

NATIONAL MEDICAL CARE COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTH AND NINE MONTH PERIOD ENDED
30 SEPTEMBER 2019
AND REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL
STATEMENTS

NATIONAL MEDICAL CARE COMPANY
A SAUDI JOINT STOCK COMPANY

INDEX TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH
AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

<u>Index</u>	<u>Page</u>
Report on review of interim condensed financial statements	2
Interim condensed statement of financial position	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Selected notes to interim condensed financial statements	7 – 14

Report On Review of Interim Condensed Financial Statements

To the shareholders of
National Medical Care Company
A Saudi Joint Stock Company
Riyadh- Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of **National Medical Care Company** "A Saudi Joint Stock Company" ("the Company") as of 30 September 2019 and the related condensed statements of comprehensive income for the three-month and nine-month periods then ended, statements of changes in equity and cash flows for the nine-month periods then ended, and a summary of significant accounting policies and notes to the condensed interim financial statements.

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


Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements (2410), "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", 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 endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

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

For BDO Dr. Mohamed Al-Amri & Co.


Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331



10 Rabi Al-awwal 1441 (H)
07 November 2019 (G)

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
Saudi Riyals

	Notes	As of 30 September 2019 (Unaudited)	As of 31 December 2018 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	551,840,438	596,263,711
Intangible assets		1,595,780	370,388
Total non-current assets		553,436,218	596,634,099
Current assets			
Inventories		58,145,582	55,196,157
Contract assets		3,993,627	4,539,873
Trade and other receivables	5	478,904,902	391,484,662
Cash and cash equivalents		304,684,837	344,557,818
Total current assets		845,728,948	795,778,510
Total assets		1,399,165,166	1,392,412,609
Equity and liabilities			
Equity			
Share capital	1	448,500,000	448,500,000
Statutory reserve		186,021,947	186,021,947
Retained earnings		377,940,086	362,342,715
Total equity		1,012,462,033	996,864,662
Liabilities			
Non-current liabilities			
Long- term loans	7	131,438,424	146,471,508
Liability for employees' end of service benefits		85,918,061	81,532,797
Total non-current liabilities		217,356,485	228,004,305
Current liabilities			
Trade and other payables		103,802,496	107,854,361
Contract liabilities		2,680,964	1,178,298
Current portion of long- term loans	7	24,123,992	24,123,992
Provision for Zakat		38,739,196	34,386,991
Total current liabilities		169,346,648	167,543,642
Total liabilities		386,703,133	395,547,947
Total equity and liabilities		1,399,165,166	1,392,412,609

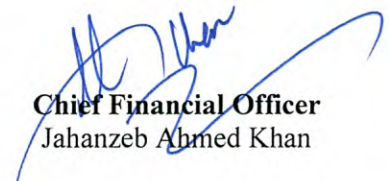
The accompanying selected notes (1) to (15) are integral part of and should be read in conjunction with these interim condensed financial statements.



Chairman
Saad Abdulmohsen Alfadly



Chief Executive Officer
Abdulaziz Alobaid



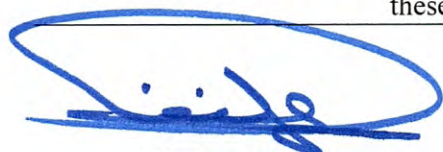
Chief Financial Officer
Jahanzeb Ahmed Khan

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
Saudi Riyals

	Notes	<i>For the three months period ended</i>		<i>For the nine months period ended</i>	
		<i>30 September (Unaudited)</i>	<i>30 September (Unaudited)</i>	<i>30 September (Unaudited)</i>	<i>30 September (Unaudited)</i>
		2019	2018	2019	2018
Revenues	8	173,513,375	176,394,747	522,879,190	582,113,614
Cost of revenues		(133,400,127)	(143,221,410)	(396,497,422)	(447,625,317)
Gross profit		40,113,248	33,173,337	126,381,768	134,488,297
Selling and marketing expenses		(133,215)	(37,813)	(348,917)	(409,858)
General and administrative expenses		(18,907,012)	(8,755,557)	(54,832,807)	(54,671,356)
Other income		3,357,726	4,421,387	13,813,772	10,586,820
Provision of expected credit losses	5	(1,442,236)	(11,220,580)	(5,704,883)	(14,435,459)
Operating profit		22,988,511	17,580,774	79,308,933	75,558,444
Finance cost		(624,060)	(841,939)	(2,012,604)	(1,744,547)
Impairment loss on property, plant and equipment		-	(516,295)	-	(2,166,295)
Net profit for the period before Zakat		22,364,451	16,222,540	77,296,329	71,647,602
Zakat expense		(5,720,982)	(4,779,018)	(16,848,958)	(14,337,054)
Net profit for the period		16,643,469	11,443,522	60,447,371	57,310,548
Other comprehensive income for the period		-	-	-	-
Comprehensive income for the period		16,643,469	11,443,522	60,447,371	57,310,548
Basic and diluted earnings per share from net profit	10	0.37	0.26	1.35	1.28

