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NMC Health Plc

FINANCIAL REPORT: Full year ending 31 December 2012

London, 26 February 2013: NMC Health Plc (LSE:NMC) ('NMC'), the leading independent healthcare provider operating across the United Arab Emirates, announces its results for the full year ending 31 December 2012.

Financial Summary

US$m (unless stated)	**FY2012**	**FY2011**	**Growth**
Group			
Revenue	490.1	443.7	10.5%
Gross profit	160.3	137.4	16.7%
Gross profit margin	32.7%	31.0%	+170bps
EBITDA	79.6	70.5	12.9%
EBITDA margin	16.2%	15.9%	+30bps
Earnings per share (US$)	0.343	0.331	3.6%
Dividend per share (GBP pence)	4.1p	-	-
Normalised operating cashflow	38.7	10.9	255.0%
Total Capital Expenditure in year	94.9	22.2	327.5%
Capital Expenditure relating to four capital projects announced at IPO	82.3	18.0	357.2%
	At 31 Dec 2012	**At 31 Dec 2011**	
Total cash	257.5	54.1	376.0%
Total debt	303.6	182.2	66.6%
Net Debt	46.1	128.1	-64.0%
	FY2012	**FY2011**	
Divisional performances			
Healthcare revenue	251.6	218.7	15.0%
Healthcare EBITDA	68.2	56.9	19.9%
Healthcare occupancy	60.5%	53.0%	+750bps
Distribution revenue	271.1	253.4	7.0%
Distribution EBITDA	26.2	24.9	5.2%

Notes:

- **Normalised operating cash flow is a non-IFRS line item and is equivalent to Net cash from operating activities with the adjustment made on exceptional items. There are no adjustments in FY2012. However, FY2011 was adjusted for amounts due from related parties (US$60.6m) in that financial year.**
- **Total cash is represented by bank deposits and bank balances and cash.**
- **Total debt is a non-IFRS line item and includes short term and revolving working capital facilities required for the operation of the Distribution division but excludes accounts payables and accruals, amounts due to related parties, Employer end of service benefit and other payable.**
- **Net Debt is non-IFRS line item and is total cash less total debt, both as defined above.**

Financial Highlights

- Group revenues up 10.5% to US$490.1m, compared with FY2011
  - Healthcare Division revenue up 15.0% to US$251.6m compared with FY2011, driven principally by occupancy levels up 750bps to 60.5% compared with FY2011
  - Distribution revenue up 7.0% to US$271.1m, principally driven by continued expansion of product lines
- EBITDA up 12.9% to US$79.6m compared with FY2011, margin growth of 30bps due to higher occupancy and improved efficiency in Healthcare division
- Income of US$0.9m received in 2012 in relation to the Sheikh Khalifa General Hospital management services contract
- Proposed first annual dividend of 4.1 pence per share amounting to 20% of the Profit after Tax for FY2012
- Total capital expenditure during the FY2012 of US$94.9m, of which US$82.3m related to the four capital development projects announced at IPO
- Syndicated debt facility of US$150m led by J.P. Morgan Chase Bank fully drawn down
- Total cash balance of US$257.5m and net debt position of US$46.1m
- Changes made to methodology and useful economic life rates of depreciation during the 2012 financial year resulting in an increase in reported profit of US$5.3m for the year

Business Highlights

- Completed acquisition of BR Medical Suites in Dubai for a cash consideration of US$9.0m
- Awarded five year contract to manage the Sheikh Khalifa General Hospital in Umm Al Quwain
- Capital projects remain on budget and the Group is adequately financed to progress all new facility developments:
  - Mussafah Day Patient Centre, Abu Dhabi: opening March 2013
  - Brightpoint Womens Hospital, Abu Dhabi: now expected to open in Q3 2013
  - DIP General Hospital, Dubai: expected to open by the end of 2013 with capacity for 60 inpatient beds
  - Khalifa City Specialty Hospital, Abu Dhabi: expected to open with an initial 75 beds by the end of 2014
- Opening of the state-of-the-art warehouse facility in Dubai Investment Park in August 2012
- JCI accreditations at Dubai Speciality Hospital and Al Ain Speciality Hospital successfully renewed

Outlook

- 2013 has started well with Revenue across both operating divisions showing good growth over 2012 in the first month of trading. Occupancy has also increased, particularly in Al Ain and Dubai Specialty Hospitals
- Healthcare division growth in 2013 to be driven by new facility openings, an expansion of the range of specialty medical procedures offered across all our facilities and by the positive healthcare sector dynamics across the UAE
- Distribution division growth in 2013 is expected from an increase in retail distribution and focus on cross border sales through “super-agency” agreements
- Progress expected in relation to the introduction of mandatory health insurance across the remaining emirates outside of Abu Dhabi
- UAE macro-economic outlook for 2013 remains positive and continuing to create a favourable trading environment for both our Healthcare and Distribution divisions

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

"This has been a pivotal year for NMC Health, and we are proud to have been the first Abu Dhabi based business to list on the Premium Segment of the London Stock Exchange. Our full year results show that we have made strong progress across our existing facilities during 2012. 2013 will again be a year of transformation as we expect to open three of the four capital projects, which we committed to as part of our IPO, and which will help drive our future growth.

The ground breaking ceremony at the site of the planned Khalifa City Specialty Hospital in December was a significant achievement with which to end 2012. I am also pleased to report that our other capital projects remain on budget.

Our strong reputation and commitment to a patient-centric approach, and providing high quality medical care across the UAE, continues to create opportunities for further expansion and progress. In the coming year, we expect to benefit from new facility openings, and to focus on the primary healthcare segment and medical specialities where we believe there continues to be a lack of supply in the UAE."

Analyst and investor meeting

A conference call and webcast for analysts and investors will take place today, Tuesday 26 February 2013 at 12noon (UK time). Please contact Simon Watkins 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 Preliminary 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 Preliminary 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.

The listing rules of the UK Listing Authority (LR 9.7A.1) require that preliminary statements of annual results must be agreed with the listed company's auditor prior to publication. In addition the Listing Rules require such statements to give details of the nature of any likely modifications that may be contained in the auditor's report to be included with the Annual Report and whether any audit report has been issued on the statutory accounts. NMC Health plc confirms that it has agreed this preliminary announcement of annual results with Ernst & Young LLP. The financial information presented in this preliminary announcement was authorised for issue by the Board of Directors on 25 February 2013. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The audited financial statements will be delivered to the Registrar of Companies and a copy will also be available on the Company's website (www.nmc.ae) in due course. The financial information contained in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006.

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, one day-care patient centre, one medical centre and eight pharmacies. The group also operates a significant Distribution business supplying product lines to UAE customers across the Pharmaceutical, FMCG, Food, Scientific and Medical and Educational and Veterinary sectors.

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.

Business and Financial review

During 2012, NMC Group underwent a year of real transformation and growth across all of the NMC businesses. In addition to the significant changes implemented across our management processes, the Company also secured the long term financing structure it needed to implement its exciting growth plans through the IPO and agreement of a syndicated long term debt facility.

Performance was strong across the two main business lines with a 15.0% Revenue growth in the Healthcare division and 7.0% Revenue growth in the Distribution division. We commenced a new revenue stream within the Healthcare division of provision of management services to third party facilities. We have also commenced our capital projects program which will add significant healthcare capacity to the Group in the coming year.

