

**NATIONAL MEDICAL CARE COMPANY
(SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS -
UNAUDITED
FOR THE THREE-MONTH ENDED 31 MARCH 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month ended 31 March 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **National Medical Care Company**, Saudi Joint Stock Company ("the Company") as at 31 March 2022 and the related interim condensed statement of profit or loss and other comprehensive income for the three-month period then ended, and the interim condensed statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

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

Scope of Review

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

Conclusion

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

Other Matter

The interim condensed financial statements of the Company for the period ended 31 March 2021 were reviewed by another independent auditor, who issued an unmodified conclusion on those interim condensed financial statements on 11 Shawwal 1442H (corresponding to 23 May 2021).

For Dr. Mohamed Al-Amri & Co.



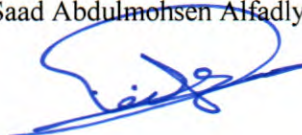
Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, on: 14 Shawwal 1443 (H)
Corresponding to: 15 May 2022 (G)

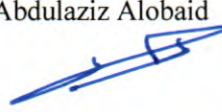
National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

		<i>31 March</i> <i>2022</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2021</i> <i>SR</i> <i>(Audited)</i>
Assets			
Non-current assets			
Property and equipment	4	478,767,365	483,162,527
Intangible assets		6,553,467	7,481,659
Total non-current assets		<u>485,320,832</u>	<u>490,644,186</u>
Current assets			
Inventories		45,953,215	45,858,628
Trade receivables, prepayments and others	5	763,843,264	647,958,301
Cash and cash equivalents	6	289,387,764	374,959,655
Total current assets		<u>1,099,184,243</u>	<u>1,068,776,584</u>
Total assets		<u>1,584,505,075</u>	<u>1,559,420,770</u>
Equity and liabilities			
Equity			
Share capital		448,500,000	448,500,000
Statutory reserve		186,021,947	186,021,947
Retained earnings		519,751,759	489,752,631
Total equity		<u>1,154,273,706</u>	<u>1,124,274,578</u>
Liabilities			
Non-current liabilities			
Long-term loan	10	83,190,440	83,190,440
Employees' end-of-service benefits		98,954,332	97,528,443
Total non-current liabilities		<u>182,144,772</u>	<u>180,718,883</u>
Current liabilities			
Trade payables, accruals, and others	7	161,795,239	175,147,200
Current portion of long-term loan	10	5,942,174	5,942,174
Zakat provision	11	80,349,184	73,337,935
Total current liabilities		<u>248,086,597</u>	<u>254,427,309</u>
Total liabilities		<u>430,231,369</u>	<u>435,146,192</u>
Total equity and liabilities		<u>1,584,505,075</u>	<u>1,559,420,770</u>

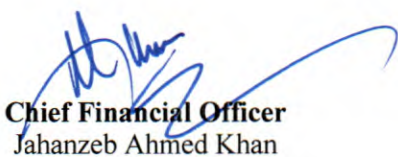
Chairman
Saad Abdulmohsen Alfadly



Chief Executive Officer
Abdulaziz Alobaid



Chief Financial Officer
Jahanzeb Ahmed Khan



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

National Medical Care Company
(Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the three-month period ended 31 March 2022

	<i>For the three-month period ended</i>	
	<i>31 March 2022 SR (Unaudited)</i>	<i>31 March 2021 SR (Unaudited)</i>
Revenue	211,478,212	214,190,366
Cost of revenue	(150,040,822)	(150,552,479)
Gross profit	61,437,390	63,637,887
Selling and marketing expenses	(4,072,380)	(1,321,846)
General and administrative expenses	(22,199,488)	(20,133,270)
Operating income	35,165,522	42,182,771
Other income, net	1,844,855	1,730,852
Income before zakat	37,010,377	43,913,623
Zakat	11 (7,011,249)	(8,179,724)
Income for the period	29,999,128	35,733,899
Other comprehensive income for the period	-	-
Total comprehensive income for the period	29,999,128	35,733,899
Basic and diluted earnings per share:		
Basic and diluted earnings per share from income	12 0.67	0.80

