NMC Health plc

HALF-YEARLY FINANCIAL REPORT: Six months ended 30 June 2014

London, 19 August 2014: NMC Health plc (LSE:NMC) ('NMC'), the leading integrated private healthcare network operator in the United Arab Emirates, today announces its interim results for the six months ended 30 June 2014.

Financial Summary

US$m (unless stated)	**H1 2014**	**H1 2013**	**Growth**
Group			
Revenue	314.3	273.1	15.1%
Gross profit	102.3	90.3	13.3%
Gross profit margin	32.6%	33.1%	-50bps
EBITDA	52.0	46.1	12.7%
EBITDA margin	16.5%	16.9%	-35bps
Net Profit	40.9	32.3	26.6%
Net Profit Margin	13.0%	11.8%	120bps
Earnings per share (US$)	0.22	0.17	26.9%
Adjusted Earnings per share (US$)	0.22	0.19	13.0%

	At 30 Jun 2014	**At 31 Dec 2013**	**Growth**
Total cash & short term bank deposits	227.5	268.7	-15.3%
Total debt	327.1	332.4	-1.6%
Net Debt	99.6	63.7	56.4%

	H1 2014	**H1 2013**	**Growth**
Operating Cash flow	41.4	34.1	21.7%
Total Capital Expenditure in period	60.8	33.6	80.7%
Capital Expenditure in the period relating to current capital projects	50.0	28.9	73.0%

	H1 2014	**H1 2013**	**Growth**
Divisional performances			
Healthcare revenue	160.9	143.2	12.3%
Healthcare EBITDA	45.5	40.4	12.5%
Healthcare Net Profit	41.3	37.2	11.0%
Healthcare occupancy	70.1%	63.6%	+650bps
Distribution revenue	165.2	147.1	12.3%
Distribution EBITDA	16.5	14.5	13.7%
Distribution Net Profit	15.4	13.5	14.0%

Notes:

- Total cash is represented by short term 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 2014 and after adjusting net income for non-operating one-off expenses. Non-operating one-off expenses consisted of unamortised finance fees in H1 2013.

H1 2014 Highlights – A strong start to the year

- Group Revenues increased by 15.1% year-on-year (YoY, compared to H1 2013) to reach US$ 314.3m

- Group EBITDA was US$ 52.0m (+12.7% YoY) resulting in a Group EBITDA margin of 16.5%

- Healthcare division patients increased by 13.7% YoY, achieving a good increase in occupancy despite a rise in operational beds to 277 (+16 beds) and delivered a moderate expansion in revenue per patient to US$ 114

- Distribution division's growth was supported by new product introductions and increased sales effort with stock keeping units (SKU's) exceeding 81,000

- Operating cash flow increased by 21.7% YoY to US$ 41.4m

- Net debt increased to US$ 99.6m on project development progress and remained in line with management expectations. Cash and cash equivalents amounted to US$ 227.5m with a total debt balance at US$ 327.1m

- Two major milestones were achieved with the opening of Brightpoint Women's Hospital and NMC Dubai Investment Park General Hospital immediately after the end of H1 2014, in July 2014

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

"I am pleased with the strong start to this year, as NMC crossed the US$ 50m EBITDA mark for the first time by midway through the financial year and simultaneously delivered substantial growth in key performance indicators. The opening of both the Brightpoint and DIP hospitals in early July is also a major positive milestone for the company and management team. We expect these two major additions to our hospital portfolio to make significant contributions to our future growth.

With our home market economy still growing strongly, I view the remainder of 2014 with confidence and look forward to the addition of new assets to our portfolio including the Al Ain Medical Centre in H2 2014 and the Khalifa City Hospital in H1 2015."

Analyst and investor meeting

A conference call and webcast for analysts and investors will take place today, Tuesday 19 August 2014, at 14.00 BST.

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 private sector healthcare operator in the United Arab Emirates, with a nation-wide network of hospitals and operations in the country since 1975. The Healthcare division currently operates or manages seven hospitals, two day-care patient centres, one medical centre and eight pharmacies. The company received 2.1m patients in 2013. 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 Equipment. NMC Health plc group reported revenues of US$ 550.9m in 2013.

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

NMC Health's Healthcare division revenues reached US$ 160.9m during H1 2014, a strong 12.3% Year on Year (YoY) growth. Divisional EBITDA totaled US$ 45.5m (+12.5% YoY) as healthcare margins remained in line with the same period of 2013 at 28.3% (+5bps).

