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NMC Health plc

HALF-YEARLY FINANCIAL REPORT: six months ending 30 June 2013

London, 20 August 2013: NMC Health plc (LSE:NMC) ('NMC'), the leading private healthcare provider operating across the United Arab Emirates, today announces its results for the six months ending 30 June 2013.

Continued solid growth in H1, 2013

Financial Summary

US$m (unless stated)	H1, 2013	H1, 2012	Growth
Group			
Revenue	273.1	238.0	14.7%
Gross profit	90.3	75.8	19.1%
Gross profit margin	33.1%	31.9%	+120bps
EBITDA	46.1	39.7	16.1%
EBITDA margin	16.9%	16.7%	+20bps
Earnings per share (US$)	0.17	0.17	0.0%
Adjusted Earnings per share (US$)	0.19	0.17	15.7%
	At 30 Jun 2013	**At 31 Dec 2012**	**Growth**
Operating cashflow	34.1	38.7	(11.9)%
Total cash	248.6	257.5	(3.5)%
Total debt	302.6	303.6	(0.3)%
Net Debt	54.0	46.1	17.1%
Total Capital Expenditure in period	33.6	37.1	(9.4)%
Capital Expenditure in the period relating to current capital projects	28.9		
	H1, 2013	**H1, 2012**	**Growth**
Divisional performances			
Healthcare revenue	143.2	122.1	17.3%
Healthcare EBITDA	40.4	33.6	20.2%
Healthcare occupancy	63.6%	60.3%	+330bps
Distribution revenue	147.1	131.5	11.9%
Distribution EBITDA	14.5	13.0	11.5%

Notes:

- **Total cash is represented by bank deposits and bank balances**
- **Group financials are presented net of intercompany trading**
- **Adjusted Earnings per share is calculated on a like for like basis for both periods using the number of shares in issue as at 30 June 2013 and after adjusting net income for non-operating one-off expenses. Non-operating one-off expenses consisted of unamortised finance fees in H1, 2013 and flotation costs in H1, 2012.**

H1 Highlights

- **Continued strong Revenue growth in both Healthcare division (+17.3%) and Distribution division (+11.9%) versus H1, 2012**
- **Strong Group EBITDA growth of 16.1% to US$ 46.1m as both divisions benefit from improved performance and margin efficiencies. Healthcare division EBITDA up 20.2% to US$40.4m versus H1, 2012.**
- **Better than expected Average Revenue per Patient (US$ 112.0, up 9.2%) and percentage occupancy (63.6%) were key growth drivers in the Healthcare division**
- **Increase in third party doctor referrals to NMC Health for specialist clinical services**
- **Distribution division continues to benefit from its strategy of securing new product lines undertaken in 2012**
- **Additional medical centre to be opened in Al Ain in H2, 2014**
- **Better than expected cash and debt balances as a result of changed phasing of capital expenditure and strong operational performance**
- **Replacement of Term Loan Facility during the period will result in an average estimated annual saving of US$2m during the five year term of the new facility, net of costs and charges of US$3.4m fully provided for in H1, 2013 relating to the termination of the old Term Loan Facility**

Dr B.R. Shetty, Chief Executive Officer, commented:

"I am pleased that NMC Health is again able to report strong performance and like-for-like growth for the first six months of 2013. Our continued focus on clinical specialities and Centres of Excellence, together with our drive to introduce new product lines into the Distribution division, are again driving growth across the Group.

Our financial position remains strong, and with good macro-economic conditions in the UAE, we have announced a further expansion of our Healthcare division with the development of a new facility in Al Ain.

I view the remainder of 2013, and trading into the 2014 financial year, with confidence."

Analyst and investor meeting

A conference call and webcast for analysts and investors will take place today, Tuesday 20th August 2013, at 14.00 BST. Please contact Roy Cherry, at ir@nmc.ae for further details.

A copy of this report will be available on the Company's Investor Relations website which can be accessed from www.nmc.ae.

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Cautionary statement

These Interim Results have been prepared solely to provide additional information to shareholders to assess the Group's performance in relation to its operations and growth potential. These Interim Results should not be relied upon by any other party or for any other reason. Any forward looking statements made in this document are done so by the directors in good faith based on the information available to them up to the time of their approval of this report. However, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

About NMC

NMC Health plc group is the leading integrated healthcare provider with operations in the United Arab Emirates. NMC Healthcare commenced operations in 1975 and has grown over that period to become the only private sector healthcare provider with a broad UAE presence. The Healthcare Division currently operates or manages five hospitals, two day-care patient centres, one medical centre and eight pharmacies. The group also operates a significant UAE wide Distribution business supplying product lines across several key market segments, including: Pharmaceutical, FMCG, Food and Scientific and Medical.

In April 2012 NMC Health plc was listed on the Premium Segment of the London Stock Exchange. At the time of its IPO, the group raised funds to enable it to pursue a further growth plan with a number of capital projects for new healthcare facilities in Abu Dhabi and Dubai. NMC Health plc is a constituent of the FTSE 250 Index.

Business Review

Healthcare Division

Key performance indicators:

	H1, 2013	H1, 2012	Growth
Inpatient numbers	18,770	17,289	8.6%
% Occupancy	63.6	60.3	+330bps
*Outpatient numbers	994,932	932,113	6.7%
Number of inpatient beds	261	230	13.5%
Average revenue per patient	US$112.0	US$102.6	9.2%

* **Note: Includes outpatient and diagnostic services**

The Healthcare division has seen good performance across all its facilities in the first half of 2013. The strong Revenue and occupancy growth during the period has been driven by:

- Strong growth in outpatient and diagnostics services.
- A good increase in inpatient numbers across all of the Group's three specialty hospitals in Abu Dhabi, Dubai and Al Ain.
- The strategy to carve out specialized centres of excellence from existing departments has been successful as evident from strong results across Ophthalmology, Cardiology, Orthopedic, Obstetrics and Gynaecology as well as other clinical departments.
- An investment in increasing the number of doctors in the business from 392 as at 30 June 2012 to 440 as at 30 June 2013.
- A good increase in referrals from third party doctors following a marketing focus on this area in 2012 and early 2013.
- A better than expected increase in Average Revenue per patient.

The strong occupancy rate growth during the period was particularly noteworthy when considered in the context of our 13.5% increase in operational bed capacity in H1, 2013. Occupancy rates have improved particularly well in our Abu Dhabi Specialty Hospital in the first half of the 2013 Financial Year.

Strong performance has also been achieved at BR Medical Suites, the business purchased by the Group in July 2012. Since the acquisition, we initiated a program to expand the business through:

- an increase in the number of established doctors practicing at the facility; and
- effective marketing efforts.

The business is performing well and producing good levels of facility utilisation and strong Revenue growth.

