 2024 (Audited)</b>		448,500,000	186,021,947	-	818,914,111	1,453,436,058
Profit for the period		-	-	-	150,783,342	150,783,342
Other comprehensive income for the period		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	150,783,342	150,783,342
Transfer from statutory reserve	9	-	(186,021,947)	-	186,021,947	-
Purchase of treasury shares	10	-	-	(6,931,970)	-	(6,931,970)
Dividends	13	-	-	-	(89,700,000)	(89,700,000)
<b>At 30 June 2024 (Unaudited)</b>		448,500,000	-	(6,931,970)	1,066,019,400	1,507,587,430

The accompanying notes are an integral part of these condensed consolidated 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 consolidated interim statement of cash flows**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat		139,475,881	120,615,595
<u>Adjustments for</u>			
Depreciation on property and equipment	4	25,288,690	20,906,949
Amortization on intangibles		1,068,197	1,732,461
Amortization on right-of-use assets	5	8,051,382	1,068,426
Finance costs	11	9,925,013	202,210
Finance income		(11,943,078)	-
Loss on disposal of property and equipment		-	26,773
Expected credit loss allowance		11,384,539	2,495,653
Provision for slow moving and obsolete inventories		102,992	-
Employee benefit obligations		10,634,912	9,321,102
<u>Changes in operating assets and liabilities:</u>			
(Increase) decrease in trade and other receivables		(130,442,540)	226,541,817
Decrease (increase) in inventories		770,571	(1,545,927)
(Decrease) increase in trade and other payables		(14,335,158)	1,314,247
Cash generated from operations		49,981,401	382,679,306
Zakat paid		(63,773,253)	(12,223,321)
Finance income received		11,943,078	-
Finance cost paid		(8,529,034)	-
Employee benefit obligations paid		(6,862,824)	(8,483,037)
<b>Net cash (outflow) inflow from operating activities</b>		<b>(17,240,632)</b>	<b>361,972,948</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of Jiwar, net of cash acquired		-	(18,807,420)
Payments for purchase of property and equipment	4	(192,492,893)	(25,355,769)
Payments for purchase of intangible assets		(376,113)	(212,947)
Proceeds from sale of property and equipment		3,052	102,822
Time deposits withdrawn		385,000,000	-
<b>Net cash inflow (outflow) from investing activities</b>		<b>192,134,046</b>	<b>(44,273,314)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(7,422,597)	-
Treasury stock		(6,931,970)	-
Dividends paid	13	(89,700,000)	(44,850,000)
Net cash outflow from financing activities		(104,054,567)	(44,850,000)
<b>Net increase in cash and cash equivalents</b>		<b>70,838,847</b>	<b>272,849,634</b>
Cash and cash equivalents at beginning of period		308,669,934	329,213,441
<b>Cash and cash equivalents at end of period</b>		<b>379,508,781</b>	<b>602,063,075</b>

The accompanying notes are an integral part of these condensed consolidated 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 consolidated interim financial statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

National Medical Care Company (the “Company” or “Care”) and its subsidiaries (collectively the “Group”) consist of the Company and its following subsidiaries registered as limited liability companies in the Kingdom of Saudi Arabia:

	<b>Effective ownership at</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
Chronic Care Specialized Medical Hospital Company (“Chronic”)	<b>100%</b>	-
Jiwar Medical Services Company (“Jiwar”)	<b>100%</b>	100%

The Group is principally engaged in the business to establish, own, equip, manage, maintain and operate healthcare facilities and provide home health care services.

The Group 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 Group 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:

<b>Name</b>	<b>CR number</b>	<b>Date</b>
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)
Braya Al-Taifi Center for Rehabilitation	1010397064	29 Muharram 1435 (H) (corresponding to 2 December 2013)

During June 2024, the Company entered into a share-purchase agreement (the “Salam SPA”) with its immediate parent, Saudi Medical Care Group (“SMG”) to acquire 100% share capital of Al Salam Health Medical Hospital for a consideration of Saudi Riyals 44.0 million, subject to customary purchase price adjustments made in light of the completion accounts under the Salam SPA. Although the Salam SPA has been signed, certain substantive conditions still need to be completed. As a result, the accounting impact of the transaction will be recognised when such conditions have been completed.

