NATIONAL MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTHES PERIOD ENDED
31 MARCH 2018
AND INDEPENDENT AUDITORS' REVIEW REPORT

NATIONAL MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INDEX TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

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Independent Auditors Review Report 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 condensed interim financial statements of **National Medical Care Company** "A Saudi Joint Stock Company" ("the Company") as of 31 March 2018 that include the interim statement of financial position as of 31 March 2018, interim statements of comprehensive income, changes in equity and cash flows for the three- month period then ended, and a summary of significant accounting policies and other selected explanatory notes from (1) to (15).

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

Scope of Review:

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

Conclusion:

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

For Dr. Mohamed Al-Amri & Co.

د. محمد العمري وشركاه - محاسبون قانونيون
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Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

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

22 Sha'ban 1439 (H)
08 May 2018 (G)

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION
UNAUDITED
Saudi Riyals

	Note	*As of 31March 2018*	*As of 31December 2017 (Audited)*
Assets			
Non-current assets:			
Plant and equipment, net	4	**640,765,227**	651,643,714
Intangible assets, net		**918,459**	1,101,149
Total non-current assets		**641,683,686**	652,744,863
Current assets:			
Inventories, net		**52,232,517**	58,461,652
Trade receivables and other debit balances, net	5,13	**472,845,123**	596,578,282
Contract Assets	13	**1,861,875**	-
Cash and cash equivalents		**258,940,308**	*117,350,808*
Total current assets		**785,879,823**	772,390,742
Total assets		**1,427,563,509**	1,425,135,605
Equity and liabilities			
Equity:			
Share capital	1	**448,500,000**	448,500,000
Statutory reserve		**186,021,947**	186,021,947
Retained earnings	13	**369,183,835**	351,102,734
Total equity		**1,003,705,782**	985,624,681
Liabilities:			
Non-current liabilities:			
Long-Term loans	7	**170,595,500**	170,595,500
Liability for employees' end of service benefits		**81,624,359**	81,555,405
Total non-current liabilities		**252,219,859**	252,150,905
Current liabilities:			
Trade payable and other credit balances		**123,618,785**	144,119,953
Current portion of long-Term loans	7	**24,123,992**	24,123,992
Provision for Zakat		**23,895,091**	19,116,074
Total current liabilities		**171,637,868**	187,360,019
Total liabilities		**423,857,727**	439,510,924
Total equity and liabilities		**1,427,563,509**	1,425,135,605

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

CFO	CEO	Chairman
Rami Abuelsamen	Raeed Abdullah Altamimi	Eyad Abdulrahman Alhusain

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME
UNAUDITED
Saudi Riyals

	Note	*For the three months period ended 31 March* *2018*	*2017*
Revenues, net	8,9	**206,670,625**	202,442,041
Cost of revenues		**(154,943,827)**	(161,250,313)
Gross profit		**51,726,798**	41,191,728
Other income		**3,663,000**	2,771,694
Selling and marketing expenses		**(251,897)**	(37,499)
General and administrative expenses	13	**(23,065,775)**	(27,116,425)
Operating profit		**32,072,126**	16,809,498
Financing cost		**(40,545)**	(947,331)
loss on write off property, plant and equipment		**(1,650,000)**	-
Net profit for the period before Zakat		**30,381,581**	15,862,167
Zakat expense		**(4,779,018)**	(322,133)
Net profit for the period		**25,602,563**	15,540,034
Items of other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial losses from re-measurement of liability for employees' end of service benefits		-	(803,197)
Comprehensive income for the period		**25,602,563**	14,736,837
Basic and diluted earnings per share from net income for the period	10	**0.57**	0.35

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

CFO	CEO	Chairman
Rami Abuelsamen	Raeed Abdullah Altamimi	Eyad Abdulrahman Alhusain

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN EQUITY
UNAUDITED
Saudi Riyals