The increased roll out of services provided at the Sheikh Khalifa General Hospital in Umm Al Quwain, which NMC manages on behalf of the UAE Ministry of Presidential Affairs, is progressing well. In discussion with the Ministry, the management team at the hospital is looking to commence inpatient and surgical services by November 2013, in addition to the outpatient services currently provided. NMC has recorded management fees in respect of this contract of US$2.7m during the first half of 2013.

The revised pharmaceutical pricing structure introduced by the UAE Ministry of Health (MOH) (as announced in our Q1, Interim Management Statement on 30 April 2013) has to date had minimal impact on the Group's consolidated financial performance. As a result of this regulatory

change, and in line with our expectations, our pharmacy business is benefitting from higher margins which are off-set by lower margins on our Distribution division's sale of specific pharmaceutical products, controlled by the pricing mechanism of the MOH.

Distribution Division

The good growth in our Distribution division Revenue seen in the second half of 2012 has continued into the first half of the current financial year. As reported in the Group's 2012 Full-Year Results, the introduction of new product lines early in 2012 helped the Distribution business to recover from a low growth first half of 2012.

Pharmaceutical, Consumer Scientific, food and catering divisions have experienced particularly strong growth in the first half of this year. This growth has been assisted by a good performance in retail outlets across the UAE as the local economy continues to grow. The introduction of new product lines and increased sales force has been a successful growth strategy which will continue to be employed in the second half of 2013.

In addition to this focus on growth, the division has continued to streamline its operational performance.

New facility

Mussafah/Mohammad bin Zayed City (MBZC) - Day Patient Centre
As announced on 27th June 2013, regulatory approval was obtained in relation to our Mussafah Day Patient Centre, and this new facility was opened on 2 July 2013.

This facility serves as a general practice day patient centre with the ability to refer patients directly to our principal Specialty Hospitals where more specialised treatment can be administered if necessary. Total capital expenditure on the development and initial equipment within the facility was US$10.4m as at 30 June 2013.

Current Capital Projects

Following a review of the various capital project timelines, and recent experiences in relation to both construction and approval processes in the UAE, management are confident that the opening dates for each of our new facilities will be met. We highlight that the communicated dates relate to the expected commencement of patient flow. All construction dates remain on track and in line with previous communication, with the exception of Brightpoint which has seen some delay.

Brightpoint Maternity Hospital
The development of Brightpoint Maternity Hospital, the first dedicated private maternity facility of its kind in Abu Dhabi, is progressing slightly behind the schedule previously announced. We now expect this facility to open in early H1, 2014. Upon opening, the facility will have 50 beds, with the capacity to expand up to 100 beds at a later stage. Total capital expenditure on the development and initial equipment within the facility was US$88.6m as of 30th June, 2013, including capitalised expenses and accounting adjustments for capitalising lease rental payments.

Dubai Investment Park General Hospital
Construction work on the proposed new Dubai Investment Park General Hospital, a 60 bed general hospital and pharmacy facility, is progressing and is due to open in early H1, 2014. A wide range of outpatient services will be available at the Hospital together with a limited range of inpatient and surgical services. The Hospital will also act as a referral facility to our larger Dubai Specialty Hospital approximately 45km away. Total anticipated capital expenditure on the development of this facility is up to US$30m.

Khalifa City Hospital
Construction on our new Khalifa City Hospital, which will be our largest facility when fully open, is also progressing on schedule. Groundworks and the basement of this green field site construction are complete. Khalifa City is a growing suburb of Abu Dhabi and along with other neighbouring suburbs of Mussafah, Baniyas and Shahama, is anticipated to house around 20% of the population of Abu Dhabi by 2030.

We currently expect the hospital to open with an initial 75 beds in H1, 2015, with the remaining capacity becoming operational on a phased basis to 2016. Total capital expenditure for the entire development and equipment within the facility will be up to US$200m and this will be phased until full capacity for the facility is reached in 2016.

Al Ain Medical Centre

Growth in the Al Ain region coupled with the ramp-up at NMC Al Ain Specialty Hospital, which opened in 2009, has been robust and this has encouraged us to initiate preparations for the second phase of NMC's growth in this region. To expand our reach within the region, increase referrals to our hospital and boost our medium to long-term growth prospects, we have initiated work on a new medical centre in a prime location in Al Ain's Sannayia Industrial area.

The new facility is expected to provide a wide range of healthcare services in an outpatient setting covering General Clinic, Dental, Dermatology, General Surgery, Internal Medicine, Ophthalmology, Orthopedics and Urology. The new facility is also expected to have a basic diagnostics facility and a pharmacy.

The total capital expenditure for the new facility is expected to be up to US$ 7m which will be financed from existing resources. It is currently anticipated that this facility will open for patients in H2, 2014.

The management team continues to look at a number of areas on further business expansion in the Healthcare sector, including reviews of potential new sites for potential owned and managed facilities which the Group considers will add to its existing healthcare network.

Regulatory matters

Recent developments in the GCC region show a growing momentum towards the roll-out of national mandatory healthcare insurance policies, in line with Abu Dhabi's pioneering initiative in 2007. Most recently, Qatar adopted mandatory healthcare insurance and Dubai is expected to follow-suit in the near future based on Government communications.

NMC already has a well-developed healthcare network and sufficiently strong presence in Dubai to quickly take advantage of the roll-out of mandatory healthcare insurance in the Emirate, when it is implemented. We continue to closely monitor the development of healthcare services in the UAE and across the wider GCC region.

Board and Management

As announced on 27th June 2013, Justin Jewitt ceased to be a Director of the Company at the end of the Company's Annual General Meeting. Mr Jonathan Bomford, a Chartered Accountant, was appointed as an Independent Non-Executive Director and Chairman of the Audit Committee following the Annual General Meeting.

Also on 27th June 2013, the Company announced that Mr Roy Cherry had been appointed as Head of Strategy and Investor Relations.

Summary and Outlook

All of the Group's businesses have performed well and in line with our expectations at both Revenue and Profit levels in the first six months of 2013. We continue to progress and improve both operational performance and current capital projects at the same time as investigating additional areas which will maintain the growth momentum without compromising on margin yield.

Our strategy of focussing on the delivery of high quality specialist medical care and operating with a patient-centric approach is continuing to benefit occupancy rates and Group performance. We believe that patient care is best achieved through our focus on specialty clinical provision by employed full-time doctors and clinical staff.

The general macro-economic outlook in the UAE region remains promising. The underlying drivers of the healthcare industry, particularly in relation to the need for specialised services, will continue to contribute to growth in the market.

The Board view the outlook for the remainder of the FY 2013, and the FY 2014, with confidence.