Business operations

Healthcare

Hospitals and medical facilities.
The healthcare market in the UAE during FY2012 continued to be supported by positive sector dynamics:

- Strong Government support for increased private sector participation in the delivery of healthcare services
- Compulsory medical insurance in Abu Dhabi for the local and Expat population
- Increased health awareness
- Reduction in overseas referrals for UAE nationals
- Rising incidents of lifestyle diseases driving increased healthcare demand

The improved performance across the Healthcare division during the year resulted principally from an increase of 9.9% to 420 (2011: 382) in the number of doctors within the business and additional Revenue arising from specialised procedures such as Gynaecology and Cardiology.

The increase in bed occupancy, being the percentage of time that beds are utilised by patients, and Revenue per patient increase due to better service mix, also led to an improvement in both Revenue and efficiency levels within all facilities. As occupancy rates continue to increase we expect this to drive higher profitability in all of our facilities going forward, due to the operational leverage that exists within the business.

A summary of the performance of the operational facilities in the Healthcare division against key KPIs is shown below:

	Year	Revenue (US$m)	Occupancy	Inpatient Nos.	Outpatient Nos	Revenue / Patient	Inpatient-Outpatient Ratio
Abu Dhabi Specialty Hospital	Yr 2012	89.7	68.4%	20,025	585,855	100.7	3.4%
	Yr 2011	79.7	60.4%	17,623	545,564	97.8	3.2%
	% Change	**12.5%**	**8.0%**	**13.6%**	**7.4%**	**3.0%**	**0.2%**
Dubai Specialty Hospital	Yr 2012	48.3	56.0%	7,689	205,290	158.1	3.7%
	Yr 2011	43.2	51.1%	6,998	193,861	143.4	3.6%
	% Change	**11.8%**	**4.9%**	**9.9%**	**5.9%**	**10.3%**	**0.1%**
Al Ain Specialty Hospital	Yr 2012	39.8	55.6%	6,108	246,551	108.3	2.5%
	Yr 2011	31.8	44.9%	4,915	219,345	98.6	2.2%
	% Change	**25.2%**	**10.7%**	**24.3%**	**12.4%**	**9.8%**	**0.2%**
Dubai General Hospital	Yr 2012	11.7	37.9%	1,387	134,948	58.1	1.0%
	Yr 2011	10.8	30.4%	1,108	119,957	60.4	0.9%
	% Change	**8.3%**	**7.5%**	**25.2%**	**12.5%**	**-3.8%**	**0.1%**
Sharjah Medical Centre	Yr 2012	8.9	0	0	95,490	73.3	0
	Yr 2011	7.3	0	0	76,162	73.8	0
	% Change	**21.9%**	**0.0%**	**0.0%**	**25.4%**	**-0.7%**	**0**
BR Medical Suites	Yr 2012	1.2	0	0	1,527	733.8	0
	Yr 2011	0	0	0	0	0	0
	% Change	**N/A**	**0**	**0**	**N/A**	**N/A**	**0**
Total	Yr 2012	199.6	60.5%	35,209	1,269,661	105.7	2.8%
	Yr 2011	172.8	53.0%	30,644	1,154,889	100.5	2.7%
	% Change	**15.5%**	**7.5%**	**14.9%**	**9.9%**	**5.2%**	**0.1%**

Abu Dhabi Specialty Hospital

The Group's first ever hospital in the densely populated centre of Abu Dhabi, remains the Group's largest healthcare facility some 37 years later.

The facility continues to provide a wide range of specialties and has JCI accreditation for its service levels. It has built a significant reputation for the quality of its healthcare services amongst the local population. Revenue grew 12.5% to US$89.7m in 2012 with occupancy, outpatient and inpatient numbers all continuing to see good growth continuing the positive trend of recent years. The key Revenue and EBITDA growth drivers for Abu Dhabi Specialty Hospital during the year were:

- An increase in efficiency and occupancy
- Upward revision of consultation charges for outpatients
- Increased number of deliveries increasing Gynaecology revenues
- An increase in Cardiology revenues as a result of more minimally invasive procedures
- An increase on Ophthalmology revenue
- Additional and wider insurance networks increasing patient numbers

The hospital continues to have capacity to deal with additional inpatient services, but the increased demand for outpatient services has required some reconfiguring of certain areas of the hospital in 2012, which has continued into the first few months of 2013. When complete, this reconfiguration will provide additional overall capacity at the hospital. We also expect that the opening of Brightpoint Womens Hospital, a short drive away from Abu Dhabi Specialty Hospital, will increase both inpatient and outpatient capacity in this facility, particularly in relation to Women and Childrens' departments.

Dubai Specialty Hospital
Opened in 2004, the Dubai Specialty Hospital is well situated in the growing residential area of Al Nahda on the Dubai-Sharjah border which enables the Hospital to take advantage of referrals from both the Dubai General Hospital and Sharjah Medical Centre and also target certain sections of the population of the northern emirates.

The facility continues to provide a wide range of specialties. During 2012, the Dubai Specialty Hospital had its JCI accreditation for its quality and service levels renewed for a further three year period.

Revenue grew 11.8% to US$48.3m in 2012 with occupancy, outpatient and inpatient numbers all continuing to see strong growth. The key Revenue and EBITDA growth drivers for the Dubai Specialty Hospital during the year were:

- An increase in Cardio-thoracic bypass and Gynaecology procedures driving inpatient numbers
- Increased admissions from GP & Emergency departments
- An increase in Ophthalmology procedures
- Increased use of facilities by community based doctors
- Additional and wider insurance networks increasing patient numbers
- Improved service mix driving revenue per patient
- Increased occupancy levels which creates incremental profit levels as utilisation of the facility improves

The hospital still has significant capacity for increased patient numbers across all departments and will benefit from its growing reputation in the area, increased referrals from its sister and third party facilities and also from any implementation of mandatory insurance in the Emirate of Dubai when this occurs.

Al Ain Specialty Hospital
NMC's newest specialty healthcare facility, which opened in 2008, has continued to grow Revenue and patient numbers in the 2012 financial year. We expect this to continue as it becomes even more established in the local market.

During 2012, the Al Ain Specialty Hospital had its JCI accreditation for its quality and service levels renewed for a further three year period.

Revenue in the 2012 financial year grew 25.2% to US$39.8m. The key growth drivers for the hospital during the year were:

- Improved GP and Emergency Revenue as the hospital becomes more established
- Higher inpatient numbers primarily from increased Cardiology, Urology and Gynaecology procedures
- Specific insurance companies stipulating a compulsory consultation by a GP prior to any referral to a specialist

Given its relatively recent opening compared to the Group's other healthcare facilities, and its favourable location in the region, we expect continued growth within this facility.

Dubai General Hospital
Established in 1999, the Dubai General Hospital is situated in the highly populated area of Deira, which is known to have a transient immigrant population providing access to significant numbers of potential patients. Whilst Revenue and EBITDA percentages from the facility are relatively low as a result of limited inpatient capacity, the Group also benefits from the referrals the facility generates for the Dubai Specialty Hospital which is a short distance away.

Both Revenue and EBITDA grew during the 2012 financial year driven principally by:

- An increase in dental, paediatric, general surgical and orthopaedic revenues
- Increased patient flow as well as general price increases
- Increased cardiology screening and referrals

Sharjah Medical Centre
This multi specialist medical centre was opened in 1996 and is located on the busy commuter route along the Corniche in Sharjah. Since the facility was upgraded in 2010 from a clinic to a medical centre offering increased specialities such as radiology and minor procedures, Revenue has increased significantly and the facility has become profitable. The Group also benefits from referrals made from this facility to the Dubai Specialty Hospital.