	Share capital	Statutory reserve	Retained earnings	Total
For the three months ended 31 March 2018				
Balance as at 1 January 2018 before adjustment	**448,500,000**	**186,021,947**	**351,102,734**	**985,624,681**
Adjustments (Note 13)	-	-	**(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**
Comprehensive income for the period	-	-	**25,602,563**	**25,602,563**
Balance as at 31 March 2018	**448,500,000**	**186,021,947**	**369,183,835**	**1,003,705,782**
For the three months ended 31 March 2017				
Balance as at 1 January 2017	448,500,000	186,021,947	270,740,065	905,262,012
Net profit for the period	-	-	15,540,034	15,540,034
Items of other comprehensive income	-	-	(803,197)	(803,197)
Comprehensive income for the period	-	-	14,736,837	14,736,837
Balance as at 31 March 2017	448,500,000	186,021,947	285,476,902	919,998,849

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

CFO	CEO	Chairman
Rami Abuelsamen	Raeed Abdullah Altamimi	Eyad Abdulrahman Alhusain

NATIONAL MEDICAL CARE COMPANY
A Saudi Joint Stock Company

INTERIM STATEMENT OF CASH FLOWS
UNAUDITED
Saudi Riyals

		For the three months ended March 31	
	Note	**2018**	**2017**
Operating activities			
Net Profit for the period before zakat		**30,381,581**	15,862,167
Adjustments:			
Depreciation of plant and equipment		**16,671,214**	16,177,713
Impairment of plant and equipment	4	**1,650,000**	-
Amortization of intangible assets		**182,690**	142,589
Provision of doubtful debts	5	**5,838,401**	2,597,323
Expected medical rejections	5	**9,615,311**	9,303,676
Changes in:			
Inventories		**6,229,135**	5,224,912
Trade receivables and other debit balances		**100,757,984**	(44,331,730)
Contract Assets	13	**(1,861,875)**	-
Trade creditors and other credit balances		**(20,501,168)**	(21,957,302)
Liability for employees' end of service benefits		**68,954**	58,872
Net cash flows generated from/(used for) operating activities		**149,032,227**	(16,921,780)
Investing activities			
Paid for acquisition of plant and equipment	4	**(7,442,727)**	(18,602,460)
Paid for acquisition of intangible assets		-	(109,480)
Net cash used in investing activities		**(7,442,727)**	(18,711,940)
Financing activities			
Proceeds from short term loan		-	30,000,000
Net cash flows generated from financing activities		-	30,000,000
Net change in cash and cash equivalents during the period		**141,589,500**	(5,633,720)
Cash and cash equivalents at beginning of the period		**117,350,808**	104,025,117
Cash and cash equivalents at end of the period		**258,940,308**	98,391,397

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

CFO	CEO	Chairman
Rami Abuelsamen	Raeed Abdullah Altamimi	Eyad Abdulrahman Alhusain

1. ORGANIZATION AND ACTIVITY

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 (corresponding to March 14, 2004).
- *National Hospital* under commercial registration No, 1010195327 dated Muharram 22, 1425 (corresponding to March 14, 2004).
- *Pharmaceutical and Medical Distribution* under commercial registration No, 1010301247 dated Safar 14, 1432 (corresponding to January 19, 2011).
- *Family Health Care Cante*r under commercial registration No, 1010397064 dated Muharram 29, 1435 (corresponding to December 03, 2013).

The Company is engaged in establishing, owning, equipping, managing, maintaining and operating hospitals and health centers and units. The Company also engages in wholesale and retail trade in medicines, medical equipment and supplies, representing its own companies and owning 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 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 share capital of the Company amounting to 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 December 31st of each calendar year.

2. BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standard No. 34, (*Interim Financial Reporting)* (It is international financial reporting Standard, which establishes the minimum contents of the interim financial report) using the accounting policies that the Company applied in the annual financial statements for the year ended 31 December 2017.
This is the first interim financial statements the Company applying IFRS 15 and IFRS 9. Changes in accounting policies have been explained in Note 3.

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NEW ACCOUNTING POLICIES

IFRSs ISSUED BUT NOT YET EFFECTIVE

IFRS 16 Leases

The International Accounting Standards Board issued IFRS 16 on January 2016. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 17. The aim of the standard is to provide financial statements users with more relevant information to evaluate the effect of leases on the entity's financial position, performance, and its cash flows.
IFRS 16 Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The potential effect of the new IFRSs which are issued but not effective yet

The Company is currently evaluating the effect of amended. There is no expecting significant impact since the Company does not have significant lease contracts.