Financial Review

During the first half of the 2013 financial year, the Group continued to demonstrate good growth at both the Group and divisional level. Group revenues increased by 14.7% to US$ 273.1m (H1 2012: US$238.0m). Group EBITDA improved by 16.1% to US$ 46.1m (H1 2012: US$39.7m).

Revenue in the Healthcare division for the first half of 2013 increased by 17.3% to US$ 143.2m (H1 2012: US$ 122.1m). Healthcare division EBITDA was US$ 40.4m for the first half of the year, which represented growth of 20.2% compared to same period last year (H1, 2012: US$ 33.6m). The EBITDA margin was 28.2% compared with 27.5% for the comparative period in 2012.

Revenue in the Distribution division grew by 11.9% to US$ 147.1m (H1 2012: US$ 131.5m) compared to the same period last year. Distribution division EBITDA was US$14.5m (H1 2012: US$ 13.0m), with an EBITDA margin of 9.9% (H1 2012: 9.9%).

Adjusted Earnings per share were US$ 0.19 during the period, a growth of 15.7% from US$ 0.17 in the same period in 2012. Adjusted Earnings per share is calculated on a like for like basis for both periods using the number of shares in issue as at 30 June 2013 and after adjusting net income for non-operating one-off expenses. Non-operating one-off expenses consisted of unamortised finance fees in H1, 2013 and flotation costs in H1, 2012.

Dividends

The Board remains committed to its previously stated policy to target a dividend payout ratio of 20-30% of profit after tax. The Board believes that this is a progressive dividend policy, whilst maintaining an appropriate level of dividend cover. The dividend policy reflects the strong cash flow characteristics of the Group, but also allows the retention of cash to fund the ongoing operating requirements and continued investment which the Company has highlighted for its long-term growth.

A dividend of 4.1pence per share was approved and paid as a final dividend for the full year to 31 December 2012. The Board has determined that an interim dividend will not be declared but that any dividend for the 2013 financial year will be paid fully as a final dividend.

Capital expenditure

Total capital expenditure in the six months ending 30 June 2013 was US$ 33.6m (H1 2012: US$ 37.1m), in line with our expectations. Of the total capital expenditure spend during the period H1 2013, US$28.9m related to new capital projects and US$4.7m related to further capital investment in our existing facilities. The phasing of capital expenditure spend on our largest new development, the 250 bed Khalifa City Hospital, together with continued work on the construction of Dubai Investment Park General Hospital, will result in an expected increased capital expenditure in the second half of 2013.

The Group continues to have sufficient cash or debt facilities to progress its current capital projects programme.

Cash

Stronger than anticipated operational performance in the first half of 2013 has resulted in a higher than expected level of cash in the Group as at 30 June 2013. The level of cash remaining in the businesses has also benefitted from a good improvement in the number of average receivable days which has reduced from 116 days at 31 December 2012 to 108 days at 30 June 2013. This is primarily a result of reducing the payment period previously taken to settle amounts due by the Group’s principal health insurance partners.

Debt
The total debt of the Group of US$ 302.6m has remained largely unchanged to the levels as at 31 December 2012 of US$ 303.6m.

Good cash management within the Group’s operations during the first half of 2013 has resulted in a net debt position of US$ 54.0m at 30 June 2013 compared with a net debt position of the Group at 31 December 2012 of US$ 46.1m. This level of net debt is better than management expectations as a result of changed phasing of capital expenditure and strong operational performance. The ratio of net debt to EBITDA remains at a healthy level of 0.63 times.

Term Debt Facility
During the first half of 2013, the Group completed a US$225m replacement term loan facility agreement (the 'New Facility') with a number of international and regional banks headed by JP Morgan. The new facility, which also has an accordion facility of an additional US$75m, has a five year term at an interest rate for the term of the loan at 3.0% over 1 month US$ Libor.

The Company was able to negotiate this improved financing facility as a result of the Group’s robust performance and good financial management since its IPO. The Group now has all its primary debt facilities on the same terms and covenants with limited corporate security over receivables and bank accounts.

The replacement of the old facility resulted in a charge of US$3.4m in the Consolidated Statement of Comprehensive Income relating to unamortised finance fees. The total anticipated financial benefit of the New Facility, including rolling up of other loan arrangements, is an average estimated annual saving of approximately USD $2m during the five year term of the new facility.

Going Concern
The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly the directors continue to adopt the going concern basis in preparing the condensed financial statements.

Statement of directors' responsibilities

The Interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. The Disclosure and Transparency Rules ("DTR") require that the accounting policies and presentation applied to the half-yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual accounts, in which case the new accounting policies and presentation should be followed, and the changes and the reasons for the changes should be disclosed in the Interim Report, unless the United Kingdom Financial Conduct Authority agrees otherwise.

The directors confirm that this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union, and that to the best of their knowledge, the Business and Finance Reviews contained herein includes a fair review of:

• the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements as required by DTR 4.2.7;

• the principal risks and uncertainties for the remaining six months of the year as required by DTR 4.2.7; and

• related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the Group during the first six months of the current financial year as required by DTR 4.2.8.

For and on behalf of the Board of Directors:

Prasanth Manghat
Chief Financial Officer

19 August 2013

Independent review report to NMC Health plc

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2013 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, and the consolidated statement of cash flows and related notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual consolidated financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 (UK and Ireland) 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London

Date: 19 August 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Unaudited	
		Period ended 30 June 2013	*Period ended 30 June 2012*
	Notes	***US$ '000***	*US$ '000*
Revenue	5	**273,093**	237,980
Direct costs		**(182,802)**	(162,154)
GROSS PROFIT		**90,291**	75,826
General and administrative expenses		**(57,249)**	(50,880)
Other income	6	**13,063**	14,780
PROFIT FROM OPERATIONS BEFORE DEPRECIATION		**46,105**	39,726
Depreciation		**(4,504)**	(2,542)
Finance costs		**(7,889)**	(7,142)
Finance income		**1,963**	873
Flotation costs		**-**	(3,402)
Unamortised finance fees written off	14	**(3,394)**	-
PROFIT FOR THE PERIOD BEFORE TAX		**32,281**	27,513
Tax	7	**-**	-
PROFIT FOR THE PERIOD		**32,281**	27,513
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**32,281**	27,513
Total profit and comprehensive income attributable to:			
Equity holders of the Parent		**31,796**	27,073
Non-controlling interests		**485**	440
Total profit and comprehensive income for the period		**32,281**	27,513
Earnings per share for profit attributable to the equity holders of the Parent:			
Basic and diluted (US$)	8	**0.171**	0.172

These results relate to continuing operations of the Group. There are no discontinued operations in the current and prior period.