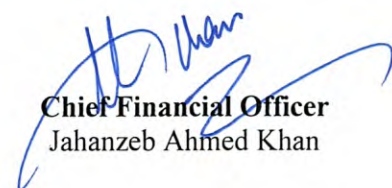
The accompanying selected notes (1) to (15) are integral part of and should be read in conjunction with these interim condensed financial statements.



Chairman
Saad Abdulmohsen Alfadly



Chief Executive Officer
Abdulaziz Alobaid



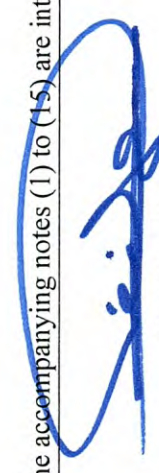
Chief Financial Officer
Jahanzeb Ahmed Khan

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
Saudi Riyals

	Share capital	Statutory reserve	Retained earnings	Total
<u>For the nine months ended 30 September 2019 (Unaudited)</u>				
Balance as at 1 January 2019	448,500,000	186,021,947	362,342,715	996,864,662
Net profit for the period	-	-	60,447,371	60,447,371
Other comprehensive income for the period	-	-	-	-
Comprehensive income for the period	-	-	60,447,371	60,447,371
Dividends (Note 14)	-	-	(44,850,000)	(44,850,000)
Balance as at 30 September 2019	448,500,000	186,021,947	377,940,086	1,012,462,033
<u>For the nine months ended 30 September 2018 (Unaudited)</u>				
Balance as at 1 January 2018	448,500,000	186,021,947	351,102,734	985,624,681
Adjustments	-	-	(7,521,462)	(7,521,462)
Balance as at 1 January 2018 after adjustment	448,500,000	186,021,947	343,581,272	978,103,219
Net profit for the period	-	-	57,310,548	57,310,548
Other comprehensive income for the period	-	-	-	-
Comprehensive income for the period	-	-	57,310,548	57,310,548
Dividends	-	-	(44,850,000)	(44,850,000)
Balance as at 30 September 2018	448,500,000	186,021,947	356,041,820	990,563,767

The accompanying notes (1) to (15) are integral part of and should be read in conjunction with these interim condensed financial statements.



Chairman
Saad Abdulmohsen Alfady



Chief Executive Officer
Abdulaziz Alobaid




Chief Financial Officer
Jahanzeb Ahmed Khan

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

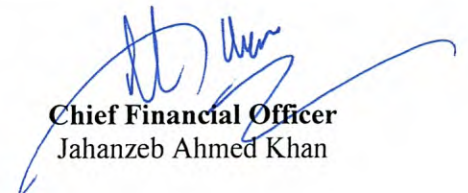
INTERIM CONDENSED STATEMENT OF CASH FLOWS
Saudi Riyals