Revenue and EBITDA grew again in 2012 driven principally by:

- An increase in General Clinic revenue
- Increased Pharmacy revenue

BR Medical Suites
On 1 July 2012, the Group completed the acquisition of BR Medical Suites for a consideration of US$9.0m paid in cash. BR Medical Suites is a high-end specialty day patient medical centre, located in Dubai Healthcare City. It is specifically designed to attract highly experienced doctors from around the world to carry out minimally invasive surgery and other procedures. Progress has been made under the NMC umbrella in marketing the facilities available at these suites and this business is expected to make a positive contribution to the Group in 2013.

In 2012, the Dubai Health Authority and Dubai Healthcare City Authority signed an agreement on simplifying the licensing process for doctors wishing to practice in both healthcare jurisdictions. This agreement, similar to an arrangement also entered into in 2012 between the Health Authority of Abu Dhabi (HAAD) and Dubai Health Authority, allows a fast track licensing process for doctors licensed in one health authority to become licensed to practice in the other. We believe that this further agreement will be of particular benefit to BR Medical Suites.

Third Party Management Services
In December 2012, the Group announced an exciting new revenue stream for the Healthcare division, derived from the provision of Third Party Management Services. The Sheikh Khalifa General Hospital is one of three new general hospitals built by the UAE Ministry of Presidential Affairs (the “Ministry”) in the Northern Emirates. NMC Healthcare was delighted to be offered the opportunity to tender for, and to be awarded, a five year contract to operate the first of these three hospitals to be opened on behalf of the Ministry.

This new contract was a departure from the Group’s usual model of healthcare operations, which is to build and operate its own hospitals. In addition to the expansion of the business model, this contract provides the Group with a stable source of reliable revenue which is not dependent on patient numbers in the hospital.

The awarding of this contract was another first for the Healthcare division in that it is the first time that the management of such a large Government medical facility has been awarded to a local private UAE healthcare provider. This is a testament to the confidence that the Ministry has shown in the NMC Group, and the priority of the business is to provide a first class clinical service to the population of Umm Al Quwain and the northern emirates.

Under this new contract, NMC Healthcare will manage all aspects of the facility including a wide range of clinical and healthcare services including general medicine and surgery, emergency and intensive care, and dental services. When fully operational, the Sheikh Khalifa General Hospital will have a capacity of 55 rooms for outpatient consultation, examination and treatment, as well as nine operating theatres and a total of 205 inpatient beds.

As part of its contract, NMC Healthcare will also be managing all support services including pharmacy, equipment sterilisation and ambulance services as well as hospital administration.

The Hospital opened on 2 December 2012, the 41st National Day of the UAE, well in advance of the Ministry’s initial expectations. The services provided at opening were a number of outpatient services and the remaining operations of the hospital are planned to open on a phased basis to June 2013.

Under the terms of the agreement with the Ministry, the management fees that NMC Healthcare will receive is dependent on a number of Key Performance Indicators based on Quality and Safety of the healthcare operations. All staff costs, capital expenditure and other operational expenditure for the hospital are paid for by the Ministry, and as such the Group incurs no capital expenditure and minimal operating expenditure.

In 2012, this contract earned the Group Revenue of US$0.9m. In 2013, the EBITDA for managing the Sheikh Khalifa General Hospital is expected to be in the region of US$4.0m to US$5.4m.

The area of third party management services is seen as a useful additional revenue stream to the Healthcare division. The extensive operational experience that the Group possesses can be leveraged in order to add additional facilities to the Group's Healthcare portfolio without significant capital expenditure. NMC Group continues to monitor the availability of other such contracts as they arise.

Pharmacies

As three of our pharmacies are located within our medical facilities, and therefore included financially within the results of those facilities, we do not report financial information in relation to the whole pharmacy business separately. 2012 has been a successful year for our pharmacy business. The majority of the Group's eight pharmacies are located within, or adjacent to, our medical facilities. Patients appreciate the convenience that this co-location provides.

During the year we commenced the start of a phased re-fit of our pharmacy estate. Our intention is to improve the look and feel of all of our pharmacy facilities. This will improve the customer experience and improve revenue and margins through an increase in product range and service offering across this business for a minimal level of capital expenditure. The programme commenced with the re-fit of the Bait Al Shiffa pharmacy which is located adjacent to our Dubai General Hospital in Diera, in September 2012 and will extend into Abu Dhabi in 2013.

A number of initiatives have been undertaken to improve both the efficiency and the service provided in our pharmacies, such as the introduction of e-prescriptions, where the doctor generates prescriptions sent electronically to the hospital pharmacy. This service will improve the proportion of patients using our pharmacies.

Clinical Governance

In the Healthcare division, Quality of Care for our patients is of utmost importance. We have 3 priorities which are:

- Safer Facilities
- Clinical Excellence
- Patient Experience

While we follow the International Patient Safety Goals we are also pleased to report that we had zero incidence of pressure sores in any of our facilities for 2012. The JCI reaccreditation of our Al Ain and Dubai Specialty Hospitals, with exceptional results, through the collective efforts of our physicians, nurses and all our departments, is a testament to our commitment to achieving higher standards of quality.

We were able to achieve ISO 15189 accreditation for our laboratory in the Dubai General Hospital and ISO 9001:2008 re-certification for our Abu Dhabi Specialty Hospital in 2012. In efforts to further enhance our Clinical Governance we have laid down specific Clinical Key Performance Indicators which govern the evaluation of the performance of our doctors. This also includes the adherence to adopted international best practice guidelines. Targets have been readjusted to achieve higher goals in the year 2013.

Regulatory

We continue to enjoy a good working relationship with all our regulators and Government bodies. The high regard with which the Government see NMC is evidenced by the new management contract awarded in relation to the Sheikh Khalifa General Hospital in Umm Al Quwain as well as our partnering with Government Hospitals for those services the Group can deliver efficiently.

NMC Healthcare has been preparing for the introduction of mandatory health insurance in Dubai, with appropriate e-claim coding classifications already in place within our systems. Sharjah has also announced an intention to introduce mandatory health insurance for its residents, but at present, no timeframe has been announced. Given that a significant proportion of the Group's revenue is generated through insurance income, any new schemes introduced in emirates outside of Abu Dhabi should be of benefit to the Group.

During the year our JCI accreditations at Dubai Specialty Hospital and Al Ain Specialty Hospital were successfully renewed. The Abu Dhabi Specialty Hospital JCI accreditation is due for renewal in 2013. The HAAD annual renewals for the NMC Specialty Hospitals in Abu Dhabi, Al Ain and the DHA annual approvals for NMC Specialty Hospital in Dubai and the NMC General Hospital in Dubai were all successfully completed during the year.

HAAD introduced new regulations in 2012 to improve standards and address difficulties arising from the multi-use of buildings which are currently used by healthcare providers in Abu Dhabi. From a quality and infection control perspective NMC supports any initiative which is designed to reduce the possibility of infection spread. As part of the introduction of these new standards, HAAD reviewed our Abu Dhabi Specialty Hospital tower, which is part hospital and part residential accommodation. As this building has been constructed with fully separate entrances, as well as having separate services for each of the hospital and residential sections of the building, HAAD have confirmed that our principal hospital tower in Abu Dhabi fulfils the higher standards of regulations and is therefore not affected by these new regulations.