The attached notes 1 to 19 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Notes	***Unaudited 30 June 2013 US$ '000***	*Audited 31 December 2012 US$ '000*
ASSETS			
Non-current assets			
Property and equipment	9	**230,583**	201,653
Intangible assets		**1,016**	1,016
		231,599	202,669
Current assets			
Inventories	10	**77,654**	72,458
Accounts receivables and prepayments	11	**187,540**	181,402
Amounts due from related parties	16	**6,234**	1,601
Bank deposits	12	**199,173**	233,703
Bank balances and cash	12	**49,441**	23,747
		520,042	512,911
TOTAL ASSETS		**751,641**	715,580
EQUITY AND LIABILITIES			
Equity			
Share capital		**29,566**	29,566
Share premium		**179,152**	179,152
Group restructuring reserve		**(10,001)**	(10,001)
Retained earnings	13	**151,150**	130,952
Equity attributable to equity holders of the Parent		**349,867**	329,669
Non-controlling interests		**2,419**	1,934
Total equity		**352,286**	331,603
Non-current liabilities			
Term loans	14	**172,481**	118,428
Employees' end of service benefits		**11,303**	10,380
Other payable		**817**	1,225
		184,601	130,033
Current liabilities			
Accounts payable and accruals		**84,590**	68,613
Amounts due to related parties	16	**61**	123
Bank overdrafts and other short term borrowings	12	**67,103**	80,668
Term loans	14	**63,000**	104,540
		214,754	253,944
Total liabilities		**399,355**	383,977
TOTAL EQUITY AND LIABILITIES		**751,641**	715,580

The attached notes 1 to 19 form part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2013

	Attributable to the equity holders of the Parent						
	Share capital US$ '000	*Share premium US$ '000*	*Group restructuring reserve US$ '000*	*Retained earnings US$ '000*	*Total US$ '000*	*Non-controlling interests US$ '000*	*Total US$ '000*
Balance as at 1 January 2012 (audited)	27,226	-	-	72,061	99,287	1,059	100,346
Total (other) comprehensive income for the period	-	-	-	27,073	27,073	440	27,513
Group restructuring	(27,226)	-	(10,001)	-	(37,227)	-	(37,227)
Issue of share capital	20,696	16,531	-	-	37,227	-	37,227
Issue of share capital - IPO	8,870	177,394	-	-	186,264	-	186,264
Share issue costs	-	(14,773)	-	-	(14,773)	-	(14,773)
Balance as at 30 June 2012 (unaudited)	29,566	179,152	(10,001)	99,134	297,851	1,499	299,350
Balance as at 1 January 2013 (audited)	29,566	179,152	(10,001)	130,952	329,669	1,934	331,603
Total (other) comprehensive income for the period	**-**	**-**	**-**	**31,796**	**31,796**	**485**	**32,281**
Dividend (note 15)	**-**	**-**	**-**	**(11,598)**	**(11,598)**	**-**	**(11,598)**
Balance as at 30 June 2013 (unaudited)	**29,566**	**179,152**	**(10,001)**	**151,150**	**349,867**	**2,419**	**352,286**

The attached notes 1 to 19 form part of the consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	Notes	*Unaudited* **Period ended 30 June 2013 US$ '000**	*Period ended 30 June 2012 US$ '000*
OPERATING ACTIVITIES			
Profit for the period		**32,281**	27,513
Adjustments for:			
Depreciation	9	**4,504**	2,542
Provision for employees' end of service benefits, net of write backs		**1,244**	817
Finance income		**(1,963)**	(873)
Finance costs		**7,889**	7,142
Flotation costs		**-**	3,402
Loss on disposal of property and equipment		**111**	206
Unamortised finance fees written off		**3,394**	-
		47,460	40,749
Working capital changes:			
Inventories		**(5,196)**	(7,317)
Accounts receivables and prepayments		**(7,578)**	(8,470)
Amounts due from related parties		**(4,633)**	-
Accounts payable and accruals		**4,381**	609
Amounts due to related parties		**(62)**	(1,233)
Net cash from operations		**34,372**	24,338
Employees' end of service benefits paid		**(321)**	(290)
Net cash from operating activities		**34,051**	24,048
INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(33,204)**	(37,147)
Proceeds from disposal of property and equipment		**93**	77
Bank deposits maturing in over 3 months	12	**(60,174)**	(216,444)
Restricted cash	12	**886**	(3,638)
Finance income received		**3,403**	68
Net cash used in investing activities		**(88,996)**	(257,084)
FINANCING ACTIVITIES			
Proceeds from share issue - IPO		**-**	186,264
Flotation costs paid		**-**	(12,947)
New term loans and draw-downs	14	**357,469**	163,006
Repayments of term loans	14	**(348,350)**	(58,213)
Receipts of short term borrowings		**153,074**	138,674
Repayment of short term borrowings		**(161,549)**	(153,306)
Finance costs paid		**(8,733)**	(7,493)
Net cash (used in) / from financing activities		**(8,089)**	255,985
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(63,034)**	22,949
Cash and cash equivalents at 1 January		**81,930**	24,425
CASH AND CASH EQUIVALENTS AT 30 JUNE	12	**18,896**	47,374

The attached notes 1 to 19 form part of the consolidated financial statements.

1 CORPORATE INFORMATION

NMC Health plc (the "Company" or "Parent'') is a Company which was incorporated in England and Wales on 20 July 2011. The Company is a public limited liability company operating solely in the United Arab Emirates ("UAE"). The address of the registered office of the Company is Suite 3.15, 3rd floor, 7 Hanover Square, London, W1S 1HQ. The registered number of the Company is 7712220.There is no ultimate controlling party.

The Company completed its Premium Listing on the London Stock Exchange on 5 April 2012.

The Parent and its subsidiaries (collectively the "Group") are engaged in providing professional medical services, wholesale of pharmaceutical goods, medical equipment, cosmetics, food and IT products and services in the United Arab Emirates.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2013 were authorised for issue by the board of directors on 19 August 2013.

The condensed consolidated financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006.

Statutory financial statements for the year ended 31 December 2012 were published and were delivered to Companies House. Those financial statements were approved by the Board of Directors on 25 February 2013. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The condensed consolidated financial statements have been reviewed, not audited.

2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read together with the consolidated financial statements of NMC Health plc as of 31 December 2012 which were prepared in accordance with IFRS (as adopted in the European Union).

The condensed consolidated financial statements are prepared under the historical cost convention, except for the derivative financial instrument that has been measured at fair value.

Accounting policies

The principal accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

The Group applies IFRS (as adopted in the European Union), the European Union endorsement states that IFRS 10, IFRS 11 and IFRS 12 must be applied at the latest with an effective date of 1 January 2014 although earlier adoption is permitted. Accordingly, the Group has early adopted IFRS 10, IFRS 11 and IFRS 12 with effect from 1 January 2013.