During 2023, the Group entered into a share-purchase agreement (the “SPA”) with SMG to acquire 100% share capital of Chronic for a consideration of Saudi Riyals 204.1 million. Chronic is a limited liability company registered in the Kingdom of Saudi Arabia under CR number 4030272252 dated 6 Shaaban 1435 (corresponding to 4 June 2014).

Also during 2023, the Group also acquired 100% shares in Jiwar through a share-purchase agreement (the “Agreement”) with Smartmed Investments Company. Jiwar is a limited liability company registered in the Kingdom of Saudi Arabia, operating under CR number 4031234151 dated 15 Rabi’ al-Thani 1441 (corresponding to 12 December 2019).



**NATIONAL MEDICAL CARE COMPANY**  
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**Notes to the condensed consolidated interim financial statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**2 Basis of preparation**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements of the Group 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 consolidated interim financial statements should be read in conjunction with the Group’s annual audited financial statements as at and for the year ended 31 December 2023 and do not include all of the information required for a complete set of consolidated 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 Group’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 consolidated interim financial statements.

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

**2.2 Basis of measurement**

These condensed consolidated interim financial statements of the Group 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 consolidated interim financial statements are presented in Saudi Riyals which is the functional and presentation currency of the Group.

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

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

The significant judgments made by management in applying the Group’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 2023.

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**3 Material accounting policies**

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

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

In April 2024, the International Accounting Standards Board (IASB) issued a new IFRS Accounting Standard to improve reporting of financial performance. IFRS 18 - Presentation and Disclosure in Financial Statements replaces IAS 1 - Presentation of Financial Statements. IFRS 18 has an effective date of 1 January 2027. Earlier application is permitted. This IFRS is not yet endorsed by SOCPA. The Group is planning to assess the impact of this Standard as part of annual financial statements preparation exercise for 2024.

There are no other new standards or amendments issued effective from 1 January 2024, other than those disclosed and explained in the Group's annual consolidated financial statements, that could have a material effect on these condensed consolidated interim financial statements.

**4 Property and equipment**

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Cost</b>			
At the beginning of the period / year		1,608,543,727	1,463,615,454
Additions during the period / year*		192,492,893	54,005,135
Transfer through acquisitions	18	-	99,323,120
Disposals during the period / year		<b>(21,215)</b>	<b>(8,399,982)</b>
At the end of the period / year		<b>1,801,015,405</b>	1,608,543,727
<b>Accumulated depreciation</b>			
At the beginning of the period / year		<b>(882,211,276)</b>	(811,189,966)
Charge for the period / year		<b>(25,288,690)</b>	(44,220,318)
Transfer through acquisitions	18	-	(35,062,460)
Disposals during the period / year		<b>18,163</b>	8,261,468
At the end of the period / year		<b>(907,481,803)</b>	(882,211,276)
<b>Net book value</b>			
At the end of the period / year		<b>893,533,602</b>	726,332,451

\*During February 2024, the Group has purchased parcels of land in Jeddah with an area of 32,938.34 square meters for a consideration of Saudi Riyals 141.7 million to construct new healthcare facility.

The Group has land and buildings, with net book value of Saudi Riyals 287.9 million as at 30 June 2024 (31 December 2023: Saudi Riyals 293.4 million) pledged to the Ministry of Finance against loan granted to the Group. Also see Note 15.

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Right-of-use assets**

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Cost</b>			
At the beginning of the period / year		112,941,577	-
Acquired as part of acquisitions	18	-	112,941,577
Addition during the period / year*		14,635,697	-
At the end of the period / year		<u>127,577,274</u>	<u>112,941,577</u>
<b>Accumulated amortisation</b>			
At the beginning of the period / year		(22,090,963)	-
Acquired as part of acquisitions	18	-	(14,770,247)
Charge for the period		(8,051,382)	(7,320,716)
At the end of the period / year		<u>(30,142,345)</u>	<u>(22,090,963)</u>
<b>Net book value</b>			
At the end of the period / year		<u>97,434,929</u>	<u>90,850,614</u>

\*During 2024, the Group entered into a lease agreement for an office building with a third-party lessor. The lease agreement is for a period of five years. The Group has used incremental borrowing rate of 7.0% for calculating the present value of the lease. Also see Note 11.