NEW ACCOUNTING POLICIES

IFRS 15: Revenue from contracts with Customers

The Company applies IFRS 15, using the cumulative effect method of accounting and therefore comparative information has not been restated.

Revenue accounting policy

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:

- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
- Collection is probable.

Step 2: The Company identifies all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:

- the customer can benefit from the good or service separately or together with other resources that are readily available to the customer.
- the good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determines the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Significant accounting judgments and estimates

The following is a description, accounting policies and significant judgments of the principal activities from which the Company generates revenue.

(a) Rendering of medical services

Revenue from services primarily comprises fees charged for inpatient and outpatient services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology and laboratory. These services are sold either separately or bundled together with the sale of pharmacy to a customer.

Under IFRS 15, the Company concluded that revenue from bundled services will be recognized over time.

(b) Sale of medicines

Revenue is recognized when control has been transferred and the customer has received the medicine.

In these contracts, the Company is primarily responsible for fulfilling the promise to provide the specified pharmaceutical and other products. The Company bears inventory risk before the pharmaceutical and other products has been transferred to the customer. In addition, the Company has discretion in establishing the price for the specified pharmaceutical products.

(c) Volume discounts

Revenue is often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

<u>IFRS 9: Financial Instruments</u>

The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification and measurement, and accordingly has not restated comparative periods in the year of initial application. Accordingly, any adjustments to carrying amounts of financial assets or liabilities are recognized at the beginning of the current reporting period, with the difference recognized in opening retained earnings.

Financial instruments accounting policy

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Company recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with recycling to statement of profit or loss.
- Financial assets at fair value through profit and loss (FVPL).
- Financial instruments at FVOCI, with no recycling to statement of profit or loss.

(a) Financial assets at amortized cost

The financial instrument measured at amortized cost when meet both of the following conditions.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management’s stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management’s strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

For the report period, the Company has no debt instruments at fair value through other comprehensive income, financial assets at fair value through profit and loss, and equity instruments at fair value through other comprehensive income.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables (ECL) on these financial assets are estimated using a flow rate based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default). The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset, risk and rewards of ownership to other party. If the Company neither transfers nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest and associated liability for amounts it may have to pay.

Financial liabilities

Financial liabilities are carried at amortized cost or at fair value through profit or loss.

All financial liabilities are carried at amortized cost using the effective interest method. The Company has no financial liabilities at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Changes in accounting policies

IFRS 15: Revenue from contracts with Customers

Under IAS 18, the Company recognized revenue from providing services in which the services are rendered and revenue from sale of goods when a customer obtains controls of the medicines at a point in time i.e. on delivery, which is in line with the requirements of IFRS 15. As a result, there is no material impact of adopting IFRS 15 *Revenue from Contracts with Customers.*

Under IFRS 15, the right to a consideration for goods or services that have already been transferred to customers should be considered when the right is conditional on it being a contract asset with customer.
Under IFRS 15, an obligation to transfer goods or services to a customer for which an enterprise has acquired an offset must be considered as a contract liability towards with a customer.

IFRS 9-financial instruments

Reclassification from loans and receivables to financial assets at amortized cost

Financial assets classified as loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding

Measurement of financial instruments
The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with Expected Credit Loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in contract and all cash flows that the Company expects to receive.
For Trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

4. PLANT AND EQUIPMENT

During the period ended 31 March 2018, the Company has paid SR 7.4 million on developing its medical constructions (for the year ended 31 December 2017: SR 73.4 million). Also, during the period ended 31 March 2018, the Company has recognized a loss on write off of one of its work in progress amounted to SR 1.65 million.

The Company has plots of land and buildings, their net book values amount to SAR 279 million as at 31 December 2017 pledged to the Ministry of Finance against the loan granted to the Company (Note7).