Key performance indicators:

Details	H1 2014	H1 2013	Growth
Inpatient numbers	21,047	18,770	12.1%
% Occupancy	70.1	63.6	+650bps
Outpatient numbers*	1,131,537	994,932	13.7%
Number of inpatient beds	277	261	6.1%
Average revenue per patient	US$ 113.8	US$ 112.0	1.6%

* Note: Includes outpatient and diagnostic services

The key drivers include:

- Strong outpatient (+13.7%) and inpatient (+12.1%) growth, as NMC's strategy and market positioning continues to deliver in terms of meeting demand trends
- Increase in occupancy to 70.1% (+650bps) despite rise in operational bed capacity to 277 (+6.1%)
- Hired 102 doctors in the past 12 months taking the total number to 542 as at 30 June 2014
- An increase in average revenue per patient to US$114

We continue to emphasize our strategy and market positioning as a high quality and affordable healthcare services provider in the UAE and back this with the expansion in our teams of medical professionals and support staff coupled with general enhancements in our service platform, all within the context of an expanding UAE economy and population. As a result, the number of patient visits to NMC hospitals and other medical facilities has increased by a strong 13.7% to 1.15m in the first half of 2014 compared market estimates on population growth in the 3-6% range. Patient growth has been particularly strong in our Dubai, Al Ain and Sharjah medical assets.

Dubai Specialty Hospital, which delivered a 13% YoY increase in patients, expanded occupancy by 1110bps to 69% during the same period despite an increase in operational beds to 94 (+3 beds) out of 100 licensed. Meanwhile, patient visits increased by 5% at the much smaller Dubai General Hospital in Deira and by 94% at the more specialised BR Medical Suites in Dubai Healthcare City where we broadened our service offering to include more general medical services. It should be noted, that this growth is before the roll-out of mandatory insurance in Dubai being introduced on phased basis from October 2014 and the positive effects it is expected to have on demand growth, particularly within the market segments NMC is focused on. Consequently, the opening of NMC General Hospital in DIP in July 2014 brings the needed additional capacity (+55% in bed terms) to our fast growing Dubai operations.

At Al Ain Hospital, patient numbers grew by 12% YoY and operational beds increased by 22% to 73 (out of the total capacity of 100). In the Sharjah Medical Centre, patient numbers expanded by 16%.

Meanwhile, Abu Dhabi Specialty hospital continued its positive trend and NMC was able to fine tune services to sustain an even higher capacity utilisation rate, as patient numbers increased by 9% and bed occupancy reached 77% (+50bps). In parallel, the NMC Day Surgery Centre in Mohammad bin Zayed City in Abu Dhabi, which opened in July 2013, continued to ramp up and saw patient numbers expand by a very strong 65% compared to the second half of FY 2013 as community awareness of its availability and NMC services increased.

During the period, we continued to achieve high client satisfaction with our operation and management services at Sheikh Khalifa General Hospital in Umm Al Quwain, which NMC manages on behalf of the UAE Ministry of Presidential Affairs. NMC has recorded management fees in respect of this contract of US$ 2.9m during the first half of 2014.

NMC Health opens new hospitals in Abu Dhabi and Dubai
As announced in our H1 2014 pre-close statement made on 26 June 2014, regulatory approval was obtained in relation to our Brightpoint Women's Hospital (Abu Dhabi) and DIP General Hospital (Dubai). As a result, both facilities commenced operations in early July 2014.

Brightpoint Women's Hospital has a licensed capacity of 100 beds and will start initial inpatient operations with 60 beds. DIP General Hospital holds a 60 bed licensed capacity with operations commencing with 30, leaving the balance for future market introduction based on demand. Both Abu Dhabi and Dubai have proven to be highly rewarding markets for NMC with rapidly expanding demand.

The Brightpoint Women's Hospital will be the first private sector women's hospital in Abu Dhabi and will bring increased specialisation to the market and our group offering. The opening of the DIP General Hospital in Dubai is also a timely addition to our portfolio in a strategic location within the emirate (in the proximity of Dubai World Central, Jebel Ali Port and Dubai Expo area) ahead of the full roll out of mandatory healthcare insurance. The sharp rise in capacity utilisation over the past year within our Dubai assets, ahead of the impact from the introduction of mandatory insurance, has further increased the Group's need for this addition to cope with upcoming growth potential.

Total capital expenditure on the development costs and initial equipment for these facilities amounted to US$ 131.4m as at 30 June 2014.

Healthcare facilities under development

Khalifa City Hospital
Construction on our new Khalifa City Hospital (250 beds), which will be our largest facility when fully open, is also progressing on schedule. The building shell and core are almost fully completed and work on the interior has commenced. We continue to expect the opening of this hospital in H1 2015.

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. Total capital expenditure for the entire development costs and equipment within the facility will be up to US$ 200m and this will be phased until full capacity for the facility is reached.

Al Ain Medical Centre
Work is progressing well at Al Ain Medical Centre and we continue to expect to open the facility in H2 2014. The Al Ain Medical Centre will expand NMC's reach within the region, increase referrals to our specialty hospital in the city and boost our medium to long-term growth prospects.

The total capital expenditure for the new facility is expected to be up to US$ 7m which will be financed from existing resources.