The right-of-use (RoU) assets comprise of building premises of Care, Jiwar and Chronic which are on lease and have lease terms of 5 to 15 years. The RoU asset is being amortised over the remaining lease term.

**6 Trade and other receivables**

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Trade and related party receivables	14	713,936,750	586,059,032
Expected credit loss allowance		(94,902,156)	(83,517,617)
		<u>619,034,594</u>	<u>502,541,415</u>
Advances to suppliers		7,048,184	6,899,786
Prepaid expenses		8,574,595	7,739,737
Letters of guarantee margin		9,808,766	9,808,766
Others		6,293,442	4,711,876
		<u>650,759,581</u>	<u>531,701,580</u>

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**7 Term deposits**

This represents deposits placed with local commercial banks and have a maturity date of more than three months but less than a year from the date of deposit. Such deposits earn financial income at prevailing market interest rates.

**8 Cash and cash equivalents**

	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>
<b>Unrestricted</b>		
Cash in hand	941,597	268,484
Cash at banks	378,567,184	155,151,425
Time deposits	-	150,000,000
	<b>379,508,781</b>	<b>305,419,909</b>
<b>Restricted</b>		
Cash at banks - Jiwar Escrow	-	3,250,025
Total	<b>379,508,781</b>	<b>308,669,934</b>

Restricted cash at bank balance relates to an amount deposited in the escrow account for acquisition of Jiwar. Please see Note 18.

**9 Statutory reserve**

During 2023, the Company updated its By-Laws in line with the new regulations for companies which do not require statutory reserve to be maintained. Consequently, during the extraordinary general assembly meeting held on 14 Dhul-Qi'adah 1445H (corresponding to 22 May 2024), the shareholders voted to transfer the statutory reserve to the retained earnings. Such transfer was completed during the three-month period ended 30 June 2024.

**10 Treasury shares**

Treasury shares are shares bought back by the Company in advance for the purpose of issuing shares under the proposed employee share option program which was announced by the Company on 04 April 2024, and subsequently approved in the extraordinary general assembly meeting held on 14 Dhul-Qi'adah 1445H (corresponding to 22 May 2024). The Company purchased 32,000 shares at prevailing market rates during the three-month period ended 30 June 2024.

**NATIONAL MEDICAL CARE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements (Unaudited)**  
**For the three-month and six-month periods ended 30 June 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**11 Lease liabilities**

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year		60,483,117	-
Additions during the period / year		14,635,697	-
Acquired as part of acquisitions	18	-	62,473,764
Finance cost		2,820,429	1,670,197
Payments		<b>(8,863,861)</b>	<b>(3,660,844)</b>
At the end of the period / year		<b>69,075,382</b>	60,483,117

Lease liabilities are presented as follows in the condensed consolidated interim statement of financial position:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current portion	7,338,561	7,252,784
Non-current portion	61,736,821	53,230,333
	<b>69,075,382</b>	60,483,117

**12 Trade and other payables**

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables		50,613,132	49,548,625
Accrued expenses		101,443,352	107,966,980
Payable to Smartmed Investments Company	18	-	3,250,025
Employees' related accruals		43,327,816	53,065,682
VAT payable		12,551,322	10,149,459
Others		5,921,854	4,211,863
		<b>213,857,476</b>	228,192,634

**13 Dividends**

On 14 Dhu al-Qidah 1445 H (22 May 2024), the shareholders of the Company in their General Assembly Meeting approved dividends of Saudi Riyals 89.70 million (Saudi Riyal 2.00 per share) for the year ended 31 December 2023 which was paid during the three-month period ended 30 June 2024 (2023: Saudi Riyals 44.85 million approved and paid).

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**14 Related parties**

Related parties are key shareholders, directors and key management personnel of the Group. The terms of these transactions have been approved by the Group'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 transactions	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
General Organization for Social Insurance ("GOSI") (Ultimate controlling party)	Revenues from medical services	117,199,242	105,540,090	223,366,423	212,709,030
Drager Arabian Company Limited (Owned by a shareholder and director)	Purchases	31,802	1,348	31,802	25,209

**(b) Related party balances**

Name of related party	Relationship	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<u>Due from a related party</u>			
GOSI	Ultimate controlling party	300,660,453	158,137,580
<u>Due to a related party</u>			
Drager Arabian Company Limited	Owned by a shareholder and director	29,039	450

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**14 Related parties (continued)**

**(c) Key management personnel compensation**

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Salaries and other short-term employee benefits	1,947,690	6,525,306	9,699,996	8,411,682
Attendance allowance and committee's remuneration	713,000	737,000	2,585,000	2,666,000
Employee benefit obligations	105,477	116,560	306,315	227,819
	<b>2,766,167</b>	<b>7,378,866</b>	<b>12,591,311</b>	<b>11,305,501</b>

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 mutually agreed terms. Outstanding balances as at 30 June 2024 and 31 December 2023 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.