5. TRADE RECEIVABALES AND OTHER DEBIT BALANCES, NET

	At 31 March 2018	At 31 December 2017
Trade receivables	**444,565,823**	414,293,734
Due from related parties (Note 6)	**138,959,879**	279,745,086
	583,525,702	694,038,820
Deduct:		
Provision of doubtful debts	**(60,778,353)**	(47,418,490)
Expected rejection for medical claims	**(75,047,838)**	(65,564,458)
Net of trade receivables	**447,699,511**	581,055,872
Suppliers advance payments	**5,323,834**	3,937,474
Letter of warrantee margin	**8,732,279**	8,832,279
Prepaid expenses	**7,470,292**	694,765
Other	**3,619,207**	2,057,892
	472,845,123	596,578,282

Trade receivables, due from related parties and unbilled revenues are non-interest bearing.

The total balance of trade receivables and due from related parties included amounts of SR 384 million as at March 31, 2018 (Dec 31, 2017 : SR 522 million) that are due from governmental and semi-governmental parties and represents as at 31 March 2018 percentage of 66% from total accounts receivables (Dec 31, 2017 : 75%).

A tender was awarded to the Company from the Ministry of National Guard on June 25, 2017, related to providing a hypnotic service for long-stay patients who require simple medical care "under request" for King Abdulaziz Medical City in Riyadh , related to the health affairs of the Ministry of National Guard. The tender for SAR 255.9 million was signed on 12 June 2017 and will continue for three years started from April 11, 2017.

On April 06, 2017 the contract between the Company and General Organization for Social Insurance was extended until 31 December 2017. On 29 March 2018, the Company signed a renewal of the contract for three years started from first of January 2018.

Movements of provision for doubtful debts as follows:

	For period ended 31 March 2018	**For year ended 31 December 2017**
Balance at beginning of the period / year before adjustment	**47,418,490**	33,351,759
Adjustment	**7,521,462**	-
Balance at beginning of the period / year after adjustment	**54,939,952**	33,351,759
Charges	**5,838,401**	17,360,461
Used	**-**	(3,293,730)
Balance at the end of the period / year	**60,778,353**	47,418,490

Movements of expected rejection for medical claims as follows:

	For period ended 31 March 2018	**For year ended 31 December 2017**
Balance at beginning of the period / year	**65,564,458**	65,855,386
Charged	**9,615,311**	30,538,999
Used	**(131,931)**	(30,829,927)
Balance at the end of the period / year	**75,047,838**	65,564,458

The other classes within accounts receivable and other debit balances 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 receivable and other debit balances.

6. TRANSACTIONS WITH 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:

Due from related party

Name of related party	Relation	Nature of transaction	Transactions for year ended 31 March 2018	Transactions for year ended 31 March 2017	Balance as at 31 March 2018	Balance as at 31 December 2017
General Organization for Social Insurance (Note 5)	Share holder	Medical service	**81,085,663**	80,514,811	**138,959,879**	279,745,086

Due to related parties

Name of related party	Relation	Nature of transaction	Transactions for year ended 31March 2018	Transactions for year ended 31 March 2017	Balance as at 31 March 2018	Balance as at 31 December 2017
Arabian medical supplies Co.	Owned by a shareholder	Purchases	**-**	23,797	**-**	-
Drager Arabian Co. ltd.	Owned by a shareholder	Purchases	**13,056**	29,659	**117,730**	1,125,360
					117,730	1,125,360

Key management personnel

	Charged to comprehensive income for year ended 31 March 2018	Charged to comprehensive income for year ended 31 March 2017	Balance as at 31 March 2018	Balance as at 31 December 2017
Short-term benefits	**2,575,748**	2,504,743	**-**	-
Post-employment benefits	**107,768**	93,407	**1,190,311**	2,169,447
	2,683,516	2,598,150	**1,190,311**	2,169,447

7. LOANS

	As of 31 March 2018	As of 31 December 2017
Long term loans		
Total liability of long term loans	**204,129,537**	204,129,537
Deduct :		
Future unamortized finance cost	**(9,410,045)**	(9,410,045)
Present value of long term loans liabilities	**194,719,492**	194,719,492
Divided to :		
Current portion of long term loans	**24,123,992**	24,123,992
Noncurrent portion of Long term loans	**170,595,500**	170,595,500
Present value of long term loans liabilities	**194,719,492**	194,719,492