2 BASIS OF PREPARATION continued

Accounting policies continued

The nature and the impact of each new standard/amendment is described below:

IAS 1 Financial Statements Presentation - Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment has no impact on the Group's financial position or performance as it has no other comprehensive income.

IAS 1 Financial Statements Presentation - Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)

The amendment to IAS 32 *Financial Instruments*: *Presentation* clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the chief operating decision maker (CODM). As a result of this amendment, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM.

2 BASIS OF PREPARATION continued

Accounting policies continued

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In case of the Group, the transition to IAS 19R had no impact as Group does not have defined benefit plans.

IFRS 7 Financial Instruments: Disclosures -Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it 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. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Ventures.* IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 11 had no impact on the financial position or performance of the Group as it does not have any JCEs.

2 BASIS OF PREPARATION continued

Accounting policies continued

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 19.

In addition to the above-mentioned amendments and new standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Functional and reporting currency
The functional currency of the Company and its subsidiaries is UAE Dirham. The reporting currency of the Group is United States of America Dollar (US$) as this is a more globally recognised currency. The UAE Dirham is pegged against the US Dollar at a rate of 3.673 per US Dollar.

All values are rounded to the nearest thousand dollars ($000) except when otherwise indicated.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 7. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 8 and 9.

The Group has two diverse operating divisions, Healthcare and Distribution, both of which operate in a growing market. The directors have undertaken an assessment of the future prospects of the Group and the wider risks that the Group is exposed to. In its assessment of whether the Group should adopt the going concern basis in preparing its financial statements, the directors have considered the adequacy of financial resources in order to manage its business risks successfully, together with other areas of potential risk such as regulatory, insurance and legal risks.

Both the Healthcare and Distribution divisions have continued their positive growth trends and all major financial and non-financial KPIs showed good improvement during the first half of 2013. The directors have reviewed the business plan for year end 2013 and the five year cashflow, together with growth forecasts for the healthcare sector in UAE. The directors consider the Group's future forecasts to be reasonable.

2 BASIS OF PREPARATION continued

Accounting policies continued

The Group has considerable financial resources including bank facilities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.
The directors expect that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

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

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

3 FINANCIAL RISK MANAGEMENT

The primary risk arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks and the Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

4 SEASONALITY OF OPERATIONS

The Group does not have any operations of a seasonal or cyclical nature.

5 SEGMENT INFORMATION

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2013 and 2012, respectively.

There is no difference from the last annual report in the basis of segmentation or the basis of measurement of segment profit or loss.

	Distribution and services	*Healthcare*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Six months ended 30 June 2013					
Revenue					
External customers	**132,050**	**141,043**	**273,093**	**-**	**273,093**
Inter segment	**15,055**	**2,210**	**17,265**	**(17,265)**	**-**
Total	**147,105**	**143,253**	**290,358**	**(17,265)**	**273,093**
Results					
Depreciation	**(1,015)**	**(3,268)**	**(4,283)**	**(221)**	**(4,504)**
Finance costs	**-**	**-**	**-**	**(7,889)**	**(7,889)**
Segment profit	**13,501**	**37,186**	**50,687**	**(18,406)**	**32,281**
Six months ended 30 June 2012					
Revenue					
External customers	117,820	120,160	237,980	-	237,980
Inter segment	13,716	1,923	15,639	(15,639)	-
Total	131,536	122,083	253,619	(15,639)	237,980
Results					
Depreciation	(283)	(2,136)	(2,419)	(123)	(2,542)
Finance costs	-	(166)	(166)	(6,976)	(7,142)
Segment profit	12,707	31,311	44,018	(16,505)	27,513

The following table presents segments assets and segment liabilities of the Group's operating segments as at 30 June 2013 and 31 December 2012.

Segment assets					
30 June 2013(unaudited)	**180,861**	**304,648**	**485,509**	**266,132**	**751,641**
At 31 December 2012 (audited)	169,112	270,574	439,686	275,894	715,580
Segment liabilities					
30 June 2013(unaudited)	**35,956**	**40,848**	**76,804**	**322,551**	**399,355**
At 31 December 2012 (audited)	32,326	40,575	72,901	311,076	383,977

5 SEGMENT INFORMATION continued

	Distribution and services	*Healthcare*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Other disclosures					
Capital expenditure					
30 June 2013(unaudited)	**743**	**32,585**	**33,328**	**310**	**33,638**
At 31 December 2012 (audited)	10,014	115,129	125,143	1,008	126,151

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations

Finance income and costs, group overheads and fair value gains and losses on derivative financial instruments are not allocated to individual segments as the underlying instruments are managed on a group basis.

Term loans, bank overdrafts and other short term borrowings and certain other assets and liabilities are substantially not allocated to segments as they are also managed on a group basis.

Capital expenditure consists of additions to property and equipment and advances for property and equipment.

Reconciliation of Group profit

	Unaudited	
	6 months ended 30 June	
	2013	*2012*
	US$ '000	*US$ '000*
Segment profit	**50,687**	44,018
Finance income	**1,963**	873
Unallocated unamortised finance fees written off	**(3,394)**	-
Unallocated finance costs	**(7,889)**	(6,976)
Unallocated group administrative expenses	**(8,881)**	(6,956)
Unallocated depreciation	**(221)**	(123)
Unallocated other income	**16**	79
Unallocated flotation costs	**-**	(3,402)
Group profit before tax	**32,281**	27,513

Reconciliation of Group assets

	Unaudited	*Audited*
	30 June 2013	*31 December 2012*
	US$ '000	*US$ '000*
Segment assets	**485,509**	439,686
Unallocated property and equipment	**12,319**	12,229
Unallocated inventory	**32**	33
Unallocated accounts receivable and prepayments	**5,804**	6,497
Unallocated amounts due from related parties	**67**	58
Unallocated bank balances and cash	**48,737**	23,374
Unallocated bank deposits	**199,173**	233,703
Group assets	**751,641**	715,580

5 SEGMENT INFORMATION continued

Reconciliation of Group liabilities

	Unaudited 30 June 2013	*Audited 31 December 2012*
	US$ '000	*US$ '000*
Segment liabilities	**76,804**	72,901
Unallocated term loans	**235,481**	222,968
Unallocated employees' end of service benefits	**185**	218
Unallocated accounts payable and accruals	**19,721**	7,276
Unallocated bank overdraft and other short term borrowings	**67,103**	80,491
Unallocated amounts due to related parties	**61**	123
Group liabilities	**399,355**	383,977

6 OTHER INCOME

Other income includes US$ 12,960,000 (six months ended 30 June 2012: US$ 14,593,000) relating to reimbursement of advertisement and promotional expenses incurred by the Group on behalf of suppliers. Revenue is recognised following the formal acceptance of the Group's reimbursement claims by suppliers and is measured at the confirmed amount receivable.

