

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2023 AND REVIEW REPORT**

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

Index	Page
Report on review of condensed consolidated interim financial statements	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial statements	7 - 21



Report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Medical Care Company (the "Company") and its subsidiary (collectively referred to as the "Group") as of 30 September 2023 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2023 and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Khalid A. Mahdhar
License Number 368

05 November 2023



NATIONAL MEDICAL CARE COMPANY

(A Saudi Joint Stock Company)

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

(All amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenues	275,358,875	238,278,330	781,945,137	666,244,624
Cost of revenues	(183,584,205)	(155,572,391)	(518,952,465)	(455,300,259)
Gross profit	91,774,670	82,705,939	262,992,672	210,944,365
Selling and distribution expenses	(713,025)	(1,543,344)	(2,071,992)	(3,103,172)
General and administrative expenses	(25,542,563)	(23,928,833)	(80,326,840)	(66,816,609)
Expected credit loss reversal (allowance)	8,382,222	(8,173,213)	5,886,569	(10,844,381)
Other operating income, net	984,670	1,357,146	3,393,393	7,267,366
Operating profit	74,885,974	50,417,695	189,873,802	137,447,569
Finance income	7,410,625	-	13,240,603	-
Finance cost	(639,614)	-	(841,824)	-
Profit before zakat	81,656,985	50,417,695	202,272,581	137,447,569
Zakat expense	(8,275,683)	(7,793,154)	(24,827,047)	(22,817,779)
Profit for the period	73,381,302	42,624,541	177,445,534	114,629,790
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	73,381,302	42,624,541	177,445,534	114,629,790
Earnings per share (Saudi Riyals)				
Basic and diluted (Note 15)	1.64	0.95	3.96	2.56

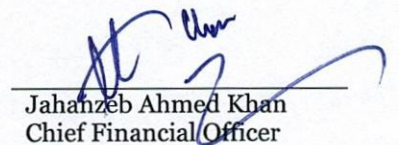
The accompanying notes are an integral part of these condensed consolidated interim financial statements.



Saad Abdulmohsen Alfadly
Chairman



Abdulaziz Alobaid
Chief Executive Officer



Jahanzeb Ahmed Khan
Chief Financial Officer

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

	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets			
Property and equipment	4	676,587,104	652,425,488
Right-of-use asset	5	74,789,823	-
Intangible assets		2,339,327	4,357,494
Total non-current assets		753,716,254	656,782,982
Current assets			
Inventories		46,340,002	42,662,669
Trade and other receivables	6	390,899,682	684,061,399
Term deposits	7	450,000,000	-
Cash and cash equivalents	8	269,972,003	329,213,441
Total current assets		1,157,211,687	1,055,937,509
Total assets		1,910,927,941	1,712,720,491
Equity and liabilities			
Equity			
Share capital		448,500,000	448,500,000
Statutory reserve		186,021,947	186,021,947
Retained earnings		761,662,206	629,066,672
Total equity		1,396,184,153	1,263,588,619
Liabilities			
Non-current liabilities			
Long-term borrowings	13	71,306,091	77,248,265
Lease liability	9	25,158,761	-
Employee benefit obligations		87,395,719	85,995,213
Total non-current liabilities		183,860,571	163,243,478
Current liabilities			
Trade and other payables	10	212,755,528	189,516,800
Current portion of long-term borrowings	13	5,942,174	5,942,174
Current portion of lease liability	9	9,152,370	-
Zakat payable	14	103,033,145	90,429,420
Total current liabilities		330,883,217	285,888,394
Total liabilities		514,743,788	449,131,872
Total equity and liabilities		1,910,927,941	1,712,720,491

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

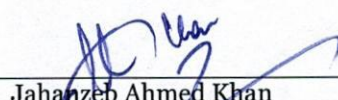
The condensed consolidated interim financial statements including notes were approved and authorized for issue by the Board of Directors on 03 November 2023 and were signed on their behalf by:



Saad Abdulmohsen Alfadly
Chairman



Abdulaziz Alobaid
Chief Executive Officer



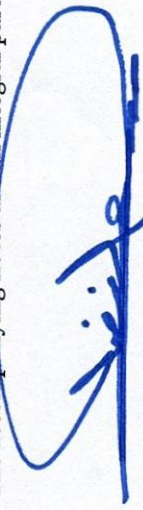
Jahanzeb Ahmed Khan
Chief Financial Officer