During the year the medical licensing rules for doctors in the UAE have been modified. A fast track process has been put in place to allow doctors licensed in Abu Dhabi and Dubai to practise in the other emirate through a simplified licensing process. We expect this to provide some long term efficiency benefits for the Group and believe it will make the UAE more attractive for doctors. It may also allow lower-volume specialities to become more cost effective as the area of practice expands under the new licencing arrangement. We already have a number of doctors who are licensed in both Abu Dhabi and Dubai. We expect the similar agreement between Dubai Health Authority and Dubai Healthcare City to benefit our BR Medical Suites business.

We are aware of changes being considered by the Ministry of Health in the pricing of pharmaceutical products in the UAE. Any changes made in the pricing structure of such products is likely to affect, positively or negatively, the retail sale price, pharmacy and distribution margins as well as manufacturer sale prices. The review by the Ministry is not yet complete. When any changes are announced we will update shareholders in relation to any potential effect on Group Revenue and EBITDA.

Brand awareness activities

During the 2012 financial year, the Healthcare division continued to try to build brand recognition, particularly in the emirates of Abu Dhabi and Dubai, our primary markets. This was done in a number of different ways, including the way in which the Group interacts with the local community through events and health awareness programs.

These campaigns provide the NMC brand with excellent reach and visibility with many new people experiencing the NMC Healthcare service for the first time, thus providing us with great benefits from a marketing perspective.

Capital Projects

At the time of the Company's IPO, the Group announced plans to undertake four key projects at a total capital cost of US$315m within our Healthcare division. This is in addition to the acquisition of BR Medical Suites.

Brightpoint Womens Hospital (capital expenditure budget US$70m plus capitalised expenses)

The development of Brightpoint Womens Hospital, the first dedicated maternity facility in Abu Dhabi, continues to progress. However, we have experienced an additional delay in construction relating to faulty specialist flooring supplied by a third party.

The facility is now expected to open in Q3, 2013. We are currently in discussions with our building contractor in relation to liquidated damages to be claimed by NMC as a result of this further delay.

When this facility opens 50 beds will be available, with the capacity to expand up to 100 beds at a later stage. Total capital expenditure (excluding capitalised expenses) on the development of the hospital and the initial equipment within the facility is in line with original management forecasts of up to US$70m. Given the increased Revenue from Gynaecology across our hospitals, and the favourable basic plan tariff changes in relation to maternity procedures in Abu Dhabi announced in Q3, 2012, we believe that this will be a successful investment for the Group.

Mussafah Day Patient Centre (capital expenditure budget US$15m plus capitalised expenses)

This new facility in Mussafah, a growing residential and industrial suburb of Abu Dhabi, will operate as a general practice day-patient medical centre, with the ability to refer patients directly to principal Specialty Hospitals. The facility is connected to a shopping mall and includes a pharmacy in its footprint. Total capital expenditure (excluding capitalised expenses) on the development and initial equipment within the facility will be up to US$15m, in line with original management forecasts. Following a slight construction delay, this facility is expected to open in March 2013.

Dubai Investment Park General Hospital (capital expenditure budget US$30m plus capitalised expenses)
This new facility is situated in a growing residential area of Dubai close to our new DIP Distribution Warehouse. The facility was originally to be developed on a phased basis, opening as a day patient medical centre in Q4, 2012 and being upgraded to a general hospital by Q1, 2014. Following a project review, the Group concluded it was more effective to develop the facility as a general hospital and pharmacy facility from the beginning. Development plans have therefore changed and the full facility is expected to open in 2013. Total capital expenditure (excluding capitalised expenses) on the development of the full facility of up to US$30m, is unchanged as a result of the re-phasing.

Khalifa City Specialty Hospital (capital expenditure budget US$200m plus capitalised expenses)
On 12 December 2012, the ground breaking ceremony was held on the site of our new Khalifa City Hospital. Khalifa City is a growing suburb of Abu Dhabi and along with other neighbouring suburbs of Sheikh Mohammed bin Zayed City, Mussafah, Baniyas and Shahama, is anticipated to house around 20% of the population of Abu Dhabi by 2030. All required building approvals for the new hospital have been received and construction is now underway. We currently expect the hospital to open with an initial 75 beds by the end of 2014. Upon opening, the hospital will focus on specific specialist areas. Total capital expenditure (excluding capitalised expenses) for all phases of development and equipment within the facility anticipated to be up to US$200m. This will be phased from project commencement in 2012 to the expected completion of the final development phase in 2016.

A table setting out capital costs of development and capitalised expenses relating to each project is set out on page 13.

Distribution Division

Distribution market
Given the limited manufacturing and food production capabilities in the UAE, the distribution sector is key to the country's population. As one of the largest distribution businesses across the UAE, the Group is well placed to benefit from the good economic and population growth trends across the country. Furthermore, the growing population within the country means many new global companies are keen to sell their products in the UAE market.

The majority of the agreements for the distribution of products within UAE are exclusive arrangements with suppliers (Principals), with all such agreements registered with a Government ministry. This provides distributors with long-term stability and the larger distributors with economies of scale and greater bargaining power with local customers, principally retailers and medical facilities.

Distribution division performance
Revenue in the Distribution division for the year was US$271.1m (2011: US$253.4m), a growth of 7.0% compared with last year. The division was able to maintain an average gross margin contribution of 24.0% for the year despite increased competition in the market. EBITDA for the year was US$26.2m, an increase of 5.2% (FY2011: US$24.9m), with an EBITDA margin of 9.7% compared with 9.8% for the 2011 financial year.

The first half of 2012 was affected by the discontinuance worldwide of a number of products of one of our Principles in the FMCG sector. This led to a review of the business and a significant increase in the product ranges offered, particularly in the Scientific, Pharmaceutical, Food and FMCG sectors, to compensate for this loss of Revenue.

As expected, it took some time for these new product ranges to establish themselves in the local market, but with our Principals' support in relation to increased promotional and marketing activities, these new product ranges, and improved performance during UAE festive periods, helped the division return to more normal revenue growth in the second half of the financial year.

Other factors which led to the division's improved performance were an excellent performance by the catering, food and pharmaceutical areas of the business, the economy of Dubai showing signs of improvement and additional tourism into the UAE in 2012.

Facilities
During the financial year we made a number of changes to our warehousing facilities. We announced in August the opening of our new state-of-the-art warehouse facility in Dubai Investment Park at a capital cost of US$8.9m. The new warehouse opened with 64,000 square feet of storage, with expansion capacity for a further 18,000 square feet of storage. It accommodates chilled, frozen and dry goods in a single facility and acts as a central distribution point for the Group's Distribution business in Dubai and has enabled the business to close a number of other smaller facilities in the Dubai area. In due course the

facility will be fully automated, replacing many of the current warehousing processes which are handled manually, which will improve operational efficiency in the medium term. We also expanded our current warehousing capacity with additional warehousing space in the northern emirates, allowing us to improve and extend the number of products and services we provide for Customers in that region.

Following these changes, the Group has over 500,000 square feet of warehousing space across the UAE.

Efficiencies
In addition to the changes made to our facilities, which were necessary to deal with increased product supply and led to efficiencies within our existing business, during the year we also introduced a new process to assess employee utilisation within the Distribution division in order to optimise staffing levels. The division has also reduced its overall employee housing costs and outsourced employee transportation which has resulted in operational cost savings during the year and for future financial years.