7 TAX

The Group operates solely in the United Arab Emirates and as there is no corporation tax in the United Arab Emirates, no taxes are recognised or payable on the operations in the UAE. It is the opinion of the management that there are sufficient losses in the Company to offset any potential taxable income arising in the UK and accordingly any tax liability that could arise would be immaterial.

8 EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Unaudited	
	6 months ended 30 June	
	2013	*2012*
	US$ '000	*US$ '000*
Profit attributable to equity holders of the Parent (US$ '000)	**31,796**	27,073
Weighted average number of ordinary shares in issue (thousands)	**185,714**	157,703
Basic and diluted earnings per share (US$)	**0.171**	0.172

9 PROPERTY AND EQUIPMENT

	Freehold land US$ '000	*Hospital building US$ '000*	*Buildings US$ '000*	*Leasehold improve-ments US$ '000*	*Motor vehicles US$ '000*	*Furniture, fixtures and fittings and medical equipment US$ '000*	*Capital work in progress US$ '000*	*US$ '000*
30 June 2013								
Cost:								
At 1 January 2013	19,206	12,343	26,269	12,722	5,544	110,594	104,067	290,745
Additions	-	-	-	443	-	4,262	28,933	33,638
Disposals	-	-	-	-	(46)	(1,752)	-	(1,798)
At 30 June 2013	**19,206**	**12,343**	**26,269**	**13,165**	**5,498**	**113,104**	**133,000**	**322,585**
Depreciation:								
At 1 January 2013	-	7,494	3,083	8,932	4,701	64,882	-	89,092
Charge for the period	-	154	703	460	99	3,088	-	4,504
Relating to disposals	-	-	-	-	(46)	(1,548)	-	(1,594)
At 30 June 2013	**-**	**7,648**	**3,786**	**9,392**	**4,754**	**66,422**	**-**	**92,002**
Net carrying amount:								
At 30 June 2013	**19,206**	**4,695**	**22,483**	**3,773**	**744**	**46,682**	**133,000**	**230,583**
31 December 2012								
Cost:								
At 1 January 2012	19,206	12,343	6,529	10,498	5,233	91,349	22,796	167,954
Additions	-	-	-	312	331	11,605	106,619	118,867
Additions from a business combination	-	-	-	1,336	-	5,948	-	7,284
Disposals	-	-	-	(203)	(20)	(3,137)	-	(3,360)
Transfer from capital work in progress	-	-	19,740	779	-	4,829	(25,348)	-
At 31 December 2012	19,206	12,343	26,269	12,722	5,544	110,594	104,067	290,745
Depreciation:								
At 1 January 2012	-	7,184	2,649	8,448	4,561	62,007	-	84,849
Charge for the year	-	310	434	663	160	5,471	-	7,038
Relating to disposals	-	-	-	(179)	(20)	(2,596)	-	(2,795)
At 31 December 2012	-	7,494	3,083	8,932	4,701	64,882	-	89,092
Net carrying amount:								
At 31 December 2012	19,206	4,849	23,186	3,790	843	45,712	104,067	201,653

As part of the Group's capital expenditure programme, borrowing costs of US$ 2,386,000 (six months ended 30 June 2012: US$ 1,111,000) net of finance income of US$ 54,000 (six months ended 30 June 2012: US$ 730,000) have been capitalised The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.5% (30 June 2012: 4 %) which is the effective rate of the borrowings used to finance the capital expenditure.

Total capital expenditure in the six month ending 30 June 2013 was US$ 33,638,000. Of the total capital expenditure spend during this period, US$ 28,933,000 related to new capital projects and US$ 4,705,000 related to further capital investment in our existing facilities.

9 PROPERTY AND EQUIPMENT continued

In accordance with local laws, except in some specific locations in the UAE the registered title of land and buildings must be held in the name of a UAE national. As a result, land and buildings of the Group are legally registered in the name of shareholders or previous shareholders of the Group. As the beneficial interest of such land and buildings resides with the Group, these assets are recorded within land and buildings in the Group consolidated financial statements. The directors take into account this local legal registration requirement, the Group's entitlement to the beneficial interest arising from these assets, as well as other general business factors, when considering whether such assets are impaired.

10 INVENTORIES

During the six months ended 30 June 2013, the Group wrote down US$ 961,000 of obsolete and damaged inventories (six months ended 30 June 2012: US$ 925,000). This expense is included in direct costs within the consolidated statement of comprehensive income. The provision for old and obsolete inventories for six months ended 30 June 2013 was US$ 516,000 (six months ended 30 June 2012: US$ 116,000). Management has re-evaluated the provision for old and obsolete inventories during the period ended 30 June 2013 resulting in a provision of US$ 416,000.

11 ACCOUNTS RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2013 US$ '000	*Audited 31 December 2012 US$ '000*
Accounts receivable	**163,969**	158,463
Receivable from suppliers for promotional expenses	**12,264**	11,684
Other receivables	**6,403**	6,219
Prepayments	**4,904**	5,036
	187,540	181,402

Accounts receivable are stated net of provision for doubtful debts of US$ 7,330,000 (31 December 2012: US$ 6,444,000). During the six months ended 30 June 2013, the Group has provided an additional provision of US$ 1,143,000 (six months ended 30 June 2012: US$ 919,000) and released a provision of US$ 257,000 (six months ended 30 June 2012: US$ 818,000).

The ageing of unimpaired accounts receivable is as follows:

			Past due but not impaired			
	Total *US$ '000*	*Neither past due nor impaired US$ '000*	*< 90 days US$ '000*	*91-180 days US$ '000*	*181-365 days US$ '000*	*>365 days US$ '000*
30 June 2013						
Accounts receivable	**163,969**	**94,407**	**37,189**	**17,375**	**14,328**	**670**
31 December 2012						
Accounts receivable	158,463	92,086	41,051	15,950	9,007	369

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS continued

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of Group to obtain collateral over receivables and they are therefore unsecured. As at 30 June 2013 trade receivables of US$ 7,330,000 (31 December 2012: US$ 6,444,000) were impaired and fully provided for.

Credit risk is managed through the Group's established policy, procedures and control relating to credit risk management. A majority of the receivables that are past due but not impaired are from insurance companies and government-linked entities in the United Arab Emirates which are inherently slow payers due to their long invoice verification and approval of payment procedures. Payments continue to be received from these customers and accordingly the risk of non-recoverability is considered to be low.

The Group's terms require receivables to be repaid within 90-120 days depending on the type of customer, which is in line with local practice in the UAE. Due to the long credit period offered to customers, a significant amount of accounts receivable are neither past due nor impaired.