		<i>For the nine months period ended 30 September</i>	
	<u>Notes</u>	<u>2019 (Unaudited)</u>	<u>2018 (Unaudited)</u>
<u>Operating activities</u>			
Net Profit for the period before zakat		77,296,329	71,647,602
Adjustments;			
Depreciation of property, plant and equipment		51,454,292	51,405,489
Impairment of plant and equipment		-	2,166,295
Amortization of intangible assets		585,799	548,071
Provision of expected credit losses	5	5,704,883	14,435,459
Expected medical rejections	5	28,565,253	21,053,692
Liability for employees' end of service benefits		12,116,812	-
Changes in;			
Trade and other receivables		(121,690,376)	(18,092,741)
Contract assets		546,246	(1,217,033)
Inventories		(2,949,425)	1,964
Trade and other payables		(4,051,865)	(33,681,008)
Contract liabilities		1,502,666	-
Cash generated from operations		49,080,614	108,267,790
Zakat paid		(12,496,754)	(6,157,388)
Liability for employees' end of service benefits paid		(7,731,548)	(1,273,088)
Net cash flows generated from operating activities		28,852,312	100,837,314
<u>Investing activities</u>			
Acquisition of property, plant and equipment		(8,842,209)	(18,508,011)
Net cash flows used in investing activities		(8,842,209)	(18,508,011)
<u>Financing activities</u>			
Repayment of long term loan		(15,033,084)	(9,090,910)
Dividends paid	14	(44,850,000)	(44,850,000)
Net cash flows used in financing activities		(59,883,084)	(53,940,910)
Net (deficit) surplus in cash and cash equivalents during the period		(39,872,981)	28,388,393
Cash and cash equivalents at beginning of the period		344,557,818	117,350,808
Cash and cash equivalents at end of the period		304,684,837	145,739,201

The accompanying selected notes (1) to (15) are integral part of and should be read in conjunction with these interim condensed financial statements.


Chairman
Saad Abdulmohsen Alfadly


Chief Executive Officer
Abdulaziz Alobaid


Chief Financial Officer
Jahanzeb Ahmed Khan

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

1. GENERAL INFORMATION

National Medical Care Company (the “Company”) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010194785 dated Muharram 9, 1425 (H) (corresponding to February 29, 2004). The company carries out its activities through the following branches:

- Riyadh Care Hospital under commercial registration No, 1010195325 dated Muharram 22, 1425 (H) (corresponding to March 14, 2004).
- National Hospital under commercial registration No, 1010195327 dated Muharram 22, 1425 (H) (corresponding to March 14, 2004).
- Care Company for Pharmaceutical and Medical Distribution under commercial registration No, 1010301247 dated Safar 14, 1432 (H) (corresponding to January 19, 2011).
- Family Health Care Center under commercial registration No, 1010397064 dated Muharram 29, 1435 (H) (corresponding to December 02, 2013).

The Company is engaged in the business to establish, own, equip, manage, maintain and operate hospitals, health centers and units. The Company also engages in wholesale and retail trade in medicines, medical equipment and supplies, representing its own companies and owns vehicles-medical equipped or unequipped that are necessary to perform its function. Furthermore, the Company engages in delivery of health services in all fields, as well as in rendering of services and operating businesses that assist in achieving or complementing its objectives. Additionally, the Company is engaged in owning lands and properties for its own benefit.

The Company’s share capital of SR 448,500,000 is divided into 44,850,000 shares of SR 10 each. The Head Office of the Company is located in Riyadh, PO Box 29393, Riyadh 11457, Kingdom of Saudi Arabia.

The fiscal year for the Company starts on January 1st and ends on December 31st of each calendar year.

2. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards for Interim Financial Reporting, IAS 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (SOCPA) and should be read in conjunction with the Company's last annual financial statements for the year ended 31 December 2018. The accompanying financial statements do not include all the information that is required to prepare a complete set of financial statements in accordance with International Financial Reporting Standards.

The accounting policies adopted in the preparation of accompanying interim condensed financial statements are consistent with those followed in the preparation of Company's annual financial statements for the year ended 31 December 2018, except for the accounting policy of IFRS (16) leases as stated in note 3.

i) Basis of measurement

These interim condensed financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for employee benefits which are recognised at the present value of future obligation using the Projected Unit Method.

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

ii) Functional and presentation currency

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

b) Accounting estimates

The preparation of these interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim condensed financial statement are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2018.

The Company has adopted IFRS 16 Leases from January 1, 2019. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 'Leases' introduces a single, on-balance sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

There is no significant impact on the financial statements of the Company due to application of this standard, as the Company does not have significant lease contracts.

4. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2019, the Company has made additions of SR 8.8 million mainly relating to computer equipment (31 December 2018: SR 19.2 million).

During the period ended 30 September 2019, the Company has capitalized SR Nil from finance cost on property, plant and equipment (31 December 2018: SR 0.7 million).