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

Distribution Division
The 12.3% H1 2014 revenue growth in our Distribution division to US$ 165.2m was a continuation of recent trends and benefitted from the introduction of new product lines during the past year, which have started to deliver substantial market demand. EBITDA at the division reached US$ 16.5m with margins of 10.0% (+12bps YoY).

The FMCG segment, which remains by far the largest revenue contributor in this division, achieved a 7% growth YoY. Sales increased by a particularly strong 53% in the Food & Catering segment and 16% in Pharmaceuticals. Meanwhile, revenue contribution from Scientific Equipment dropped by 12% as a direct result of recently allowing our hospitals to procure equipment from any distributor, as opposed to being restricted to our Distribution division.

Population growth, new products introductions, price increases and increased shelf space of our products by the distribution team in an expanding retail market were all material reasons behind this growth.

Distribution division's growth was supported by new product introductions and increased sales effort with stock keeping units (SKU's) at 81,230 as of 30 June 2014 (71,250 SKU's as of 31 December 2013).

Board and Management
As announced on 26 June 2014, six new Directors joined the Board following the Annual General Meeting. Mrs Salma Hareb, CEO of Economic Zones World in the UAE and Dr Ayesha Abdullah, Managing Director of Dubai Healthcare City Authority Regulator in the UAE, join the Board as Independent Non-Executive Directors.

Mr Keyur Nagori, CFO of KBBO Group in the UAE and Dr Nandini Tandon, Vice Chairman of El Camino Hospital, Silicon Valley, California, USA, joined the Board as Non-Executive Directors.

In addition, Mr Binay Shetty, COO, and Mr Prasanth Manghat, CFO, joined the board as Executive Directors.

Principal Risks and Uncertainties
The Board considers the risks and uncertainties associated with delivery of key projects on time as one of the key risks faced by the Group. This has been significantly overcome with the commencement of operations of two of the projects under construction, Bright Point Women's Hospital and DIP General Hospital in July 2014.

The detailed list of the principal risks and uncertainties faced by the Group are listed on pages 27 to 30.

Summary and Outlook
The general macro-economic outlook in the UAE remains positive. The on-going population growth, which is led by the inflow of expatriates, coupled with increasing medical insurance penetration rates continue to expand the UAE healthcare market size and thus the prospects for NMC Health.

The roll-out of mandatory healthcare insurance in Dubai is expected to be another catalyst for growth from 2015 onwards. Dubai Health Authority estimates that around 66% of the almost 3m residents in Dubai stand to benefit from this decision in the coming years as the roll-out is phased over almost two years starting from end of H2 2014.

The Board view the outlook for the remainder of FY 2014, and FY 2015, with confidence.

Financial Review

During the first half of the 2014 financial year, the Group continued to demonstrate good growth at both the Group and divisional level. Group revenues increased by 15.1% to US$ 314.3m (H1 2013: US$ 273.1m). Group EBITDA improved by 12.7% to US$ 52.0m (H1 2013: US$46.1m).

Revenue in the Healthcare division for the first half of 2014 increased by 12.3% to US$ 160.9m (H1 2013: US$ 143.3m). Healthcare division EBITDA was US$ 45.5m for the first half of the year, which represented growth of 12.5% compared to same period last year (H1 2013: US$ 40.5m). The EBITDA margin was 28.3% compared with 28.2% for the comparative period in 2013.

Revenue in the Distribution division grew by 12.3% to US$ 165.2m (H1 2013: US$ 147.1m) compared to the same period last year. Distribution division EBITDA was US$16.5m (H1 2013: US$ 14.5m), with an EBITDA margin of 10.0% (H1 2013: 9.9%).

Adjusted Earnings per share were US$ 0.22 during the period, a growth of 13.0% from US$ 0.19 in the same period in 2013. 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 2014 and after adjusting net income for non-operating one-off expenses. Non-operating one-off expenses consisted of unamortised finance fees in H1 2013.

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 4.4 pence per share was approved and paid as a final dividend for the full year to 31 December 2013. The Board has determined that an interim dividend will not be declared but that any dividend for the 2014 financial year will be paid fully as a final dividend.

Capital expenditure

Total capital expenditure in the six months ended 30 June 2014 was US$ 60.8m (H1 2013: US$ 33.6m), in line with our expectations. Of the total capital expenditure spend during the period H1 2014, US$ 50.0m related to new capital projects and US$ 10.8m 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 Al Ain Medical Centre, will result in an expected increased capital expenditure in the second half of 2014.

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

Cash

The level of cash in the Group as at 30 June 2014 was inline with management expectations. During the period we made a good improvement in the number of average receivable days which declined from 101 days at 31 December 2013 to 90 days at 30 June 2014. 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$ 327.1m remained in line with the levels as at 31 December 2013 of US$ 332.4m.

The Group's net debt position reached US$ 99.6m at 30 June 2014 compared with a net debt position of the Group at 31 December 2013 of US$ 63.7m. This level of net debt increased in line with progress on our hospital development projects and management expectations. The ratio of net debt to EBITDA is 0.99 times.