On December 10, 2012, the Company signed a loan agreement with the Ministry of Finance to finance a construction of hospital amounted SR 154,112,000. The Company received the first installment of the loan amounted SR 66,572,100 on April 28, 2013 and second installment amounted SR 11,180,900 on January 13, 2014 and the third installment amounted SR 41,090,485 on November 4, 2014. The loan will be repaid on 20 annual equal installments; the first installment of which is due after 5 years of the contract date. This loan is secured against real estate mortgage (Note 4).

On November 5, 2015, the Company obtained Murabaha contract amounted SR 100 Million from Riyadh Bank due to expanding, renewal, renovation and preparing of Northern building of National Care Hospital. Included a grace period of one year and secured by a payment order. The loan will be repaid on semi-annual installments over five years. The interest on the loan, based on the contract, is SIBOR plus 1.5%.

On December 25, 2016, the Company and Riyadh Bank agreed to grant a financing limit of SR 50 million with a maximum of 360 days for each segment. The contract was signed by the Company on 9 February 2017. The Company has already used on 23 February 2017 amount of SR 30 million of Tawaroq limit and repaid the full used value during year of 2017.

8. Revenue

	For period ended 31 March 2018	For period ended 31 March 2017
Revenues category		
Rendering of clinical services	**183,471,690**	176,041,581
Sale of medicine	**23,198,935**	26,400,460
	206,670,625	202,442,041
Revenue time recognition		
Over time	**149,142,605**	130,411,400
At a point in time	**57,528,020**	72,030,641
	206,670,625	202,442,041

9. SEGMENT REPORTING

The reporting segments of the Company are as follows:
- Inpatient and surgeries department: It is special for clinical services patient extended care medical services and operative procedures.
- Outpatient department: It offers a range of sub specialties such as internal medicine, cardiology and pulmonary clinics.
- Other medical departments: are departments providing technical services for treatment such as laboratories and Radiology.
- Pharmacies: are internal outlets for the sale of medicines.
-General Services, Pharmaceutical and Medical Distribution and Family Health Care Center are the Company's head office, a special unit for the purchase and distribution of medicines and a health center.

	Inpatient and surgeries department	Outpatient clinics department	Other medical departments	Pharmacies	General Services, Pharmaceutical and Medical Distribution and Family Health Care Center	Total
31 March 2018						
Net revenues						
Rendering of clinical services	**68,234,296**	**18,345,512**	**95,052,588**	**-**	**1,839,294**	**183,471,690**
Sale of medicine	**-**	**-**	**-**	**23,198,935**	**-**	**23,198,935**
	68,234,296	**18,345,512**	**95,052,588**	**23,198,935**	**1,839,294**	**206,670,625**
Net profit	**11,374,110**	**3,057,782**	**15,819,323**	**7,203,277**	**(11,851,929)**	**25,602,563**
Total assets	**353,366,206**	**93,513,475**	**479,050,253**	**116,391,103**	**385,242,472**	**1,427,563,509**
Total liabilities	**54,484,300**	**13,221,425**	**68,869,859**	**16,844,058**	**270,438,085**	**423,857,727**
31 March 2017						
Net revenue						
Rendering of clinical services	56,013,531	18,910,900	93,857,974	-	7,259,176	176,041,581
Sale of medicine	-	-	-	26,400,460	-	26,400,460
	56,013,531	18,910,900	93,857,974	26,400,460	7,259,176	202,442,041
Net profit	4,961,182	1,499,645	7,783,913	8,670,698	(7,375,404)	15,540,034
Total assets	338,155,671	114,503,424	583,135,665	161,612,371	232,082,176	1,429,489,307
Total liabilities	31,465,296	10,981,944	53,385,313	15,198,390	398,459,515	509,490,458

All revenues for the Company's different segments are from external customers.