Receivables from the suppliers relate to advertising and promotional expenses incurred by the Group on their behalf.

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise of the following statement of financial position amounts:

	Unaudited	
	30 June 2013 US$ '000	*30 June 2012 US$ '000*
Bank deposits	**199,173**	216,444
Bank balances and cash	**49,441**	60,138
Bank overdrafts and other short term borrowings	**(67,103)**	(66,121)
	181,511	210,461
Adjustments for:		
Short term borrowings	**43,129**	56,995
Bank deposits maturing in over 3 months	**(196,303)**	(216,444)
Restricted cash	**(9,441)**	(3,638)
Cash and cash equivalents	**18,896**	47,374

Bank deposits of US$ 199,173,000 (30 June 2012: US$ 216,444,000) are with commercial banks in the United Arab Emirates. These are mainly denominated in the UAE Dirhams and earn interest at the respective deposit rates. These deposits have original maturity of 12 months (30 June 2012: 12 months).

Short term borrowings include trust receipts and invoice discounting facilities which mature between 90 and 180 days. Trust receipts are short term borrowings to finance imports. The bank overdrafts and short term borrowings are secured by assets of the Group up to the amount of the respective borrowings and personal guarantees of the shareholders (HE Saeed Mohamed Butti Mohamed Al Qebaisi, Dr BR Shetty and Khalifa Butti Omair Yousif Ahmad Al Muhairi) and carry interest at EIBOR plus margin rates ranging from 3% to 4%.

Restricted cash represents funds held by a bank in respect of upcoming loan repayment instalments.

12 CASH AND CASH EQUIVALENTS continued

Non-cash transactions which have been excluded from the consolidated statement of cash flows are as follows:

	Unaudited	
	30 June 2013 US$ '000	*30 June 2012 US$ '000*
Transfer of employees' end of service benefits from related parties	**-**	12
Lease rental payable	**434**	-
Dividend payable	**11,598**	-

13 RETAINED EARNINGS

As at 30 June 2013, retained earnings of US$ 12,627,000 (31 December 2012: US$ 12,627,000) are not distributable. This relates to a UAE Companies Law requirement to set aside 10% of annual profit of all UAE subsidiaries. The subsidiaries may resolve to discontinue such annual transfers when their respective reserves equals 50% of their paid up share capital.

14 TERM LOANS

	Unaudited 30 June 2013 US$ '000	*Audited 31 December 2012 US$ '000*
Current portion	**63,000**	104,540
Non-current portion	**172,481**	118,428
	235,481	222,968
Amounts are repayable as follows:		
Within 1 year	**63,000**	104,540
Between 1 – 2 year	**49,095**	45,195
Between 2 – 5 year	**123,386**	73,233
	235,481	222,968

Term loans primarily carry interest at EIBOR/LIBOR plus margin.

During the period ended 30 June 2013, the Group agreed a new syndicated loan facility, led by JP Morgan Chase Bank, of US$ 225,000,000 (with an additional available facility of US$ 75,000,000 which the group has not drawn down to date). The loan facility is repayable over 54 monthly instalments with a grace period of six months and carries interest at the rate of 1 month US$ LIBOR + 3% + mandatory costs; if any, per annum. The new syndicated loan facility has been utilised to repay some of the existing debts including the debt with JP Morgan Chase Bank against the facility of US$ 150,000,000 obtained in the previous year and will also be utilised for capital expenditures. The Group has utilised an amount of US$ 225,000,000 against the new syndicated loan facility as of 30 June 2013.

14 TERM LOANS continued

This new syndicated loan is guaranteed by corporate guarantees provided by NMC Health plc and operating subsidiaries of the Group. The new syndicated loan is secured against a collateral package which includes an assignment of some insurance company receivables and their proceeds by the Group and a pledge over certain bank accounts within the Group.

In addition to the JP Morgan loan facility, term loans also include other short term revolving loans which get drawn –down and repaid over the period.

The Group has charged an amount of US$ 3,394,000 to the consolidated statement of comprehensive income with respect to unamortised transaction costs of existing debts which have been settled using the proceeds of new syndicated loan.

15 DIVIDEND

In the AGM on 27 June 2013 the shareholders approved a dividend of 4.1 pence per share, amounting to GBP 7,614,286 (US$ 11,598,326) to be paid to shareholders on the Company's share register on 31 May 2013. The dividend was paid on 4 July 2013 (30 June 2012: Nil).

16 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, including major shareholders and senior management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties, or where such parties are members of the key management personnel of the entities. Pricing policies and terms of all transactions are approved by the management of the Group.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	Unaudited	
	6 months ended 30 June	
	2013	*2012*
	US$ '000	*US$ '000*
Entities significantly influenced by a shareholder:		
Sales	**5,128**	-
Purchases	**14,576**	6,148
Rent charged	**207**	220
Other Income	**228**	-
Shareholder is key management personnel of the entity:		
Management fees	**2,723**	**-**
Sales	**1,493**	**-**

16 RELATED PARTY TRANSACTIONS continued

Amounts due from and due to related parties disclosed in the consolidated statement of financial position are as follows:

	Unaudited 30 June 2013 US$ '000	*Audited 31 December 2012 US$ '000*
Entities significantly influenced by a shareholder:		
Amounts due to related parties	**-**	-
Amounts due from related parties	**67**	58
Shareholder is key management personnel of the entity:		
Amounts due from related parties	**6,167**	1,543
Shareholder:		
Amounts due to related parties	**61**	123

Included in receivables from suppliers for promotional expenses is an amount of US$ 228,000 receivable from related parties (note 11).

Outstanding balances with related parties at 30 June 2013 and 31 December 2012 were unsecured, payable on demand and carried interest at 0% (31 December 2012: 0%) per annum. Settlement occurs in cash.

The Group has incurred an expenses and recharged back an amount of US$ 5,872,000 (six months ended 30 June 2012: US$ Nil) made on behalf of a related party.

With the exception of the JP Morgan Chase syndicated loan facility of US$ 225,000,000, all credit facilities provided by the bankers to the Group are secured by joint and several personal/corporate guarantees of the Shareholders (HE Saeed Mohamed Butti Mohamed Al Qebaisi, Dr BR Shetty and Khalifa Butti Omair Yousif Ahmad Al Muhairi).

Pharmacy licenses, under which the Group sells its products, are granted to the shareholders or directors of the Company, who are UAE nationals. No payments are made in respect of these licenses to shareholders or directors.

Compensation of key management personnel

	Unaudited	
	6 months ended 30 June	
	2013 US$ '000	*2012 US$ '000*
Short term benefits	**1,223**	1,131
Employees' end of service benefits	**17**	13
	1,240	1,144

The spouse and the non-dependent son of one of the shareholders are employed by the Group. Total compensation for employment received by the spouse and non-dependent son in the six months ended 30 June 2013 amounts to US$ 268,000 (six months ended 30 June 2012: US$ 235,000).