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

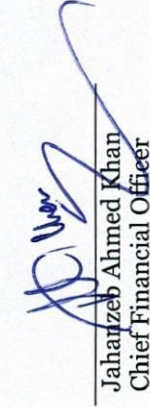
Condensed consolidated interim statement of changes in equity
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Total
At 1 January 2022 (Audited)		448,500,000	186,021,947	489,752,631	1,124,274,578
Profit for the period		-	-	114,629,790	114,629,790
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	114,629,790	114,629,790
Dividends	11	-	-	(44,850,000)	(44,850,000)
At 30 September 2022 (Unaudited)		448,500,000	186,021,947	559,532,421	1,194,054,368
At 1 January 2023 (Audited)		448,500,000	186,021,947	629,066,672	1,263,588,619
Profit for the period		-	-	177,445,534	177,445,534
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	177,445,534	177,445,534
Dividends	11	-	-	(44,850,000)	(44,850,000)
At 30 September 2023 (Unaudited)		448,500,000	186,021,947	761,662,206	1,396,184,153

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


 Saad Abdulmohsen Alfadly
 Chairman



 Abdulaziz Alobaid
 Chief Executive Officer



 Jaharizeb Ahmed Khan
 Chief Financial Officer


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

	Note	For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat		202,272,581	137,447,569
<u>Adjustments for</u>			
Depreciation on property and equipment	4	31,658,814	31,542,646
Amortisation on intangible assets		2,584,343	2,908,324
Amortisation on right-of use asset	5	4,273,704	-
Finance cost on lease liability	9	841,824	-
Finance income		(13,240,603)	-
Loss (gain) on disposal of property and equipment		3,554	(14,958)
Expected credit loss allowance		(5,886,569)	10,844,381
Employee benefit obligations expense		13,931,010	13,235,756
<u>Changes in operating assets and liabilities:</u>			
Decrease (increase) in trade and other receivables		300,219,602	(163,145,562)
(Increase) decrease in inventories		(3,677,333)	2,843,782
Decrease in trade and other payables		(23,964,258)	(3,222,907)
Cash generated from operations		509,016,669	32,439,031
Zakat paid		(12,223,322)	(11,335,483)
Employee benefit obligations paid		(12,530,504)	(10,418,687)
Net cash inflow from operating activities		484,262,843	10,684,861
Cash flows from investing activities			
Payments for purchase of "Jiwar", net of cash acquired	1, 16	(18,807,420)	-
Payments for purchase of property and equipment	4	(36,714,371)	(202,966,599)
Payments for purchase of intangible assets		(559,739)	(656,658)
Proceeds from sale of property and equipment		128,820	22,411
Time deposits placed		(450,000,000)	-
Net cash outflow from investing activities		(505,952,710)	(203,600,846)
Cash flows from financing activities			
Repayments of long-term borrowing		(5,942,174)	(5,942,174)
Dividends paid	11	(44,850,000)	(44,850,000)
Finance income		13,240,603	-
Net cash outflow from financing activities		(37,551,571)	(50,792,174)
Net decrease in cash and cash equivalents		(59,241,438)	(243,708,159)
Cash and cash equivalents at beginning of period		329,213,441	374,959,655
Cash and cash equivalents at end of period		269,972,003	131,251,496
Non-cash transactions			
Payable recorded to Smartmed Investments Co.	8, 16	10,538,188	-

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


Saad Abdulmohsen Alfadly
Chairman


Abdulaziz Alobaid
Chief Executive Officer


Jahanzeb Ahmed Khan
Chief Financial Officer

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

National Medical Care Company (the “Company” or “NMC”) and its subsidiary Jiwari Medical Services Company (“Jiwar”) (collectively referred to as the “Group”) are principally engaged in the business to establish, own, equip, manage, maintain and operate healthcare facilities and provide home health care services.

The Company is a Saudi joint stock company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration (“CR”) number 1010194785 dated 9 Muharram 1425 (H) (corresponding to 29 February 2004). The registered office is located at Arrayan District, P.O. Box 29393, Riyadh 11457, Kingdom of Saudi Arabia.