Legal issues

A subsidiary company, NMC Healthcare LLC, is a party to litigation between former shareholders in the UAE regarding matters which occurred prior to the flotation of the Company in April 2012. This action, which has no impact on the day to day operations of the Company, has been investigated by the Company and by an outside firm of legal advisers, who have concluded, on the basis of the known facts, that there is no evidence to substantiate the claims being made. This reflects the views of both the Board and the Management. Consequently no financial provision, or contingent liability disclosure, is being made by the Company in the Group and Parent Company audited financial statements in respect of this matter.

Employees

The Group employs over 4,600 employees of 45 different nationalities, including 420 Doctors of 17 different nationalities and 1,189 other clinical staff of 19 different nationalities. The Group aims to recruit more staff to meet the staffing requirements for its upcoming facilities.

Despite the shortage of quality medical professionals worldwide, the Group continues to attract quality medical professionals to the UAE. Furthermore, with the level of growth and increased opportunities in the UAE, especially in the healthcare sector, it has become an attractive destination for the employment of all categories of quality professionals including medical professionals.

During the year under review, the employee attrition rate of the Group came down to 8.14% from 11.71% in the previous year. The Group continues to make every effort in the growth and development of its staff so as to keep the employee attrition rate under control.

In December 2012, the Group finance team were presented with awards at the ICAEW Middle East Awards. Prasanth Manghat, Chief Financial Officer, received the CFO of the Year Award and at the same awards ceremony, the NMC Group finance team were awarded the Finance Team of the Year Award. NMC is delighted that its finance team have been recognised for their significant contribution to the Group in this way.

Current trading and Outlook

The 2013 financial year has started well with Revenue across both operating divisions showing good growth over 2012 in the first month of trading. Occupancy has also increased, particularly in Al Ain and Dubai Specialty Hospitals, resulting in additional bed capacity at these facilities of 15 beds and 16 beds respectively.

The management team and Board have recently undertaken a detailed market review, of both the healthcare industry in the UAE, and NMC's position within the sector. In the coming year, the Group will benefit from the openings of new facilities, as well as ongoing efforts to focus on the primary healthcare segment and medical specialities where there is a lack of supply in the UAE.

The macro economic outlook for the UAE is strong and the provision of quality healthcare remains one of the key aims of the UAE Government. Healthcare spend is expected to grow from an estimated US$8.1bn in 2011 to US$10.0bn in 2013. We also expect to see progress in relation to the introduction of mandatory health insurance across the remaining emirates outside of Abu Dhabi.

As the leading private healthcare provider across the UAE, NMC is well positioned to further build the business and implement its growth strategy against the backdrop of these strong economic conditions and increased healthcare spend. The outlook for the Group is positive, both in the medium and longer term.

Financial Review

NMC Health delivered a good performance in 2012 at both the Group and divisional level in what was a transformational year for the Group. Consolidated Group Revenue increased from US$443.7m in FY2011 to US$490.1m in FY2012, a growth of 10.5%. After elimination of US$32.7m of intra-group trading revenue, Consolidated Group EBITDA improved from US$70.5m in FY2011 to US$79.6m in FY2012, a growth of 12.9%.

Revenue in the Healthcare division for the year increased from US$218.7m in FY2011 to US$251.6m in FY2012, a growth of 15.0%. EBITDA increased from US$56.9m in FY2011 to US$68.2m in FY2012, a growth of 19.9%. EBITDA margin improved from 26.0% in FY2011 to 27.1% in FY2012.

Within the Distribution division, revenues increased from US$253.4m in FY2011 to US$271.1m in FY2012, a growth of 7.0%. EBITDA increased from US$24.9m in FY2011 to US$26.2m in FY2012, a growth of 5.2%.

Earnings per share (EPS) was US$0.343 for the 2012 financial year compared to US$0.331 for the same period in 2011.

Capital Expenditure

Capital expenditure for the year was US$94.9m (FY2011: US$34.5m). This encompassed US$91.9m on the Group's capital projects, including US$82.3m on the four Healthcare capital projects announced at IPO. Capital expenditure on the Group's capital projects in the Distribution division totalled US$8.8m, including US$4.6m on the new DIP Warehouse facility. The remaining spend on capital projects of US$0.8m was in respect of other projects within the Group. The Group also spent US$3.0m on equipment required across the existing operations.

The Company was able to capitalise certain expenses, in accordance with IFRS and the Company's accounting policies, which would otherwise have been written off through the Income Statement. We expect this to largely continue in relation to costs (for example lease costs) arising during the construction of future projects. Although pre-operating expenses were nil in the year to 31 December 2012, we expect a small level of pre-operating expenses in the 2013 financial year as a result of the opening of new facilities.

A table outlining original estimated capital expenditure and other budgeted costs for each of our current development projects, and a further table setting out costs to date on these projects is set out below.

(All US$m)	**Original estimated costs**			
Project	**Original capital budget**	**Other budgeted costs (note 1)**	**Accounting adjustment for lease rental (note 2)**	**Total Budget**
Brightpoint	70	8	8.2	86.2
Khalifa City	200	17	-	217
Mussafah	15	2	-	17
DIP Hospital	30	3.5	-	33.5

Note 1: Prior to commencement of development of the existing four capital projects, management had an expectation that there would be an element of expense incurred before the new facilities were opened which would be written off through the Income Statement. Following a review certain of these costs have been capitalised in line with the Company's accounting policies (for example lease rent paid and finance costs). The Group expects such costs will continue to be capitalised on these projects during the construction phase.

Note 2: The lease in respect of Brightpoint contains a rent free period as well as specified rent increases. In line with IFRS and the Company's accounting policy, the rental cost of the lease has been adjusted to appropriately account for these items over the length of the lease.

(All US$m)		**Costs to date**		
Project	**Capital costs**	**Capitalised expenses (note 1)**	**Accounting adjustment for lease rental (note 2)**	**Total Capital cost**
Brightpoint	58.4	5.7	8.2	72.3
Khalifa City	20.6	0.9	-	21.5
Mussafah	5.8	0.3	-	6.1
DIP Hospital	0.4	-	-	0.4

With the finalisation of three of our four capital projects in 2013, and the commencement of the development of our largest project at Khalifa City, we expect total capital expenditure to increase by some 30% for both the 2013 and 2014 financial years, the majority of which comes from the committed equity and long term debt funds raised during 2012.

Cash

Net cash inflow from operating activities for the 2012 financial year was US$38.7m, compared with US$71.4m for the comparative period in 2011. The differential is mainly due to a one-off receipt of US$60.6m in 2011 from related parties arising from the repayment of previous shareholder loan balances. Normalised net operating cash inflow for FY2011, excluding the effect of this one-off receipt, would have been US$10.9m.

Including funds held on deposit, cash as at 31 December 2012 was significantly higher than at the end of 2011 primarily as a result of the proceeds raised from the issue of new shares by the Company at the time of its IPO in April 2012 and also the new syndicated long-term debt facility with JP Morgan which was entered into during the year. These funds raised are all allocated against the capital cost of the five expansion projects announced as part of the Company's IPO. As a result, together with positive operating cashflow, the Company is well financed to complete its capital expenditure program through to 2016.

As expected, the Group had a net debt position of US$46.1m at 31 December 2012 compared with US$128.1m at 31 December 2011. As the Group continues with its capital project development program, and the Company's cash is committed to such projects, the level of net debt is expected to increase for both the 2013 and 2014 financial years.