17 CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise at 30 June 2013: US$ 7,102,000 (31 December 2012: US$ 7,282,000).

18 COMMITMENTS

Capital commitments

The Group has future capital commitments at 30 June 2013 of US$ 91,073,000 (31 December 2012: US$ 103,106,000) principally relating to the completion of on-going capital projects at period/year end.

Other commitments

	Unaudited 30 June 2013 US$ '000	*Audited 31 December 2012 US$ '000*
Future minimum rentals payable under non-cancellable operating leases		
Within one year	**10,341**	**10,233**
After one year but not more than five years	**48,568**	**43,258**
More than five years	**104,025**	**113,999**
	162,934	**167,490**

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of Group's financial instruments are not materially different from their carrying values at the statement of financial position date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

Liabilities measured at fair value:

	Level 1 US$ '000	*Level 2 US$ '000*	*Level 3 US$ '000*	*Total fair value US$ '000*
30 June 2013 (Unaudited)				
Interest rate swaps	-	**(350)**	-	**(350)**
31 December 2012 (Audited)				
Interest rate swaps	-	(881)	-	(881)

During the six-month period ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The fair value of the interest rate swaps is determined by reference to market values for similar instruments. It is measured using the Forward Price Method; under this method a forward rate or value is determined based on the current market price or value of the interest rate and an appropriate rate curve and assuming that the forward price, rate or value will be realized in future periods.

Key risks and uncertainties

The Board consider the identification and mitigation of material risks faced by the Group as a key issue to be monitored at all levels of the organisation. These risks, the potential effect of these risks on the Group and the mitigation of those risks is analysed in the following table. It should be noted that the order that these risks are expressed in the table do not reflect an order of magnitude as regards their potential impact on the Group

Risk	*Potential impact*	*Mitigation*
Economic and Political risk A change in the political environment or civil unrest in the UAE	Reduction in population resulting from departure of expats from the country Loss of customers and revenue streams Disruption to delivery of service or inability to provide products and services	Diverse multi-cultural population with significant percentage of expats providing local services Each division is diverse in nature Traditional stability in UAE driven by wealth from oil revenue
Working capital Insufficient free cash flow, borrowings headroom or material changes to supplier payment terms	Reduced liquidity and access to working capital funds Inability to complete capital projects Disruption to revenue streams and loss of supplier base	Management continually monitor cash headroom and borrowings All capital expenditure for key capital projects is fully financed Five year debt facilities and working capital facilities available from a number of international banks Working capital facilities not fully utlilised Strong banking and supplier relationships
Management succession and depth The lack of depth of experienced senior management coupled with the lack of sufficient succession capabilities where the business has traditionally been reliant on a few individuals	Inability to complete announced capital projects Loss of key business and regulatory relationships Inability to manage the businesses effectively affecting the long term future of the Group	The Group has an established succession planning framework within the business beneath senior management level Senior management have a long track record and shown ability to manage change NMC Board comprises highly experienced members with a proven track record

Risk	*Potential impact*	*Mitigation*
External interests Potential conflicts of interest and time conflicts in relation to the other significant business interests of senior management	Loss of focus on the NMC business Potential for operational inefficiencies Potential for inter-company contractual arrangements not being operated on an arms-length basis	The Company has a professional management team whose primary focus and commitment is on the Company's activities Senior management involvement in other business interests are as investors or board oversight only and not as part of management within those third party businesses The Company has a process in place to record all related party transactions which arise and these are detailed in the notes to the financial statements
Capital projects risk Failure to deliver key projects on time or on budget	Revenue growth less than expected Failure to deliver return on investment Delayed lead time to new facility profitability and positive cash flow affecting the Group's financial position Potential for impairment of assets	Capital projects fully monitored by the management team and the project team Board review progress on capital projects and revised financial projections on a regular basis
Competitor environment New significant entrants into the UAE healthcare market given government focus on healthcare in UAE	Loss of market share resulting in a loss of revenue and lower margins Access to future expected growth in UAE healthcare expenditure reduced	The regulatory environment in the UAE is a significant barrier to entry and limits competitor expansion across different emirates NMC has first mover advantage in the healthcare sector and is listed as a public company creating greater visibility and acceptance of standards
Recruitment Loss of specialist medical professionals as a result of wage inflation and increased healthcare provision in the UAE	Increased operational costs May reduce the ability of the Group to provide certain services to patients Potential loss of reputation	We have a good recruitment process with wide international connections and have attracted doctors from 18 countries Management team have a proven track record of operating within an environment of high wage inflation previously Our doctor attrition rate remains very low which we believe indicates the level of dedication our doctors have for the success of the business

Risk	*Potential impact*	*Mitigation*
Clinical risk Unforeseen significant clinical negligence leading to significant damages, loss of patient confidence and potential criminal proceedings	Significant reputational damage Financial losses as a result of fines and/or financial awards made against the Group Risk of loss of operating licenses and quality standard accreditations	The business and our doctors have a continuous focus on delivering high levels of service All doctors are monitored by virtue of rigorous licensing procedures which operate in the UAE The Healthcare division is a regulated business and the Group's three principal hospitals have international quality standards accreditation We have a series of Ethical and Standards Committees for monitoring clinical governance with the business We have medical malpractice insurance to cover any awards of financial damages
Legal and Regulatory risk Failure to comply with applicable health authority regulatory requirements and unanticipated regulatory changes and working within a changing and developing legal environment different to what shareholders would be used to in other parts of the world	Risk of loss of operating licenses and quality standard accreditations Risk of extended legal processes in a legal system where an element of proof is not required before a legal claim is pursued within the Court Reduced revenue or operating efficiency as a result of regulatory changes	We have a good relationship with all of our regulators and quality standard accrediting bodies Our regulators and quality standard accrediting bodies review and visit our facilities periodically to ensure compliance with regulations The management team ensures that the business is operated in an ethically appropriate way and that all employees are aware of the Group's Code of Business Ethics with which they must comply

Risk	*Potential impact*	*Mitigation*
Cultural A very small entrepreneurial management team which has faced significant changes in business process as a result of the Company's IPO	Significant increase in financial and operational process and reporting required internally and externally stretching management bandwidth Management inexperience in the listed company environment may affect both the team's focus on operational matters or lead to Company valuation erosion as a result of poor investor relations	The Company has a very experienced board of directors who monitor financial and operational matters regularly and advise on listed company and strategic matters The Company has a team of very experienced external advisers who assist the management team in external reporting matters The Company appointed a Company Secretary with significant UK plc experience to assist with the process of change management required following IPO