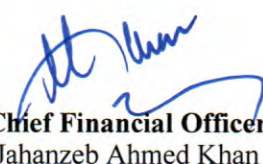
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National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2022

	<i>Share capital</i> SR	<i>Statutory reserve</i> SR	<i>Retained earnings</i> SR	<i>Total</i> SR
As at 1 January 2022 (Audited)	448,500,000	186,021,947	489,752,631	1,124,274,578
Income for the period	-	-	29,999,128	29,999,128
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	29,999,128	29,999,128
As at 31 March 2022 (Unaudited)	448,500,000	186,021,947	519,751,759	1,154,273,706
As at 1 January 2021 (Audited)	448,500,000	186,021,947	402,426,984	1,036,948,931
Income for the period	-	-	35,733,899	35,733,899
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	35,733,899	35,733,899
As at 31 March 2021 (Unaudited)	448,500,000	186,021,947	438,160,883	1,072,682,830

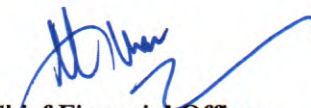
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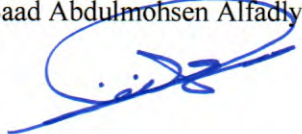


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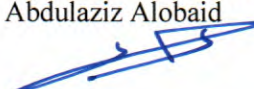
National Medical Care Company
(Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2022

		2022 SR <i>(Unaudited)</i>	2021 SR <i>(Unaudited)</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Income before zakat		37,010,377	43,913,623
Adjustments for non-cash items:			
Depreciation of property and equipment	4	10,878,358	11,983,871
Gain on disposal of property and equipment		(6,459)	(20,615)
Amortization of intangible assets		966,356	535,914
Allowance for expected credit losses	5	3,600,064	841,786
Allowance for expected medical rejections	5	12,297,583	13,805,985
Allowance for slow moving inventories		-	160,705
Provision for employees' end-of-service benefits		5,533,895	5,504,585
		<u>70,280,174</u>	<u>76,725,854</u>
Changes in operating assets and liabilities:			
Trade receivables, prepayments and others		(131,782,610)	(110,598,218)
Inventories		(94,587)	3,327,452
Trade payables, accruals and others		(13,351,961)	3,925,668
Net cash used in operations		<u>(74,948,984)</u>	<u>(26,619,244)</u>
Employees' end-of-service benefits paid		(4,108,006)	(3,609,902)
Net cash used in operating activities		<u>(79,056,990)</u>	<u>(30,229,146)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	4	(6,490,650)	(7,292,594)
Proceeds from disposal of property and equipment		13,913	56,384
Additions to intangibles assets		(38,164)	-
Net cash used in investing activities		<u>(6,514,901)</u>	<u>(7,236,210)</u>
Net decrease in cash and cash equivalents		(85,571,891)	(37,465,356)
Cash and cash equivalents at the beginning of the period	6	374,959,655	372,672,212
Cash and cash equivalents at the end of the period	6	<u>289,387,764</u>	<u>335,206,856</u>

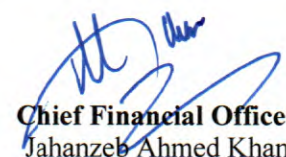
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The accompanying notes form an integral part of these interim condensed financial statements.

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

1. CORPORATE INFORMATION AND ACTIVITIES

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

The company carries out its activities through the following branches:

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

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

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

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These interim condensed financial statements have been prepared in accordance with International Accounting Standard “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2021. In addition, results for the interim period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

2. BASIS OF PREPARATION (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The significant judgments made by management in applying the Company accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the annual financial statements for the year ended 31 December 2021. However, in view of the current uncertainty regarding COVID 19, any future change in assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amounts of assets or liabilities affected in future periods. As the situation continues to evolve, management will continue to assess the impact based on prospective developments (see also note 16).

3. CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2021. There are no new standards effective from 1 January 2022, however, several amendments to existing standards which are effective from 1 January 2022 and applied for the first time in 2022, are explained as follows:

a) Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

b) Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

c) Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts.

d) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The above amendments to existing standards do not have a material effect on these interim condensed financial statements.

Standards and interpretations issued but not yet effective

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

4. PROPERTY AND EQUIPMENT

	<i>31 March 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Cost:		
At the beginning of the period / year	1,257,767,185	1,243,364,547
Additions during the period / year	6,490,650	35,688,875
Disposals during the period / year	(4,269,124)	(21,286,237)
At the end of the period / year	1,259,988,711	1,257,767,185
Accumulated depreciation:		
At the beginning of the period / year	774,604,658	748,834,738
Depreciation charge for the period / year	10,878,358	47,005,683
Relating to disposals during the period / year	(4,261,670)	(21,235,763)
At the end of the period / year	781,221,346	774,604,658
Net book value:		
At the end of the period / year	478,767,365	483,162,527

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

The Company has land and buildings, with net book value of SR 313 million as at 31 March 2022 (31 December 2021: SR 315 million) pledged to the Ministry of Finance against loan granted to the Company (note 10).

5. TRADE RECEIVABLES, PREPAYMENTS, AND OTHERS

	<i>31 March 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Trade accounts receivable	326,704,269	286,771,028
Due from a related party - trade receivables (note 9)	599,766,892	517,491,787
	926,471,161	804,262,815
Allowance for expected medical rejections	(118,371,204)	(116,475,681)
	808,099,957	687,787,134
Less:		
Allowance for expected credit losses	(84,648,823)	(81,260,957)
Net trade receivables	723,451,134	606,526,177
Letter of guarantees margin (see note below)	26,409,034	27,121,670
Advances to suppliers	3,933,512	4,244,414
Prepaid expenses	4,185,501	4,963,598
Others	5,864,083	5,102,442
	763,843,264	647,958,301

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

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

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

The movement in the expected medical rejections is as follows:

	<u>31 March</u> 2022 <i>SR</i> <i>(Unaudited)</i>	<u>31 December</u> 2021 <i>SR</i> <i>(Audited)</i>
At the beginning of the period / year	116,475,681	125,733,930
Charge for the period / year	12,297,583	56,185,399
Utilized / reversals during the period /year	(10,402,060)	(16,129,187)
Written-off during the period /year	-	(49,314,461)
At the end of the period /year	<u>118,371,204</u>	<u>116,475,681</u>

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

	<u>31 March</u> 2022 <i>SR</i> <i>(Unaudited)</i>	<u>31 December</u> 2021 <i>SR</i> <i>(Audited)</i>
At the beginning of the period / year	81,260,957	112,774,211
Charge for the period / year	3,600,064	9,180,034
Utilized / reversals during the period /year	(212,198)	(931,418)
Write-off during the period /year	-	(39,761,870)
At the end of the period /year	<u>84,648,823</u>	<u>81,260,957</u>

6. CASH AND CASH EQUIVALENTS

	<u>31 March</u> 2022 <i>SR</i> <i>(Unaudited)</i>	<u>31 December</u> 2021 <i>SR</i> <i>(Audited)</i>
Cash in hand	375,475	443,425
Cash at bank	<u>289,012,289</u>	<u>374,516,230</u>
	<u>289,387,764</u>	<u>374,959,655</u>

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

7. TRADE PAYABLES, ACCRUALS, AND OTHERS

	<i>31 March 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Trade payables	40,849,113	46,845,201
Accrued expenses	69,695,898	69,254,124
Employees' related accruals	37,070,719	45,216,675
VAT payable	10,311,049	9,766,751
Others	3,868,460	4,064,449
	<u>161,795,239</u>	<u>175,147,200</u>

8. DIVIDENDS

The Board of Directors in their meeting held on 18 Ramadhan 1443H (corresponding to 19 April 2022) proposed dividends of SR 1.00 per share totalling to SR 44,850,000 for the year ended 31 December 2021, which will be presented for approval in the Company's general assembly meeting planned on 16 Shawwal 1443H (corresponding to 17 May 2022).