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 4.2.7R;
• the principal risks and uncertainties for the remaining six months of the year as required by DTR 4.2.7R; 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 4.2.8R.

For and on behalf of the Board of Directors:

Prasanth Manghat
Chief Financial Officer

18 August 2014

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 2014 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, and the condensed consolidated statement of cash flows and related notes 1 to 20. 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 2014 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: 18 August 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Unaudited	
	Notes	***Period ended 30 June 2014 US$ '000***	*Period ended 30 June 2013 US$ '000*
Revenue	5	**314,314**	273,093
Direct costs		**(211,972)**	(182,802)
GROSS PROFIT		**102,342**	90,291
General and administrative expenses		**(65,743)**	(57,249)
Other income	6	**15,362**	13,063
PROFIT FROM OPERATIONS BEFORE DEPRECIATION		**51,961**	46,105
Depreciation		**(5,583)**	(4,504)
PROFIT FROM OPERATIONS		**46,378**	41,601
Finance costs		**(7,424)**	(7,889)
Finance income		**1,915**	1,963
Unamortised finance fees written off		**-**	(3,394)
PROFIT FOR THE PERIOD BEFORE TAX		**40,869**	32,281
Tax	7	**-**	-
PROFIT FOR THE PERIOD		**40,869**	32,281
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**40,869**	32,281
Total profit and comprehensive income attributable to:			
Equity holders of the Parent		**40,327**	31,796
Non-controlling interests		**542**	485
Total profit and comprehensive income for the period		**40,869**	32,281
Earnings per share for profit attributable to the equity holders of the Parent:			
Basic and diluted (US$)	8	**0.217**	0.171
		======	=======

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 20 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	***Unaudited 30 June 2014 US$ '000***	*Audited 31 December 2013 US$ '000*
ASSETS			
Non-current assets			
Property and equipment	9	**328,660**	273,792
Intangible assets		**1,016**	1,016
		329,676	274,808
Current assets			
Inventories	10	**91,968**	94,123
Accounts receivable and prepayments	11	**187,184**	168,382
Amounts due from related parties	16	**7,125**	9,254
Bank deposits	12	**167,167**	193,366
Bank balances and cash	12	**60,316**	75,329
		513,760	540,454
TOTAL ASSETS		**843,436**	815,262
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	**214,000**	187,519
Equity attributable to equity holders of the Parent		**412,717**	386,236
Non-controlling interests		**3,457**	2,915
Total equity		**416,174**	389,151
Non-current liabilities			
Term loans	14	**139,021**	161,845
Employees' end of service benefits		**10,902**	10,036
Other payable		**-**	408
		149,923	172,289
Current liabilities			
Accounts payable and accruals		**81,421**	76,087
Amounts due to related parties	16	**5,566**	5,079
Bank overdrafts and other short term borrowings	12	**92,725**	82,238
Term loans	14	**95,339**	88,355
Employees' end of service benefits		**2,288**	2,063
		277,339	253,822
Total liabilities		**427,262**	426,111
TOTAL EQUITY AND LIABILITIES		**843,436**	815,262

The attached notes 1 to 20 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2014

	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 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
Balance as at 1 January 2014 (audited)	29,566	179,152	(10,001)	187,519	386,236	2,915	389,151
Total (other) comprehensive income for the period	**`-**	**-**	**-**	**40,327**	**40,327**	**542**	**40,869**
Dividend (note 15)	**-**	**-**	**-**	**(13,846)**	**(13,846)**	**-**	**(13,846)**
Balance as at 30 June 2014 (unaudited)	**29,566**	**179,152**	**(10,001)**	**214,000**	**412,717**	**3,457**	**416,174**

The attached notes 1 to 20 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

	Notes	*Unaudited* **Period ended 30 June 2014 US$ '000**	*Period ended 30 June 2013 US$ '000*
OPERATING ACTIVITIES			
Profit for the period before tax		**40,869**	32,281
Adjustments for:			
Depreciation	9	**5,583**	4,504
Employees' end of service benefits		**1,356**	1,244
Finance income		**(1,915)**	(1,963)
Finance costs		**7,424**	7,889
Loss on disposal of property and equipment		**100**	111
Unamortised finance fees written off		**-**	3,394
		53,417	47,460
Working capital changes:			
Inventories		**2,155**	(5,196)
Accounts receivables and prepayments		**(18,221)**	(7,578)
Amounts due from related parties		**2,129**	(4,633)
Accounts payable and accruals		**1,726**	4,381
Amounts due to related parties		**487**	(62)
Net cash from operations		**41,693**	34,372
Employees' end of service benefits paid		**(265)**	(321)
Net cash from operating activities		**41,428**	34,051
INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(57,522)**	(33,204)
Proceeds from disposal of property and equipment		**250**	93
Bank deposits maturing in over 3 months	12	**54,452**	(60,174)
Restricted cash	12	**23,211**	886
Finance income received		**1,334**	3,403
Net cash from / (used in) investing activities		**21,725**	(88,996)
FINANCING ACTIVITIES			
New term loans and draw-downs	14	**169,625**	357,469
Repayments of term loans	14	**(185,465)**	(348,350)
Receipts of short term borrowings		**103,001**	153,074
Repayment of short term borrowings		**(109,212)**	(161,549)
Dividend paid to shareholders		**(13,846)**	-
Finance costs paid		**(7,503)**	(8,733)
Net cash (used in) financing activities		**(43,400)**	(8,089)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**19,753**	(63,034)
Cash and cash equivalents at 1 January		**79,201**	81,930
CASH AND CASH EQUIVALENTS AT 30 JUNE	12	**98,954**	18,896