**15 Long-term borrowings**

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Non-current liabilities</b>		
Islamic Murabaha	166,854,418	190,690,763
Ministry of Finance	71,306,091	71,306,091
	<b>238,160,509</b>	<b>261,996,854</b>
<b>Current liabilities</b>		
Islamic Murabaha	25,678,458	1,825,299
Ministry of Finance	5,942,174	5,942,174
	<b>31,620,632</b>	<b>7,767,473</b>
<b>Total long-term borrowings</b>	<b>269,781,141</b>	<b>269,764,327</b>

Maturity of long-term borrowings is as follows:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Less than one year – current	31,620,632	7,767,473
Two to five years	190,623,115	202,541,288
More than five years	47,537,394	59,455,566
	<b>269,781,141</b>	<b>269,764,327</b>

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**15 Long-term borrowings (continued)**

- 15.1 During November 2023, the Group obtained long-term loan from a commercial bank (Islamic Murabaha Contract), amounting to Saudi Riyals 190.7 million to finance an acquisition. The loan is repayable in 16 equal quarterly installments starting from February 2025 and carries finance charge at SAIBOR + 1.15%. The loan is unsecured.
- 15.2 During 2012, the Group signed a loan agreement with the Ministry of Finance amounting to Saudi Riyals 154.1 million to fund the construction of a hospital building. The Group was able to utilise 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 Group's collateralised land and buildings. Also see Note 4.

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 'First-time Adoption of International Financial Reporting Standards' 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.

**16 Zakat**

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

	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>
At the beginning of the period / year	<b>104,482,437</b>	90,429,420
Provided during the period / year	<b>17,702,989</b>	23,667,355
Reversal relating to prior years*	<b>(29,010,450)</b>	-
Acquired on acquisition	-	2,608,984
Paid during the period / year	<b>(63,773,253)</b>	<b>(12,223,322)</b>
	<b>29,401,723</b>	104,482,437

During 2021, Zakat, Tax and Customs Authority ('ZATCA') issued additional zakat assessments for the Company relating to the years 2015 to 2018 amounting to Saudi Riyals 29.0 million. The Company filed appeals against such assessments with the Preliminary Objection Committee ('POC') but the appeal was rejected. The Company had proceeded to file an appeal against such decision by POC with Higher Appeal Committee ('HAC'). During 2023, the Company received summary judgement with regard to the years 2015 to 2018 by the HAC, whereby HAC accepted some items and expressed disagreement with regard to other items in the appeal. As a result, the Company paid additional zakat in respect of years 2015 to 2018 amounting to Saudi Riyals 15.2 million.

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 filed appeals against such assessments with POC. During 2022, the Company received summary judgement in its favour, consequent to which ZATCA filed an appeal before the HAC.



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**16 Zakat (continued)**

\*During the three-month period ended 31 March 2024, ZATCA finalized the assessments relating to years 2021 and 2022. The Company maintained provision for these years based on the independent assessment from zakat consultant. Consequently, the Group paid an additional amount of Saudi Riyals 17.4 million and reversed excess provision carried amounting to Saudi Riyals 15.8 million. Further, during the three-month period ended 30 June 2024, the Company received summary judgement with regards to the years 2019 to 2020 in its favor by the HAC. As a result, the Company reversed excess provision carried amounting to Saudi Riyals 13.2 million.

The Company and its subsidiaries have filed zakat returns for the year 2023 with ZATCA during the three-month period ended 30 June 2024. No assessments have yet been raised for the year 2023.