10. BASIC AND DILUTED EARNING PER SHARE

	For the period ended 31 March 2018	2017
Net profit for the period	**25,602,563**	15,540,034
Weighted average number of shares	**44,850,000**	44,850,000
Basic and diluted earnings per share from period's net profit	**0.57**	0.35

11. CONTINGENT LAIBILITIES AND CAPITAL COMMITMENTS

The Company has capital commitments resulting from the expansion and renewal of National Care Hospital as of 31 March 2018 amounting SR 1.5 million (31 December 2017: SR 1.5 million).

The Company has contingent liabilities arising from letters of guarantee issued to certain suppliers as at 31 March 2018 amounting SR 8,732,279 (31 December 2017: SR 8,832,279). The Company has no contingent liabilities as a result of operating leases as at the reporting date.

12. GENERAL ASSEMBLY MEETING AND BOARD OF DIRECTORS

On February 17, 2018, the Company's board of directors recommended a distribution of dividend of SR 44,850,000 (SR 1 per share) for the fiscal year 2017. After the financial statements date, the General Assembly approved the Board of Directors recommendation and approved a bonus of SAR 1,800,000 for the members of the Board of Directors.

The Company's board of directors decided on 02/08/2017 to start non-binding discussions with Al-Hammadi Development and Investment Company (Al-Hammadi) to study the possibility of merge between two companies. The Board formed a special internal committee to follow up the merger and consultants were appointed to evaluate and study the expected effects of the merger if it achieved. That entering into these discussions and studies does not necessarily mean that the process of integration will take place between the parties. If the merger is agreed upon, this shall be subject to conditions like, approvals of the relevant controlling parties in the Kingdom of Saudi Arabia and the approval of the extraordinary general assembly of the two companies. On April 08, 2018, the Company has received the Competition Protection Board's approval for the merger.

13. IMPACT OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted IFRSs 15 and 9 using the modified retrospective method. The Company recognized the cumulative effect as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

Impact on statement of financial position as at 1 January 2018

	Without application of new standards	Impact	With application of new standards
Retained Earnings (a)	**(351,102,734)**	**(7,521,462)**	**(343,581,272)**

Impact on statement of financial position as at 31 March 2018

	Without application of new standards	Impact	With application of new standards
Trade receivables and other debit balances (b)	**474,258,642**	**(1,413,519)**	**472,845,123**
Contract assets with customers (b)	**-**	**1,861,875**	**1,861,875**
Retained earnings (a)	**(368,735,479)**	**(448,356)**	**(369,183,835)**

Impact on statement of comprehensive income for period ended 31 March 2018

	Without application of new standards	Impact	With application of new standards
General and administrative expenses (a)	**(23,514,131)**	**448,356**	**(23,065,775)**

The impact of applying new IFRSs described as follows:

(a) In accordance with the requirements of IFRS 9, the Company has re-measured the provision for doubtful debts in accordance with the Expected Credit Loss method, resulting in a reduction in retained earnings, and trade receivables and other debit balances on initial application. The application of the expected credit loss method resulted in the reduction of provision for doubtful debts and the general and administrative expenses in the period ended 31 March 2018.

(b) In accordance with the requirements of International Financial Reporting Standard No. 15, the unbilled revenue has been reclassified to contract assets with customers, reducing trade receivables and establishing a contractual asset with customers as a split item in the statement of financial position.

14. FINANCIAL INSTRUMENTS – FAIR VALUE AND CATEGORIES

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

Management is of the opinion that 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 31 March 2018	As at 31 December 2017
Financial assets		
Financial assets at amortized cost		
Trade receivables	**444,565,823**	414,293,734
Due from related parties	**138,959,879**	279,745,086
Letters of guarantee	**8,732,279**	8,832,279
Cash and cash equivalents	**258,940,308**	117,350,808
Financial liabilities		
Financial liabilities at amortized cost		
Loans	**194,719,492**	194,719,492
Trade and other payable	**123,618,785**	144,119,953

15. APPROVAL OF CONDEDNSED INTERIM FINANCIAL STATEMENTS

These interim condensed financial statements (unaudited) were approved by Board of Directors on 22 Shaban 1439H (corresponding to 08 May 2018).