The attached notes 1 to 20 form part of the condensed 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 23 Hanover Square, London, W1S 1JB. The registered number of the Company is 7712220.There is no ultimate controlling party.

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 2014 were authorised for issue by the Board of Directors on 18 August 2014.

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 2013 were published and were delivered to Companies House. Those financial statements were approved by the Board of Directors on 24 February 2014. 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 2014 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 2013 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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

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 early adopted IFRS 10, IFRS 11 and IFRS 12 in the annual consolidated financial statements for the year ended 31 December 2013.

The amendments to IFRS, which are effective as of 1 January 2014 and are described in more detail below, have no impact on the Group.

2 BASIS OF PREPARATION continued

Accounting policies continued

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidated requirements for entities that meet the definition of investment entities under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit and loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial liabilities- Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set –off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting-Amendments to IAS 39

These amendments provide relief from discounting hedge accounting when novation of a derivate designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets-Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash–generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group as the Group has not recognised or reversed any impairment loss during the period.

IFRIC 21 *Levies*

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g, IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier that when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these principles to be applied in interim financial statements. IFRIC 21 has no impact on the Group.

2 BASIS OF PREPARATION continued

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 6. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 7 and 8.

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 2014. The directors have reviewed the business plan for year end 2014 and the five year cash flow, together with growth forecasts for the healthcare sector in the UAE. The directors consider the Group's future forecasts to be reasonable.

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 2013.

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 2013.

4 SEASONALITY OF OPERATIONS

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

5 SEGMENT INFORMATION

The following table's present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2014 and 2013, 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.

	Healthcare	*Distribution and services*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Six months ended 30 June 2014					
Revenue					
External customers	**158,761**	**155,553**	**314,314**	**-**	**314,314**
Inter segment	**2,108**	**9,671**	**11,779**	**(11,779)**	**-**
Total	**160,869**	**165,224**	**326,093**	**(11,779)**	**314,314**
Results					
Depreciation	**(4,238)**	**(1,112)**	**(5,350)**	**(233)**	**(5,583)**
Finance costs	-	-	-	**(7,424)**	**(7,424)**
Segment profit	**41,265**	**15,395**	**56,660**	**(15,791)**	**40,869**
Six months ended 30 June 2013					
Revenue					
External customers	141,043	132,050	273,093	-	273,093
Inter segment	2,210	15,055	17,265	(17,265)	-
Total	143,253	147,105	290,358	(17,265)	273,093
Results					
Depreciation	(3,268)	(1,015)	(4,283)	(221)	(4,504)
Finance costs	-	-	-	(7,889)	(7,889)
Segment profit	37,186	13,501	50,687	(18,406)	32,281

The following table presents segments assets and segment liabilities of the Group's operating segments as at 30 June 2014 and 31 December 2013.

Segment assets					
30 June 2014(unaudited)	**397,105**	**199,500**	**596,605**	**246,831**	**843,436**
At 31 December 2013 (audited)	338,341	190,407	528,748	286,514	815,262
Segment liabilities					
30 June 2014(unaudited)	**50,942**	**45,089**	**96,031**	**331,231**	**427,262**
At 31 December 2013 (audited)	33,818	47,028	80,846	345,265	426,111

5 SEGMENT INFORMATION continued

	Healthcare US$ '000	*Distribution and services US$ '000*	*Total segments US$ '000*	*Adjustments and eliminations US$ '000*	*Consolidated US$ '000*
Other disclosures					
Capital expenditure					
30 June 2014 (unaudited)	**59,921**	**1,144**	**61,065**	**(264)**	**60,801**
At 31 December 2013 (audited)	80,845	1,220	82,065	587	82,652

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.