The Company carries out its activities through the following branches:

Name	CR number	Date
Riyadh Care Hospital	1010195325	22 Muharram 1425 (H) (corresponding to 14 March 2004)
National Hospital	1010195327	22 Muharram 1425 (H) (corresponding to 14 March 2004)
Care Company for Pharmaceutical and Medical Distribution	1010301247	14 Safar 1432 (H) (corresponding to 19 January 2011)
Family Health Care Center	1010397064	29 Muharram 1435 (H) (corresponding to 2 December 2013)

During September 2023, the Company entered into a share-purchase agreement (the “Agreement”) to acquire 100% share capital of Chronic Care Specialized Medical Hospital Company for a consideration of Saudi Riyals 193.2 million, subject to customary purchase price adjustments made in light of the completion accounts under the Agreement. Although the Agreement has been signed, certain substantive conditions still need to be completed. As a result, the accounting impact of the transaction will be recognised when such conditions have been completed.

During June 2023, the Company has acquired 100% shares in Jiwar through a share-purchase agreement with Smartmed Investments Company. Jiwar is a limited liability company registered in the Kingdom of Saudi Arabia under CR number 4031234151 dated Rabi’ al-Thani 15, 1441 (corresponding to 12 December 2019). Please refer Note 3.3 and 16.

2 Basis of preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual audited financial statements as at and for the year ended 31 December 2022 and do not include all of the information required for a complete set of consolidated financial statements under International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual audited financial statements.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation (continued)

2.1 Statement of compliance (continued)

The impact of seasonality or cyclicity on operations is not regarded as significant to the unaudited condensed consolidated interim financial statements.

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

2.2 Basis of measurement

These condensed consolidated interim financial statements of the Group have been prepared under the historical cost convention using the accrual basis of accounting. For employee's and other post-employment benefits, actuarial present value calculations are used. Also see Note 16.

2.3 Functional and presentation currency

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

2.4 Significant accounting judgements, estimates and assumptions

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

The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the annual financial statements for the year ended 31 December 2022, except for the judgement relating to the acquisition of Jiwari, refer Note 16.

3 Significant accounting policies

3.1 Statement of Compliance

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except as disclosed in Note 3.2 and Note 3.3.

3.2 New accounting policies adopted by the Group

3.2.1 Term deposits

Term deposits include deposits held with banks and other short-term highly liquid investments with original maturities of more than three months but less than a year.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

3 Significant accounting policies (continued)

3.3 New accounting policies adopted by the Group as result of acquisition of Jiwari

The Group has adopted following accounting policies as result of acquisition of Jiwari:

3.3.1 Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as at 30 September 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

3 Significant accounting policies (continued)

3.3 New accounting policies adopted by the Group as result of acquisition of Jiwari
(continued)

3.3.1 Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

These condensed consolidated interim financial statements have been labelled as 'consolidated' due to the acquisition of Jiwari. Although the acquisition of Jiwari has been assessed as an 'asset acquisition' under IFRS 3 (see Note 16), Jiwari is a separate legal entity and has its separate CR resulting in the consolidation.

3.3.2 Leases

At the inception of the contract the Group assesses whether a contract is or contains a lease. The Group recognises a Right-of-use asset ("RoU") asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

3 Significant accounting policies (continued)

3.3 New accounting policies adopted by the Group as result of acquisition of Jiwir
(continued)

3.3.2 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease liability is presented as a separate line in the condensed consolidated interim statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 “Provisions, contingent liabilities and contingent assets”. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are amortised over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Group expects to exercise a purchase option, the related RoU asset is amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the condensed consolidated interim statement of financial position.

The Group applies IAS 36 “Impairment of Assets” to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liability and the RoU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

3 Significant accounting policies (continued)

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

There are no new standards issued, however, there are number of amendments to existing standards which are effective from 1 January 2023 and have been explained in Group's annual financial statements, but they do not have a material effect on these condensed consolidated interim financial statements.

4 Property and equipment

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cost			
At the beginning of the period / year		1,463,615,454	1,257,767,185
Additions during the period / year		36,714,371	211,171,245
Transfer through acquisition	16	19,605,522	-
Disposals during the period / year		(8,257,089)	(5,322,976)
At the end of the period / year		1,511,678,258	1,463,615,454
Accumulated depreciation			
At the beginning of the period / year		(811,189,966)	(774,604,658)
Charge for the period / year		(31,658,814)	(41,900,832)
Transfer through acquisition	16	(367,088)	-
Disposals during the period / year		8,124,714	5,315,524
At the end of the period / year		(835,091,154)	(811,189,966)
Net book value			
At the end of the period / year		676,587,104	652,425,488

The Group has land and buildings, with net book value of Saudi Riyals 296.1 million as at 30 September 2023 (31 December 2022: Saudi Riyals 304.4 million) pledged to the Ministry of Finance against loan granted to the Group. Also see Note 13.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