Movement in net debt
The movement in cash and the level of capital expenditure have had a significant effect resulting in a significantly reducing net debt during the 2012 financial year. A summary of the principal drivers of this reduction is shown as follows:

MOVEMENT OF NET DEBT					
(US$m)					
Total Debt as at 1 January 2012	**182.2**	**Total Cash as at 1 January 2012**	**54.1**	**Net Debt as at 1 January 2012**	**128.1**
Add:		Add:			
New JP Morgan Facility	150.0	Cash received from JP Morgan Facility	150.0		
		IPO Proceeds(net)	168.7		
		Operational cash inflow	38.7		
		Finance Income	2.3		
	150.0		**359.7**		
Less:		Less:			
JP Morgan facility repayments	18.9	JP Morgan Facility repayments	18.9		
Other Bank facilities (Net movement)	9.7	Other Bank facilities (Net movement)	9.7		
		Additions and disposals to property and equipment	105.2		
		Acquisition of BR Medical Suites	8.8		
		Finance Costs	13.7		
	28.6		**156.3**		
Total Debt as at 31 December 2012	**303.6**	**Total Cash as at 31 December 2012**	**257.5**	**Net Debt as at 31 December 2012**	**46.1**

Working Capital
Working capital for our two operating business divisions is funded differently due to the nature of their business models. The Group is able to fund its working capital requirements for its Healthcare division from operational cash flow, and we do not expect this position to change in the 2013 financial year.

In relation to our Distribution division, the working capital requirement is dependent on a number of factors including the timing of receipt of debtors and creditors as well as inventory flow during the year and the timing of re-imbursement of promotional expenses agreed with our Principals in relation to the sale and marketing of their products. The Distribution division requires external working capital facilities throughout the year, the level of which is dependent on business seasonality. These working capital facilities are arranged through a number of banking providers and in general terms the level of working capital required is between 30%-40% of the Group's total debt facilities.

Long term debt facilities
A debt facility of up to US$150m was made available to the Group during the year by a syndicate of lenders led by J.P. Morgan Chase Bank, to assist the Group in relation to its capital investment program. A total of US$120m was drawn down from this facility in the period to April 2012 and the remaining US$30m was drawn down on 13 December 2012. As a result, the total debt of the Group, excluding accounts payable and accruals, increased from US$182.2m on 1 January 2012 to US$303.6m on 31 December 2012.

Finance costs and income
We have been able to raise syndicated debt at 3.50% +1month Libor. Total finance costs have come down by 19% in 2012 (US$13.7m) compared to 2011 (US$16.9m). This is mainly through reduction in finance costs of working capital facilities coupled with better cash management. We were also able to obtain competitive rates for the fixed deposits made on excess funds. The company was able to capitalise finance costs on debts raised for capital expenditure, in accordance with International Financial Reporting Standards, resulting in higher net income and lower finance expenses.

Depreciation
As reported as part of our 2012 Half-Year Results Announcement in August 2012, the Group re-assessed the deprecation method from reducing balance to straight line and the useful economic lives of all asset categories with effect from 1 January 2012 following a review of the useful economic lives of the Group's assets and market research conducted on deprecation rates and methods in the healthcare sector. The impact of these changes is an increase in reported profit of US$5.3m in FY2012. The changes in depreciation policies are detailed in note 2.3 of page 25 of the notes to the financial statements.

Dividend
The Group did not pay an interim dividend during the year. In line with the guidance range of a dividend payment of between 20% to 30% of Profit After Tax, which the Company gave in its IPO prospectus, the Board is recommending that a final dividend of 4.1 pence per share be paid in cash in respect of the year ended 31 December 2012 (FY2011: Nil).

Basis of preparation and forward-looking statements
This business and financial review has been prepared solely to provide additional information to shareholders to assess the Group's performance in relation to its operations and growth potential. It 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. These risks, uncertainties or assumptions could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements, and should be treated with caution.

Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this review or to correct any inaccuracies which may become apparent in such forward-looking statements.

Statement of Directors responsibilities

I confirm on behalf of the Board that to the best of my knowledge;

a) the financial information presented in this preliminary announcement, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and

b) the Management Report includes a fair review of the development and performance of the business, and the principal risks and uncertainties that they face.

For and on behalf of the Board

Dr B. R. Shetty
Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	***2012*** ***US$ '000***	*2011* *US$ '000* *(restated)*
Revenue	6	**490,053**	443,747
Direct costs	7	**(329,800)**	(306,388)
GROSS PROFIT		**160,253**	137,359
General and administrative expenses	7	**(105,055)**	(78,845)
Other income	8	**24,421**	11,936
PROFIT FROM OPERATIONS BEFORE DEPRECIATION		**79,619**	70,450
Depreciation	16	**(7,038)**	(12,041)
Rental income from investment properties	18	**-**	1,193
Finance costs	10	**(13,738)**	(16,943)
Finance income	9	**4,325**	1,113
Flotation costs	13	**(3,402)**	-
PROFIT FOR THE YEAR BEFORE TAX	10	**59,766**	43,772
Tax	14	**-**	-
PROFIT FOR THE YEAR		**59,766**	43,772
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**59,766**	43,772
Total profit and comprehensive income attributable to:			
Equity holders of the Parent		**58,891**	42,988
Non-controlling interests		**875**	784
Total profit and comprehensive income for the year		**59,766**	43,772
Earnings per share for profit attributable to the equity holders of the Parent:			
Basic and diluted (US$)	15	**0.343**	0.331

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

The attached notes 1 to 34 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	***2012*** ***US$ '000***	*2011* *US$ '000* *(restated)*
ASSETS			
Non-current assets			
Property and equipment	16	**201,653**	94,856
Intangible assets	17	**1,016**	-
		202,669	94,856
Current assets			
Inventories	19	**72,458**	54,178
Accounts receivable and prepayments	20	**181,402**	153,453
Amounts due from related parties	28	**1,601**	-
Bank deposits	21	**233,703**	11,072
Bank balances and cash	21	**23,747**	43,001
		512,911	261,704
TOTAL ASSETS		**715,580**	356,560
EQUITY AND LIABILITIES			
Equity			
Share capital	22	**29,566**	27,226
Share premium	22	**179,152**	-
Group restructuring reserve	23	**(10,001)**	-
Retained earnings	24	**130,952**	72,061
Equity attributable to equity holders of the Parent		**329,669**	99,287
Non-controlling interests		**1,934**	1,059
Total equity		**331,603**	100,346
Non-current liabilities			
Term loans	25	**118,428**	35,454
Employees' end of service benefits	26	**10,380**	8,864
Other payable		**1,225**	-
		130,033	44,318
Current liabilities			
Accounts payable and accruals	27	**68,613**	63,942
Amounts due to related parties	28	**123**	1,245
Bank overdrafts and other short term borrowings	21	**80,668**	101,275
Term loans	25	**104,540**	45,434
		253,944	211,896
Total liabilities		**383,977**	256,214
TOTAL EQUITY AND LIABILITIES		**715,580**	356,560

The consolidated financial statements were authorised for issue by the board of directors on 25 February 2013 and were signed on its behalf by