Reconciliation of Group profit

	Unaudited	
	6 months ended 30 June	
	2014 US$ '000	*2013 US$ '000*
Segment profit	**56,660**	50,687
Unallocated finance income	**1,915**	1,963
Unallocated unamortised finance fees written off	**-**	(3,394)
Unallocated finance costs	**(7,424)**	(7,889)
Unallocated group administrative expenses	**(10,173)**	(8,881)
Unallocated depreciation	**(233)**	(221)
Unallocated other income	**124**	16
Group profit before tax	**40,869**	32,281

6 OTHER INCOME

Other income includes US$ 15,172,000 (six months ended 30 June 2013: US$ 12,960,000) relating to reimbursement of advertisement and promotional expenses incurred by the Group. 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	
	2014	*2013*
Profit attributable to equity holders of the Parent (US$ '000)	**40,327**	31,796
Weighted average number of ordinary shares in issue ('000)	**185,714**	185,714
Basic and diluted earnings per share (US$)	**0.217**	0.171

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

	Unaudited	
	6 months ended 30 June	
	2014	*2013*
Profit attributable to equity holders of the Parent (US$ '000)	**40,327**	31,796
Add one-off item – Unamortised finance fees written off (US$ '000)	**-**	3,394
Adjusted Profit attributable to equity holders of the Parent (US$'000)	**40,327**	35,190
Weighted average number of ordinary shares in issue ('000)	**185,714**	185,714
Basic and diluted earnings per share (US$)	**0.217**	0.189

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*	*Total US$ '000*
30 June 2014								
Cost:								
At 1 January 2014	**19,206**	**12,343**	**26,300**	**17,388**	**5,887**	**114,074**	**171,389**	**366,587**
Additions	**-**	**-**	**-**	**466**	**173**	**9,598**	**50,564**	**60,801**
Disposals	**-**	**-**	**-**	**-**	**(42)**	**(946)**	**-**	**(988)**
At 30 June 2014	**19,206**	**12,343**	**26,300**	**17,854**	**6,018**	**122,726**	**221,953**	**426,400**
Depreciation:								
At 1 January 2014	**-**	**7,804**	**4,501**	**10,279**	**4,868**	**65,343**	**-**	**92,795**
Charge for the period	**-**	**153**	**704**	**929**	**142**	**3,655**	**-**	**5,583**
Relating to disposals	**-**	**-**	**-**	**-**	**(42)**	**(596)**	**-**	**(638)**
At 30 June 2014	**-**	**7,957**	**5,205**	**11,208**	**4,968**	**68,402**	**-**	**97,740**
Net carrying amount: At 30 June 2014	**19,206**	**4,386**	**21,095**	**6,646**	**1,050**	**54,324**	**221,953**	**328,660**
31 December 2013								
Cost:								
At 1 January 2013	19,206	12,343	26,269	12,722	5,544	110,594	104,067	290,745
Additions	-	-	31	907	83	8,791	72,840	82,652
Disposals	-	-	-	-	(47)	(6,553)	-	(6,600)
Transfer from capital work in progress	-	-	-	3,759	307	1,242	(5,308)	-
Impairment of property and equipment	-	-	-	-	-	-	(210)	(210)
At 31 December 2013	19,206	12,343	26,300	17,388	5,887	114,074	171,389	366,587
Depreciation:								
At 1 January 2013	-	7,494	3,083	8,932	4,701	64,882	-	89,092
Charge for the year	-	310	1,418	1,347	214	6,374	-	9,663
Relating to disposals	-	-	-	-	(47)	(5,913)	-	(5,960)
At 31 December 2013	-	7,804	4,501	10,279	4,868	65,343	-	92,795
Net carrying amount:								
At 31 December 2013	19,206	4,539	21,799	7,109	1,019	48,731	171,389	273,792

As part of the Group's capital expenditure programme, borrowing costs of US$ 2,058,000 (six months ended 30 June 2013: US$ 2,386,000) net of finance income of US$ NIL (six months ended 30 June 2013: US$ 54,000) have been capitalised during the period. The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.2% (30 June 2013: 3.5%) which is the effective rate of the borrowings used to finance the capital expenditure. Companies in UAE are not subject to taxation and as such there is no tax relief in respect of capitalised interest.

Total capital expenditure in the six months ended 30 June 2014 was US$ 60,801,000 (six months ended 30 June 2013: US$ 33,638,000). Of the total capital expenditure spend during this period, US$ 50,564,000 (six months ended 30 June 2013: US$ 28,933,000) related to new capital projects and US$ 10,237,000 (six months ended 30 June 2013: US$ 4,705,000) related to further capital investment in our existing facilities.

9 PROPERTY AND EQUIPMENT continued

Generally hospital and distribution operations are carried out on land and buildings which are leased from Government authorities or certain private parties. The majority of the lease periods range from five to twenty years apart from New Medical Centre Hospital LLC-Dubai (“Dubai General Hospital”) and the warehouse facilities which had leases renewable on an annual basis. As at 30 June 2014 US$ 868,000 (31 December 2013 US$ 50,244,600) of the amounts included in Property and equipment related to assets with annually renewable leases.