**17 Basic and diluted 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 Group 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 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>	<b>2024 (Unaudited)</b>	<b>2023 (Unaudited)</b>
Profit for the period	<b>69,495,897</b>	47,795,424	<b>150,783,342</b>	104,064,231
Weighted average number of ordinary shares	<b>44,850,000</b>	44,850,000	<b>44,850,000</b>	44,850,000
Weighted average number of treasury shares purchased	<b>(32,000)</b>	-	<b>(32,000)</b>	-
	<b>44,818,000</b>	44,850,000	<b>44,818,000</b>	44,850,000
Basic and diluted earnings per share	<b>1.55</b>	1.07	<b>3.36</b>	2.32

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**18 Acquisition of Jiwar and Chronic**

**18.1 Acquisition of Jiwar**

As stated in the note 1, during 2023 the Group entered into the Agreement to acquire entire share capital of Jiwar for an initial consideration of Saudi Riyals 65.0 million, subject to certain adjustments as identified in the Agreement. The transaction was subject to completion of certain conditions/approvals which were considered substantive in nature. Such conditions/approvals were received/completed on 7 June 2023. The consideration was adjusted as per the terms of the Agreement, including but not limited to working capital adjustments (prepayments and other receivables amounting to Saudi Riyals 3.7 million and other payables amounting to Saudi Riyals 39.2 million), with adjusted consideration payable determined to be Saudi Riyals 29.4 million.

During December 2023, upon the finalization of completion accounts of Jiwar and ascertainment of balances, it was further agreed to reduce the remaining payable amount by Saudi Riyals 4.0 million which related to certain expenses relating to issuance of statutory licenses and other miscellaneous activities that were incurred by Care. As a result of this adjustment, the purchase consideration and the incremental direct cost of RoU asset was adjusted.

The management has considered the guidance of IFRS 3 - 'Business Combinations' in determining the accounting for Jiwar as a business combination or asset acquisition. IFRS 3 requires that an integrated set of activities and assets and must include an input and a substantive process that together significantly contribute to the ability to create output for it to be qualified as a 'Business'. Given, the acquisition of Jiwar primarily represented an under-construction emergency medical facility with no process / output, the same was recognised as an asset acquisition.

Following are the adjusted assets and liabilities recognized as result of the assets and liabilities acquired in Jiwar:

	<b>Fair value as at 8 June 2023</b>
Prepayments and other receivables	3,677,732
Leasehold improvements and equipment	19,238,435
Intangibles	6,436
Right-of-use asset	75,117,364
Lease liability	(33,469,307)
Other payables	(39,146,182)
Adjusted purchase consideration	<u><b>25,424,478</b></u>
<b>Cash outflow on acquisition</b>	
Net cash acquired with Jiwar	25,033
Cash paid	(22,174,453)
<b>Net cash outflow</b>	<u><b>(22,149,420)</b></u>

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**18 Acquisition of Jiwari and Chronic (continued)**

**18.1 Acquisition of Jiwari (continued)**

The Company's approach to allocating consideration to assets and liabilities acquired was to first measure financial instruments at fair value as this is a specific requirement of IFRS 9 on initial recognition. Secondly, the Company determined the present value of the lease liabilities acquired in accordance with the initial recognition guidance in IFRS 16 - 'Leases', with an offsetting RoU asset. Finally, the remaining consideration was allocated to assets for which initial measurement basis under IFRS was determined to be on cost basis, on a relative fair value basis. This included an evaluation as to whether any leases were assessed as to some of this consideration represented initial direct costs capitalisable into the RoU asset under IFRS 16.

In practice, the Company determined that the property and equipment and other cost basis assets were acquired recently such that their previous carrying amounts in the books of Jiwari approximated fair value. The remainder of the consideration was determined to represent the fair value payable to the seller to vacate the lease, which is located in Makkah in close proximity to the Grand Mosque. The Company determined this to be in substance an initial direct cost incremental to entering the lease which under IFRS 16 is capitalisable into the RoU asset.

From the agreed consideration of Saudi Riyals 25.4 million, the Company made payment of Saudi Riyals 22.2 million during the year ended 31 December 2023. The remaining balance of Saudi Riyals 3.3 million was deposited in an Escrow account as per the terms of the Agreement and has been recorded as restricted cash in the accompanying condensed consolidated interim financial statements (refer note 8). Such amount is also treated as a payable to the seller which will be transferred as per the terms mentioned in the Agreement.