Dr B. R. Shetty
Chief Executive Officer

Mr Khalifa Bin Butti
Executive Vice Chairman

The attached notes 1 to 34 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Attributable to the equity holders of the parent							
	Share capital US$ '000	*Shareholders' accounts 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 2011	27,226	43,761	-	-	30,376	101,363	1,617	102,980
Total (other) comprehensive income for the year	-	-	-	-	42,988	42,988	784	43,772
Purchase of advances for property and equipment	-	(35,844)	-	-	-	(35,844)	-	(35,844)
Settlement of related party debtor balances (note 28)	-	(10,562)	-	-	-	(10,562)	-	(10,562)
Acquisition of non controlling interest	-	2,645	-	-	(1,303)	1,342	(1,342)	-
Balance as at 31 December 2011	27,226	-	-	-	72,061	99,287	1,059	100,346
Total (other) comprehensive income for the year	**-**	**-**	**-**	**-**	**58,891**	**58,891**	**875**	**59,766**
Group restructuring (note 4)	**(27,226)**	**-**	**-**	**(10,001)**	**-**	**(37,227)**	**-**	**(37,227)**
Issue of share capital (note 22)	**20,696**	**-**	**16,531**	**-**	**-**	**37,227**	**-**	**37,227**
Issue of share capital – IPO (note 22)	**8,870**	**-**	**177,394**	**-**	**-**	**186,264**	**-**	**186,264**
Share issue costs (note 13)	**-**	**-**	**(14,773)**	**-**	**-**	**(14,773)**	**-**	**(14,773)**
Balance as at 31 December 2012	**29,566**	**-**	**179,152**	**(10,001)**	**130,952**	**329,669**	**1,934**	**331,603**

The attached notes 1 to 34 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Notes	2012 US$ '000	2011 US$ '000
OPERATING ACTIVITIES			
Profit for the year		**59,766**	43,772
Adjustments for:			
Depreciation	16	**7,038**	12,041
Provision for employees' end of service benefits, net of write backs	26	**2,142**	1,821
Finance income	9	**(4,325)**	(1,113)
Finance costs	10	**13,738**	16,943
Flotation costs	13	**3,402**	-
Loss / (gain) on disposal of property and equipment		**310**	(11)
		82,071	73,453
Working capital changes:			
Inventories		**(18,186)**	(5,380)
Accounts receivable and prepayments		**(25,221)**	(40,036)
Amounts due from related parties		**(1,601)**	60,577
Accounts payable and accruals		**3,354**	(11,857)
Amounts due to related parties		**(1,122)**	(4,780)
Net cash from operations		**39,295**	71,977
Employees' end of service benefits paid	26	**(626)**	(531)
Net cash from operating activities		**38,669**	71,446
INVESTING ACTIVITIES			
Purchase of property and equipment		**(105,277)**	(20,393)
Proceeds from disposal of property and equipment		**255**	403
Proceeds from disposal of investment properties	18	**-**	36,815
Proceeds from sale of investments carried at fair value through profit or loss		**-**	4,894
Acquisition of BR Medical Suites FZ LLC	5	**(8,822)**	-
Bank deposits maturing in over 3 months	21	**(136,129)**	-
Restricted cash	21	**(10,327)**	-
Finance income received		**2,253**	366
Net cash (used in) / from investing activities		**(258,047)**	22,085
FINANCING ACTIVITIES			
Proceeds from share issue - IPO	22	**186,264**	-
Flotation costs paid	13	**(17,530)**	-
New term loans and draw-downs		**314,510**	130,012
Repayment of term loans		**(172,430)**	(166,562)
Finance costs paid		**(13,908)**	(17,458)
Receipts of short term borrowings		**255,485**	257,873
Repayment of short term borrowings		**(275,508)**	(264,167)
Long term advances received from related parties		**-**	(435)
Repayment of long term advances to related parties		**-**	3,369
Net cash from / (used in) financing activities		**276,883**	(57,368)
INCREASE IN CASH AND CASH EQUIVALENTS		**57,505**	36,163
Cash and cash equivalents at 1 January		**24,425**	(11,738)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	**81,930**	24,425

The attached notes 1 to 34 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 consolidated financial statements of the Group for the year ended 31 December 2012 were authorised for issue by the board of directors on 25 February 2013 and the consolidated statement of financial position was signed on the Board's behalf by Dr B. R. Shetty and Mr Khalifa Bin Butti.

NMC Healthcare LLC (the previous parent company to the group), a company incorporated in the United Arab Emirates, issued statutory financial statements for the year ended 31 December 2011 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2012 and applied in accordance with the Companies Act 2006.

The consolidated financial statements are prepared under the historical cost convention, except for derivative financial instruments that have been measured at fair value. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

Comparative information

Group restructuring

During 2012, NMC Healthcare LLC group was restructured so as to create a new holding company for the group, NMC Health plc which was incorporated on 20 July 2011. On 28 March 2012, NMC Health plc issued shares to the existing shareholders of NMC Healthcare LLC in exchange for shares already held in NMC Healthcare LLC. This transaction was accounted for under the pooling of interests method, where the consolidated financial statements of NMC Health plc are presented as a continuation of the existing group. Consequently, the comparative information for the year ended and as at 31 December 2011 presented in these consolidated financial statements are the results and financial position of NMC Healthcare LLC as the group restructuring was only effected in April 2012. Refer to note 4 for further details.

Restatement

The Group has restated capital work in progress within property and equipment and other payables as at 31 December 2011 to correctly account for an operating lease rental payable on a straight line basis. The lease is in respect of Brightpoint Hospital and the terms include a rent free period as well as specified rent increases during the lease term. The impact of this restatement is an increase of US$ 6,422,000 to both capital work in progress and other payables.

There is no impact on the opening balances as of 1 January 2011 as this operating lease commenced on 1 January 2011. Accordingly the statement of financial position as of 1 January 2011 is not presented. This restatement has no impact on previously reported equity or profit of the group.

2.1 BASIS OF PREPARATION continued

Comparative information continued

Reclassifications

The Group has made following reclassifications in respect of the comparatives to conform to the current period presentation. These reclassifications are made to correct the presentation of the consolidated financial statements.

- An amount of US$ 10,684,000 for reimbursement of advertisement and promotional expenses incurred on behalf of suppliers has been reclassified from general and administrative expenses to other income in the consolidated statement of comprehensive income for the year ended 31 December 2011 (note 8);

- An amount of US$ 5,097,000 for rebates receivable from suppliers as at 31 December 2011 has been reclassified from other receivables (note 20) to accounts payable. There is no impact on the opening balances as of 1 January 2011 as rebates receivable as at that date was nil. Accordingly the statement of financial position as of 1 January 2011 is not presented.

These reclassifications have no impact on previously reported equity or profit of the Group.

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 5 to 12. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 13 to 16.

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.

The funds raised as a result of the share issue undertaken at IPO and from the US$ 150m five year syndicated term debt facility are committed to fully finance the Group's five capital projects announced at IPO. The Group has banking arrangements through a spread of local and international banking groups and utilises short and medium term working capital facilities to optimise business funding. Debt covenants are reviewed by the board each month. The Board believes that the level of cash in the Group, the spread of bankers and debt facilities mitigates the financing risks that the Group faces from both its capital expenditure program and in relation to working capital requirements.

Both the Healthcare and Distribution divisions have continued their positive growth trends and all major financial and non-financial KPIs showed good improvement during 2012. The directors have reviewed the business plan for 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.