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. Certain land and buildings with a carrying amount of US$ 9,485,000 (31 December 2013: US$ 9,648,000) are held in the name of a previous shareholder for the beneficial interest 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 2014, the Group wrote down US$ 814,000 of obsolete and damaged inventories (six months ended 30 June 2013: US$ 961,000). This expense is included in direct costs within the condensed consolidated statement of comprehensive income. The provision for old and obsolete inventories as of 30 June 2014 was US$ 988,000 (31 December 2013: US$ 716,000).

Trust receipts issued by banks amounting to US$ 140,000 (31 December 2013: US$ 3,100,000) are secured against the inventories.

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Unaudited 30 June 2014 US$ ‘000	*Audited 31 December 2013 US$ ‘000*
Accounts receivable	**162,336**	145,993
Receivable from suppliers for promotional expenses	**9,293**	9,696
Other receivables	**8,140**	6,845
Prepayments	**7,415**	5,848
	187,184	168,382

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

Accounts receivable are stated net of provision for doubtful debts of US$ 8,566,000 (31 December 2013: US$ 8,241,000). During the six months ended 30 June 2014, the Group has provided an additional provision of US$ 1,518,000 (six months ended 30 June 2013: US$ 1,143,000), released a provision of US$ 425,000 (six months ended 30 June 2013: US$ 98,000) due to collection and written off a provision of US$ 768,000 (six months ended 30 June 2013: US$ 159,000) due to bad debts.

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS continued

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 2014						
Accounts receivable	**162,336**	**117,589**	**34,741**	**6,106**	**3,301**	**599**
31 December 2013	145,993	104,028	31,658	6,053	2,774	1,480
Accounts receivable						

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 2014 trade receivables of US$ 8,566,000 (31 December 2013: US$ 8,241,000) 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.

Of the net trade receivables balance of US$162,336,000 (31 December 2013: US$ 145,933,000) an amount of US$65,736,000 (31 December 2013: US$ 61,353,000) is against five customers.

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, significant amounts of accounts receivable are neither past due nor impaired.

Amounts due from related parties amounting to US$ 7,125,000 (31 December 2013: US$ 9,254,000) as disclosed on the face of the condensed consolidated statement of financial position are trading in nature and arise in the normal course of business.

12 CASH AND CASH EQUIVALENTS

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

	Unaudited	
	30 June 2014 ***US$ '000***	*30 June 2013* *US$ '000*
Bank deposits	**167,167**	199,173
Bank balances and cash	**60,316**	49,441
Bank overdrafts and other short term borrowings	**(92,725)**	(67,103)
	134,758	181,511
Adjustments for:		
Short term borrowings	**67,972**	43,129
Bank deposits maturing in over 3 months	**(93,928)**	(196,303)
Restricted cash	**(9,848)**	(9,441)
Cash and cash equivalents	**98,954**	18,896

12 CASH AND CASH EQUIVALENTS continued

Bank deposits of US$ 167,167,000 (30 June 2013: US$ 199,173,000) are with commercial banks in the United Arab Emirates. These are mainly denominated in UAE Dirhams and earn interest at the respective deposit rates. These deposits have original maturity between 3 to 12 months (30 June 2013: 3 to 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.

13 RETAINED EARNINGS

As at 30 June 2014, retained earnings of US$ 14,333,000 (31 December 2013: US$ 14,333,000) 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 2014 US$ '000	*Audited 31 December 2013 US$ '000*
Current portion	**95,339**	88,355
Non-current portion	**139,021**	161,845
	234,360	250,200

Amounts are repayable as follows:

Within 1 year	**95,339**	88,355
Between 1 – 2 year	**49,129**	50,871
Between 2 – 5 year	**89,892**	110,974
	234,360	250,200

Term loans include other short term revolving loans which get drawn down and repaid over the period. Term loans carry interest at various rates which includes LIBOR/EIBOR + margins ranging from 3 % to 3.75% per annum, except for one of the loans which carries interest at a fixed rate of 7.5 % per annum.

During the six month ended 30 June 2014, the Group drew down term loan of US$ 169,625,000 (six months ended 30 June 2013: US$ 357,469,000) and repaid term loans of US$ 185,465,000 (six months ended 30 June 2013: US$ 348,350,000).

15 DIVIDEND

In the AGM on 26 June 2014 the shareholders approved a dividend of 4.4 pence per share, amounting to GBP 8,212,700 (US$ 13,846,000) to be paid to shareholders on the Company's share register on 31 May 2014. The dividend was transferred to Capita Registrars Limited on 25 June 2014 and was subsequently paid to the shareholders on 4 July 2014 (30 June 2013: a dividend of GBP 7,614,286 equivalent to US$ 11,598,326 was approved on 25 June 2013 and paid on 4 July 2013).

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.

The Company's immediate and ultimate controlling party is a group of three individuals (H.E. Saeed Bin Butti, Dr BR Shetty and Mr Khalifa Bin Butti) who are all shareholders and of whom one is a director of the Company and who together have the ability to control the Company. As the immediate and ultimate controlling party is a group of individuals, it does not produce consolidated financial statements.