5 Right-of-use asset

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cost			
At the beginning of the period / year		-	-
Transfer through acquisition of Jiwar	16	<u>79,063,527</u>	-
At the end of the period / year		<u>79,063,527</u>	-
Accumulated amortisation			
At the beginning of the period / year		-	-
Charge for the period		<u>(4,273,704)</u>	-
At the end of the period / year		<u>(4,273,704)</u>	-
Net book value			
At the end of the period / year		<u>74,789,823</u>	-

This represents building premises of Jiwar which are on lease. The RoU asset is being amortised over the remaining lease term ending in July 2029. The RoU also contains initial direct cost of Saudi Riyals 45.8 million. Refer Note 16.

6 Trade and other receivables

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade and related party receivables	12	437,551,311	740,979,057
Allowance for expected credit losses		<u>(76,760,093)</u>	<u>(83,122,883)</u>
		360,791,218	657,856,174
Advances to suppliers		7,119,112	6,477,536
Prepaid expenses		7,132,599	7,119,506
Letters of guarantee margin		5,972,800	7,492,500
Others		<u>9,883,953</u>	<u>5,115,683</u>
		<u>390,899,682</u>	<u>684,061,399</u>

7 Term deposits

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

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

8 Cash and cash equivalents

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Unrestricted		
Cash in hand	551,555	329,552
Cash at banks	108,882,260	78,883,889
Time deposits	150,000,000	250,000,000
	259,433,815	329,213,441
Restricted		
Cash at banks	10,538,188	-
Total	269,972,003	329,213,441

Restricted cash at bank balance relates to the amount deposited in the escrow account for acquisition of Jiwar. Please see Note 16.

9 Lease liability

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year		-	-
Transfer through acquisition	16	33,469,307	-
Finance cost		841,824	-
At the end of the period / year		34,311,131	-

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	9,152,370	-
Non-current portion	25,158,761	-
	34,311,131	-

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

10 Trade and other payables

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables		43,686,879	38,346,153
Accrued expenses		100,367,123	87,428,270
Payable to Smartmed Investments Company	16	10,538,188	-
Employees' related accruals		45,546,493	48,945,498
VAT payable		8,150,589	10,337,582
Others		4,466,256	4,459,297
		<u>212,755,528</u>	<u>189,516,800</u>

11 Dividends

On 01 Dhu al-Hijjah 1444 H (19 June 2023) the shareholders in their Ordinary General Assembly Meeting approved dividends of Saudi Riyals 44.85 million (Saudi Riyal 1.00 per share) for the year ended 31 December 2022 which was paid during 2023 (2022: Saudi Riyals 44.85 million approved and paid).

NATIONAL MEDICAL CARE COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (Unaudited)

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

12 Related parties

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

(a) Related party transactions

Name of related party and relationship	Nature of transaction	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
General Organization for Social Insurance (“GOSI”) (Ultimate controlling party)	Revenues from medical services	108,702,310	87,691,825	321,411,340	236,545,544
Drager Arabian Company Limited (Owned by a shareholder and director)	Purchases	(18,233)	(11,475)	(43,442)	(65,225)

(b) Related party balances

Name of related party	Relationship	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<i>Due from a related party</i>			
GOSI	Ultimate controlling party	109,371,289	473,865,735
<i>Due to a related party</i>			
Drager Arabian Company Limited	Owned by a shareholder and director	(2,375)	(211,754)

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

12 Related parties (continued)

(c) Key management personnel compensation

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Salaries and other short-term employee benefits	1,886,376	1,781,226	10,298,058	10,082,104
Attendance allowance and committee's remuneration	78,000	150,000	2,744,000	2,377,000
Employee benefit obligations	104,713	74,217	332,532	254,392
	2,069,089	2,005,443	13,374,590	12,713,496

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

Terms and conditions of transactions with related parties

The transactions with related parties are at mutually agreed terms. Outstanding balances as at 30 September 2023 and 31 December 2022 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.

13 Long-term borrowings

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Within one year – current	5,942,174	5,942,174
One to five years	23,768,697	23,768,697
More than five years	47,537,394	53,479,568
	77,248,265	83,190,439

Long-term borrowings are presented as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Current maturity under current liabilities	5,942,174	5,942,174
Non-current portion	71,306,091	77,248,265
	77,248,265	83,190,439

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

13 Long-term borrowings (continued)

During 2012, the Group signed a loan agreement with the Ministry of Finance to fund the construction work under progress amounting to Saudi Riyals 154.1 million. The Group was able to utilise Saudi Riyals 118.8 million during 2013 and 2015.