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

9. RELATED PARTIES

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

Related party transactions

	<i>Relation</i>	<i>Nature of transaction</i>	<i>Transactions during three-month period ended</i>	
			<i>31 March 2022 SR (Unaudited)</i>	<i>31 March 2021 SR (Unaudited)</i>
General Organization for Social Insurance	Indirect shareholder	Revenue from medical services	71,709,721	75,444,621
Drager Arabian Company Limited.	Owned by a shareholder	Purchases	(9,989)	(975,386)

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

9. RELATED PARTIES (continued)

Related party balances

		<u>31 March</u> 2022 SR (Unaudited)	<u>31 December</u> 2021 SR (Audited)
<i>Due from a related party:</i>			
General Organization for Social Insurance "GOSI" (note 5)	Indirect shareholder	599,766,892	517,491,787
<i>Due to a related party:</i>			
Drager Arabian Company Limited.	Owned by a shareholder	-	19,464

Key management personnel

	<i>For the nine-months period ended</i>	
	<u>31 March</u> 2022 SR (Unaudited)	<u>31 March</u> 2021 SR (Unaudited)
Short-term benefits	7,005,276	5,477,556
Attendance allowance and committee's remuneration	1,425,667	2,501,000
Post-employment benefits	90,300	86,478
	8,521,243	8,065,034

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

Terms and conditions of transactions with related parties

The transactions with related parties are at terms as agreed by the management. Outstanding balances as at 31 March 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. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

10. LONG-TERM LOAN

	<u>31 March</u> 2022 SR (Unaudited)	<u>31 December</u> 2021 SR (Audited)
Within one year – current	5,942,174	5,942,174
One to five years	23,768,696	23,768,696
More than five years	59,421,744	59,421,744
Long-term loan- non-current	83,190,440	83,190,440
Total long-term loan	89,132,614	89,132,614

National Medical Care Company
(Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
For the three-month period ended 31 March 2022

10. LONG-TERM LOAN (continued)

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

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

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

11. ZAKAT

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

	<u>31 March 2022 SR (Unaudited)</u>	<u>31 December 2021 SR (Audited)</u>
At the beginning of the period / year	73,337,935	57,216,626
Provided during the period / year	7,011,249	28,044,998
Paid during the period / year	-	(11,923,689)
	<u>80,349,184</u>	<u>73,337,935</u>

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

Subsequent to the three months period ended 31 March 2022, the Company has filed the Zakat return to ZATCA and received the Zakat certificate up to 31 December 2021.

12. EARNINGS PER SHARE

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

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

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12. EARNINGS PER SHARE (continued)

Basic and diluted earnings per share from total income.

	<i>For the three-month period ended</i>	
	<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income for the period	29,999,128	35,733,899
Weighted average number of ordinary shares	44,850,000	44,850,000
Basic and diluted earnings per share	0.67	0.80

13. SEGMENT REPORTS

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

14. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

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14. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the period ended 31 March 2022, there were no movements between the levels.

As at 31 March 2022 and 31 December 2021, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

15. COMMITMENTS AND CONTINGENCIES

The Company has capital commitments resulting from the renovation of National Care Hospital as of 31 March 2022 amounting to SR 2.1 million (31 December 2021: SR 9.9 million). Also refer note 17.

The Company has contingent liabilities arising from letters of guarantee issued to certain customers as at 31 March 2022 amounting SR 44.3 million (31 December 2021: SR 16.3 million). Letters of guarantees represent performance guarantees issued to governmental institutions.

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

16. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

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

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

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

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17. SUBSEQUENT EVENTS

Subsequent to the three months period ended 31 March 2022, the Company has entered into a contract for the renovation of Riyadh Care Hospital amounting to SR 42 million.

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved for issuance by the Board of Directors on 14 Shawwal 1443H (corresponding to 15 May 2022G).