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

	Unaudited	
	6 months ended 30 June	
	2014	*2013*
	US$ '000	*US$ '000*
Entities significantly influenced by a shareholder who is a key management personnel in NMC		
Sales	**3,827**	5,128
Purchases	**15,843**	14,576
Rent charged	**208**	207
Other Income	**439**	228
Shareholder who has significant influence over NMC is a key management personnel of the entity		
Management fees	**2,859**	2,723
Sales	**1,379**	1,493

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

	Unaudited	*Audited*
	30 June	*31 December*
	2014	*2013*
	US$ '000	*US$ '000*
Entities significantly influenced by a shareholder who is a key management personnel in NMC		
Amounts due from related parties	**3,052**	3,619
Amounts due to related parties	**5,382**	5,018
Shareholder who has significant influence over NMC is a key management personnel of the entity		
Amounts due from related parties	**4,073**	5,635
Shareholder:		
Amounts due to related parties	**184**	61

Outstanding balances with related parties at 30 June 2014 and 31 December 2013 were unsecured, payable on 60–120 days term and carried interest at 0% (31 December 2013: 0%) per annum. Settlement occurs in cash. As at 30 June 2014: US$ 5,661,000 of the amounts due from related parties were past due but not impaired (31 December 2013: US$ 3,249,000).

The Group has incurred expenses and recharged back an amount of US$ 1,577,000 (six months ended 30 June 2013: US$ 5,872,000) made on behalf of a related party where a shareholder who has significant influence over the Group is a key management personnel of that entity.

16 RELATED PARTY TRANSACTIONS continued

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	
	2014	*2013*
	US$ '000	*US$ '000*
Short term benefits	**1,350**	1,223
Employees' end of service benefits	**9**	17
	1,359	1,240

The key management personnel include all the Non-Executive Directors, the three (30 June 2013: two) Executive Directors and three (30 June 2013: Five) senior management personnel.

Two individuals who are related parties of one of the shareholders are employed by the Group. The total compensation for employment received by those related parties in the six months ended 30 June 2014 amounts to US$ 268,000 (six months ended 30 June 2013: US$ 268,000).

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 2014: US$ 8,797,000 (31 December 2013: US$ 7,067,000).

18 COMMITMENTS

Capital commitments
The Group has future capital commitments at 30 June 2014 of US$ 56,500,000 (31 December 2013: US$ 76,402,000) principally relating to the completion of on-going capital projects at period/year end.

Other commitments

	Unaudited	*Audited*
	30 June	*31 December*
	2014	*2013*
	US$ '000	*US$ '000*
Future minimum rentals payable under non-cancellable operating leases		
Within one year	**10,647**	10,491
After one year but not more than five years	**44,787**	43,984
More than five years	**96,892**	102,782
	152,326	157,257

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Liabilities measured at fair value:

	Level 1 US$ '000	*Level 2 US$ '000*	*Level 3 US$ '000*	*Total fair value US$ '000*
30 June 2014 (Unaudited)				
Interest rate swaps	-	NIL	-	NIL
31 December 2013 (Audited)				
Interest rate swaps	-	(179)	-	(179)

During the six-month period ended 30 June 2014, 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.

During the six month period ended 30 June 2014 the interest rate swaps reached maturity and so as at 30 June 2014 the group no longer had any interest rate swaps.

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.

20 SUBSEQUENT EVENTS

Subsequent to the period ended 30 June 2014, two of the projects which were under development, (i.e; Brightpoint Women's Hospital and NMC Dubai Investment Park General Hospital have commenced operations, with effect from July 2014. Brightpoint Women's Hospital commenced operation with the opening of the outpatient facility, while NMC Dubai Investment Park General Hospital commenced full operation.

Principal 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 and uncertainties, the potential effect of them on the Group and the mitigation of them is analysed in the following table. It should be noted that the order that these risks and uncertainties are expressed in the table do not reflect an order of magnitude as regards their potential impact on the Group

Risks and uncertainties	*Potential impact*	*Mitigation*
Economic and Political risk A change in the political and regulatory environment.	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
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 utilised and the Group's low leverage levels provide additional borrowing capability if required 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
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 21 different 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
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
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 and provide advice to the management team in external reporting matters The Company has a Company Secretary with significant UK plc experience to assist with the process of change management required following IPO
Material contracts Cancellation of the management services contract for Umm Al Quwain due to contracted obligations, non-performance or legal changes in UAE	Reputational damage within the UAE Financial impact as a result of loss of Revenue and EBITDA as a result of any loss of the contract	Senior Management continually monitor performance at the facility and under the terms of its management contract We have a good relationship with the Ministry of Presidential Affairs and our regulators and continue to meet key quality standards required under our management contract There is a regular reporting review mechanism and meetings to monitor progress under the terms of our contract