The loan is payable in twenty equal annual instalments with the first instalment due in 2017. The loan is interest free and is secured by the Group's collateralised land and buildings. Also see Note 4.

On transition (effective from 1 January 2018) from Generally Accepted Accounting Standards issued by SOCPA to IFRS, management opted for the exemption provided under IFRS 1 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.

14 Zakat

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	90,429,420	73,337,935
Provided during the period / year	24,827,047	28,426,968
Paid during the period / year	(12,223,322)	(11,335,483)
	<u>103,033,145</u>	<u>90,429,420</u>

During 2021, Zakat, Tax and Customs Authority (“ZATCA”) issued additional zakat assessments for the years from 2015 to 2018 amounting to Saudi Riyals 29.0 million. The Group had filed appeals against such assessments with the Preliminary Objection Committee (“POC”) but the appeal was rejected. The Group has filed an appeal against such decision by POC with Higher Appeal Committee (“HAC”) and is yet to hear back from HAC.

During later part of 2021, ZATCA issued additional zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 25.0 million. The Group has filed appeals with POC. During the nine-month period ended 30 September 2023, the Group has received summary judgement in its favour.

The Group is maintaining adequate provision against such additional assessments.

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

15 Basic and diluted earning per share

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

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit for the period	73,381,302	42,624,541	177,445,534	114,629,790
Weighted average number of ordinary shares	44,850,000	44,850,000	44,850,000	44,850,000
Basic and diluted loss per share	1.64	0.95	3.96	2.56

16 Acquisition of Jiwar

As disclosed in Note 27 of the annual financial statements, during January 2023, the Company entered into a share-purchase agreement (the “Agreement”) to acquire entire share capital of Jiwar Medical Services Company (“Jiwar”) for a consideration of Saudi Riyals 65.0 million, subject to completion of certain conditions/approvals which were considered substantive in nature. Such conditions/approvals were received/completed on 7 June 2023. The consideration payable under the Agreement was also subject to certain adjustments, including but not limited to working capital adjustments (prepayments and other receivables amounting to Saudi Riyals 3.7 million and other payables amounting to Saudi Riyals 39.3 million), identified under the Agreement, with adjusted consideration payable determined to be Saudi Riyals 29.4 million.

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

Following assets and liabilities were recognised as result of the assets and liabilities acquired in Jiwar:

	Fair value as at 8 June 2023
Prepayments and other receivables	3,677,732
Leasehold improvements and equipment	19,244,871
Right-of-use asset	79,063,527
Lease liability	(33,469,307)
Other payables	(39,146,182)
Adjusted purchase consideration	29,370,641

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

16 Acquisition of Jiwār (continued)

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

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

From the agreed consideration of Saudi Riyals 29.4 million, the Company made a payment of Saudi Riyals 18.8 million until 30 September 2023. The remaining balance of Saudi Riyals 10.6 million was deposited in an Escrow account as per the terms of the Agreement and has been recorded as restricted cash in the accompanying condensed consolidated interim financial statements (Also refer Note 8). Such amount is also treated as a payable to the seller which will be transferred as per the terms mentioned in the Agreement.

17 Segment reporting

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

18 Fair value of assets and liabilities

As at 30 September 2023 and 31 December 2022, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature and are expected to be realised at their current carrying values within twelve months from the date of condensed consolidated interim statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values except for the interest free loan from Ministry of Finance. Also see Note 13.

19 Contingencies and commitments

- (i) At 30 September 2023, the Group was contingently liable for bank guarantees issued in the normal course of business amounting to Saudi Riyals 59.1 million (31 December 2022: Saudi Riyals 53.1 million).
- (ii) There are various ongoing legal cases filed against the Group by former employees and third parties. The management of the Group has recorded an appropriate provision based on the expected outcomes of such cases and believes that such cases would be resolved without any material impact on the financial statements of the Group.
- (iii) The capital expenditure contracted by the Group as at 30 September 2023 was approximately Saudi Riyals 59.4 million (31 December 2022: Saudi Riyals 53.2 million).

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

20 Subsequent events

No events have occurred up to and including the date of the approval of the condensed consolidated interim financial statements by the Board of Directors of the Company which could materially affect the condensed consolidated interim financial statements and the related disclosures for the period ended 30 September 2023.