The Company has land and buildings, with net book value of SR 340 million as at 30 September 2019 (31 December 2018: SR 350 million) pledged to the Ministry of Finance against a loan granted to the company (Note 7).

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

5. TRADE AND OTHER RECEIVABLES

	30 September 2019	31 December 2018
Trade receivables	361,959,332	410,408,398
Due from related parties (note 6)	274,447,852	117,469,638
	636,407,184	527,878,036
Deduction		
Provision of expected credit losses	(73,432,065)	(69,172,321)
Expected medical rejections	(105,307,485)	(88,836,145)
	457,667,634	369,869,570
Suppliers advance payments	6,677,054	8,528,349
Letter of guarantees	5,612,563	8,719,345
Prepaid expenses	6,328,302	3,122,971
Others	2,619,349	1,244,427
	478,904,902	391,484,662

Trade and other receivables' balances are non-interest bearing.

As of 30 September 2019 the amounts due from governmental and semi-governmental entities represents 75% of total trade receivables and due from related parties (31 December 2018: 66%).

On 29 March 2018, the Company signed a renewal of the contract with General Organization for Social Insurance (related party) for three years starting from 1 January 2018.

The movement of provision for expected credit losses is as follows

	For period ended 30 September 2019	For year ended 31 December 2018
Opening balance before adjustment	69,172,321	47,418,490
Adjustment	-	7,521,462
Balance at beginning of the period/year after adjustment	69,172,321	54,939,952
Charge for the period / year	5,704,883	19,436,844
Provisions reversed during the period / year	-	(4,316,322)
Provision utilized during the period / year	(1,445,139)	(888,153)
Balance at the end of the period / year	73,432,065	69,172,321

The movement of provision of expected medical rejections is as follows

Balance at beginning of the period / year	88,836,145	65,564,458
Charge for the period / year	28,565,253	54,540,509
Provision utilized during the period / year	(12,093,913)	(31,268,822)
Balance at the end of the period / year	105,307,485	88,836,145

The other classes of trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Further, the Company does not hold any collateral as security for trade and other receivables.

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

6. RELATED PARTIES

Related parties are key shareholders, directors, key management personnel of the company and the substantially affected subsidiaries. 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:

	Relation	Nature of transaction	Transactions during period		Balance as of	
			30 September 2019	30 September 2018	30 September 2019	31 December 2018
<u>Due from related party:</u>						
General Organization for Social Insurance (Note 5)	Indirect shareholder	Medical service	203,988,502	219,862,620	274,447,852	117,469,638
<u>Due to related party:</u>						
Drager Arabian Co. Ltd.	Owned by a shareholder	Purchases	89,968	48,856	89,968	55,509
<u>Key management personnel:</u>						
Short-term benefits			8,554,826	9,212,788	-	-
Post-employment benefits			287,831	346,987	2,290,692	2,118,893
			8,842,657	9,559,775	2,290,692	2,118,893

7. LOANS

	As of 30 September 2019	As of 31 December 2018
Total liability of loans	159,971,159	176,429,590
Deduct		
Future unamortized finance cost	(4,408,743)	(5,834,090)
	155,562,416	170,595,500
Divided to		
Current portion of long-term loans	24,123,992	24,123,992
Noncurrent portion of long-term loans	131,438,424	146,471,508
	155,562,416	170,595,500

On December 10, 2012, the Company signed a loan agreement with the Ministry of Finance to finance construction work under progress amounting to SR 154,112,000. The Company received the first installment of SR 66,572,100 on April 28, 2013 and second installment amounting of SR 11,180,900 on January 13, 2014 and the third installment amounting of SR 41,090,485 on November 4, 2014. The loan is repaid annually through 20 equal installments, the first installment of which is due after 5 years of the contract date. The first installment became due on October 11, 2017. This loan is an interest free loan and secured against real estate mortgage (Note 4).

On November 5, 2015, the Company obtained a Murabaha contract amounting to SR 100 million from Riyadh Bank for expansion, renewal, renovation and preparation of Northern building of National Care Hospital, including a grace period of one year. It will be paid on semi-annual installments over five years. The Murabaha is guaranteed by promissory note amounting to SR 145 million.