**18.2 Acquisition of Chronic**

As stated in the note 1, on 8 September 2023, Care signed an SPA with its immediate parent, SMG, to acquire 100% shares of Chronic for an initial consideration of Saudi Riyals 190.0 million, subject to certain adjustments as identified in the SPA. The acquisition was subject to the completion of certain conditions/approvals which were considered substantive in nature. Such conditions/approvals were completed/received on 23 November 2023. The consideration payable was adjusted, including but not limited to working capital adjustments, estimated cash, debt and freehold properties adjustment. The adjusted purchase consideration determined as per the SPA is Saudi Riyals 204.1 million.

Purchase of Chronic from SMG is a business combination under common control which was accounted for in accordance with the acquisition method of accounting, because it was set at the mutually agreed price.

The Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. The purchase price allocation has not been completed till the issuance of these condensed consolidated interim financial statements as the Group is seeking independent valuation of intangible assets, such as brand name, customer relationships and other licenses acquired in the business combination. Accordingly, the Group has provisionally accounted for the business combination based on the carrying values of the assets and liabilities as of the acquisition date, which are summarized below. The provisional value for goodwill amounted to Saudi Riyals 117.0 million. None of the goodwill is expected to be deductible for zakat purposes.

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**18 Acquisition of Jiwar and Chronic (continued)**

**18.2 Acquisition of Chronic (continued)**

The provisionally determined fair values for the assets and liabilities of Chronic as at the date of acquisition are as follows:

	<b>Saudi Riyals</b>
<b>Assets acquired</b>	
<b>Non-current assets</b>	
Property and equipment	45,022,225
Intangible assets	300,960
RoU asset	23,053,966
	<u>68,377,151</u>
<b>Current assets</b>	
Inventories	2,682,286
Trade and other receivables	38,978,695
Cash and cash equivalents	40,696,555
	<u>82,357,536</u>
	<u>150,734,687</u>
<b>Liabilities assumed</b>	
<b>Non-current liabilities</b>	
Lease liability	27,690,825
Employee benefit obligations	5,584,702
	<u>33,275,527</u>
<b>Current liabilities</b>	
Trade and other payables	26,429,425
Current portion of lease liability	1,313,632
Zakat payable	2,608,984
	<u>30,352,041</u>
	<u>63,627,568</u>
Total acquisition cost	204,069,593
Total identifiable assets	(87,107,119)
<b>Goodwill</b>	<u>116,962,474</u>
<b>Cash outflow on acquisition</b>	
Net cash acquired with Chronic	40,696,555
Cash paid	(204,069,593)
<b>Net cash outflow</b>	<u>(163,373,038)</u>

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**19 Segment reporting**

The Group's operations principally represent hospital services segment only. Accordingly, presenting different segmental information is not considered necessary. Furthermore, the Group's operations are conducted in the Kingdom of Saudi Arabia only.

**20 Fair value of assets and liabilities**

As at 30 June 2024 and 31 December 2023, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature and are expected to be realised at their current carrying values within twelve months from the date of condensed consolidated 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 15.

**21 Contingencies and commitments**

- (i) At 30 June 2024, the Group was contingently liable for bank guarantees issued in the normal course of business amounting to Saudi Riyals 74.2 million (31 December 2023: Saudi Riyals 53.1 million).
- (ii) There are various ongoing legal cases filed against the Group by former employees and third parties. The management of the Group has recorded appropriate provisions based on the expected outcomes of such cases and believes that such cases would be resolved without any material impact on the condensed consolidated interim financial statements of the Group.
- (iii) The capital expenditure contracted by the Group as at 30 June 2024 was approximately Saudi Riyals 43.8 million (31 December 2023: Saudi Riyals 48.6 million).

**22 Subsequent events**

No events have occurred up to and including the date of signing the independent auditor's review report that could have a significant effect on the condensed consolidated interim financial statements as at and for the three-month period and six-month periods ended 30 June 2024.

**23 Comparative figures**

During the six-month period ended 30 June 2024, the Group recorded finance income amounting to Saudi Riyals 11.9 million as a separate line item as it was material to the condensed consolidated interim financial statements. Accordingly, the management has disaggregated finance income for the six-month period ended 30 June 2023 amounting to Saudi Riyals 5.8 million to be presented as a separate line item on the face of statement of profit and loss in the comparative numbers which was presented under 'other operating income, net' for the three-month period ended 30 June 2023.