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

8. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenue by category	<i>For the three months' period ended 30 September</i>		<i>For the nine months' period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Rendering of clinical services	153,758,147	155,658,285	461,336,854	514,979,201
Sale of medicine	19,755,228	20,736,462	61,542,336	67,134,413
	173,513,375	176,394,747	522,879,190	582,113,614
Revenue time recognition				
Over time	146,978,201	126,650,631	399,003,003	418,995,524
At point in time	26,535,174	49,744,116	123,876,187	163,118,090
	173,513,375	176,394,747	522,879,190	582,113,614

9. SEGMENT REPORTS

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

10. BASIC AND DILUTED EARNINGS PER SHARE FROM NET PROFIT

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Net profit for the period	16,643,469	11,443,522	60,447,371	57,310,548
Weighted average number of shares	44,850,000	44,850,000	44,850,000	44,850,000
Basic and diluted earnings per share from period's net profit	0.37	0.26	1.35	1.28

11. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company has capital commitments resulting from the expansion and renewal of National Care Hospital as of 30 September 2019 amounting to 0.9 million (31 December 2018: SR 0.9 million).

The Company has contingent liabilities arising from letters of guarantee issued to certain customers as at 30 September 2019 amounting SR 5.6 million (31 December 2018: SR 21.5 million).

There are certain legal cases filed against the Company, however, the final outcome of these cases is not yet certain. The management does not expect the final outcomes of these cases to be material.

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

12. FINANCIAL INSTRUMENTS, FAIR VALUE AND CLASSIFICATION

Financial instruments recorded in the Company's statement of financial position consist of cash in hand and in banks, trade receivables and other debit balances, loans, trade payables and other credit balances.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

In management opinion, the fair value of the financial instruments is substantially close to its book value. There were no reclassifications between the above three levels during the reporting period.

Classification of financial instruments

	As at 30 September 2019	As at 31 December 2018
<u>Financial assets</u>		
Financial assets at amortized cost		
Trade receivables	361,959,332	410,408,398
Due from related parties	274,447,852	117,469,638
Letters of guarantee	5,612,563	8,719,345
Cash and cash equivalents	304,684,837	344,557,818
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Loans	155,562,416	170,595,500
Trade and other payable	103,802,496	107,854,361

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

13. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

The adoption of the following amendments to the existing standards had no significant financial impact on the interim condensed financial statements of the Company on the current period or prior periods and is expected to have no significant effect in future periods:

a) Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 Business Combinations – A company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 Joint Arrangements – A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes – A company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23 Borrowing Costs – A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

b) Other Amendments

The following amended standards and interpretations do not have a significant impact on the Company's interim condensed financial statements:

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these interim condensed financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendment to IFRS 3)
- Definition of Material (Amendment to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts.
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28).

14. BOARD MEETINGS AND MAJOR DECISIONS

The shareholders of the Company in their General Assembly meeting held on April 23, 2019 approved Board of Directors' recommendation for dividend distributions amounting to SR 44,850,000 (SR 1 per share) for the year 2018 and approved total remuneration amounting to SR 1.9 million for the Board members.

The dividend was distributed to the shareholders during the second quarter of 2019.

On March 5, 2019 the Company received a letter from Hassana Investment Company (Hassana), a subsidiary of the General Organization for Social Insurance (GOSI), indicating that Hassana on behalf of itself and GOSI has reached a final and binding agreement with NMC Emirates (NMC), a fully owned subsidiary of NMC Health Plc, for the transfer of GOSI and Hassana's share in the Company (38.88%) to NMC Saudi Arabia for Health Care.

Subsequently, on May 24, 2019 the Company received a letter from NMC Healthcare Saudi Arabia announcing the closing of definitive agreement between NMC, GOSI and Hassana. Further, additional shares of the Company were acquired by NMC Healthcare Saudi Arabia thereby bringing aggregate shareholding to 49.2%. GOSI indirectly continues to be a shareholder in the Company.

NATIONAL MEDICAL CARE COMPANY

A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)

All amounts are presented in Saudi riyals unless otherwise indicated

15. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements (unaudited) were approved by Board of Directors on 10 Rabi Al-awwal 1441 H corresponding to 07 November 2019 G.