The directors have not identified any other matters that may impact the viability of the Group in the medium term and therefore they continue to adopt the going concern basis in preparing the consolidated financial statements.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its principal subsidiaries listed below:

	Percentage holdings	
	31 December 2012	*31 December 2011*
Direct subsidiaries:		
NMC Holding Co LLC	**100%**	-
NMC Health Holdco Limited	**100%**	-
Indirect subsidiaries:		
NMC Healthcare LLC	**100%**	100%
New Pharmacy Company Limited	**99%**	99%
New Medical Centre Hospital LLC-Dubai	**99%**	99%
NMC Specialty Hospital LLC-Abu Dhabi	**99%**	99%
NMC Specialty Hospital LLC- Dubai	**99%**	99%
New Medical Centre Trading LLC	**99%**	99%
Bait Al Shifaa Pharmacy LLC-Dubai	**99%**	99%
New Medical Centre LLC-Sharjah	**99%**	99%
New Medical Centre Specialty Hospital LLC-Al Ain	**99%**	99%
Reliance Information Technology LLC	**99%**	99%
BR Medical Suites FZ LLC	**100%**	-
Brightpoint Hospital LLC	**99%**	-
NMC Day Surgery Centre LLC	**99%**	-
NMC Dubai Investment Park LLC	**99%**	-

All of the above subsidiaries are incorporated in the UAE, except for NMC Health Holdco Limited, which is incorporated in England and Wales.

Brightpoint Hospital LLC, NMC Day Surgery Centre LLC and NMC Dubai Investment Park LLC were all incorporated during the year. BR Medical Suites FZ LLC was acquired on 1 July 2012 (note 5).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.2 BASIS OF CONSOLIDATION continued

If the Group loses control over a subsidiary, it:

- Derecognises the assets and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future, key sources of estimation uncertainty and critical judgements at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Significant estimates

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the Group's policy for inventory provisioning. The gross carrying amount of inventories at 31 December 2012 was US$ 72,574,000 (2011: US$ 54,294,000) and the provision for old and obsolete items at 31 December 2012 was US$ 116,000 (2011: US$ 116,000).

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

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.

Gross trade accounts receivable at 31 December 2012 were US$ 164,907,000 (2011: US$ 138,502,000) and the provision for doubtful debts at 31 December 2012 was US$ 6,444,000 (2011: US$ 5,153,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Significant estimates continued

Useful economic lives of property and equipment and depreciation method

Depreciation is calculated on all property and equipment other than land and capital work in progress, at the following rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. Management has re-assessed the depreciation method from reducing balance to straight line and the useful economic lives of all asset categories with effect from 1 January 2012, following a review of the useful economic lives of the Group's assets and market research conducted on depreciation rates and methods in the industry:

	Rate applied up to 31 December 2011	*Rate applied from 1 January 2012*
Hospital building	12%	6%
Buildings	15%	6%
Leasehold improvements	40%	20%
Motor vehicles	40%	20%
Furniture, fixtures and fittings	25% - 40%	12.50% - 20%
Medical equipment	25%	10 - 25%

The impact of the re-assessment of useful economic lives and depreciation method is an increase in reported profit of US$ 5,328,000 in the current year.

Acquisition of subsidiary

On 1 July 2012, the Group acquired 100% of the share capital of BR Medical Suites FZ LLC, a company registered in Dubai, UAE, from its owner, Dr BR Shetty, a shareholder and director of the Company. The consideration for the acquisition was US$ 9,000,000. An assessment of the fair value of the assets and liabilities at the date of acquisition has been carried out and, as a result, Goodwill of US$ 1,016,000 has arisen. The significant fair value estimation is in respect of property and equipment of US$ 7,284,000. The fair value assessment of property and equipment has been carried out by two independent third parties using the depreciated replacement cost method (note 5).

Significant judgements

Listing transaction costs

Transaction costs arising on the issue of equity instruments do not include indirect costs, such as the costs of management time and administrative overheads, or allocations of internal costs that would have been incurred had the shares not been issued. Transaction costs are accounted for as a deduction from equity and indirect costs are expensed through the statement of comprehensive income. Costs associated with previously issued shares are expensed through the consolidated statement of comprehensive income.

Judgement has been used to determine whether transaction costs are directly attributable or not. Allocation of costs between previously issued shares and new shares is made proportionally based on the relevant number of shares.

Functional currency

The UAE Dirham is determined to be the functional currency of the Company.

Judgement has been used to determine the functional currency of the Company that most appropriately represents the economic effects of the Company's transactions, events and conditions.

The primary economic environment influencing the Company's income (dividends) is the UAE and the effect of the local environment is limited to expenses incurred within the UK. The ability of the Company to meet its obligations and pay dividends to its shareholders is dependent on the economy of, and the operation of its subsidiaries in, the UAE.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Significant judgements continued

Assets held in the name of the previous shareholder

In accordance with local laws, land and buildings are primarily held in the name of a UAE national shareholder for the beneficial interest of the Group and therefore it is considered appropriate to record the assets within land and buildings in the consolidated financial statements. Certain land and buildings with a carrying amount of US$ 9,974,000 are held in the name of a previous shareholder for the beneficial interest of the Group. Legalities for transferring title of these land and buildings to a current UAE National shareholder are on-going. The directors of the Company believe that legalities for transfer of title will be completed satisfactorily. Taking this into consideration together with other factors that could indicate impairment, such as performance of operations against budget and current market values of land, the directors believe that these assets are not impaired. Should the transfer not take place and the former shareholder object to the Group continuing to use the assets, the operations taking place within these buildings are readily transferable to other existing facilities within the Group. Therefore any potential loss to the Group would be limited to the carrying amount of the assets of US$ 9,974,000.

Leases for buildings and land

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 and the warehouse facilities which have leases which are renewable on an annual basis. Moreover, the lessors under such leases may terminate the leases in the event of a breach of certain terms of the lease agreements. If any such leases are terminated or expire and are not renewed, the Group could lose the investment, including the hospital buildings and the warehouses on the leased sites. This could have a material adverse effect on our business, financial condition and results of operations. It is the view of the directors that the likelihood of the leases not being renewed is remote.

2.4 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. The amendments to IFRS, which are effective as of 1 January 2012 and are described in more detail below, have no impact on the Group.

New and amended standards and interpretations
The following amendments to IFRS are effective as of 1 January 2012:

- IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters* IFRS 7 *Financial Instruments: Disclosures (Amendments)*
- IFRS 7 *Financial Instruments : Disclosures – Enhanced Derecognition Disclosure Requirements*

The adoption of the standards or interpretations is described below.

IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*
The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012.

The Group does not have investment properties at fair value and assets under IAS 16 valued under the revaluation model and therefore the amendment has no impact on the financial statements of the Group.

IFRS 1 *First-Time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment had no impact to the Group.

IFRS 7 *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, less discounts and rebates and taking into account contractually defined terms of payment and excluding taxes or duty.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group determines it is acting as principal when it has exposure to the significant risks and rewards associated with the transaction and measures revenue as the gross amount received or receivable. When the Group does not retain the significant risks and rewards, it deems that it is acting as an agent and measures revenue as the amount received or receivable in return for its performance under the contract and excludes any amounts collected on behalf of a third party. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Significant risk for retail goods is passed to the buyer at the point of sale and for wholesale goods at the time of delivery.

Clinic revenues

Clinic revenues represent medical services provided and goods supplied during the year. Clinic revenues are recognised when, and to the extent that, performance of a medical service occurs, and is measured at the fair value of the consideration received or receivable. In respect of goods supplied, the accounting policy remains the same as the policy for 'sale of goods' detailed above. The Group primarily receives clinic revenues from patients' private medical insurance schemes. The Group recognises income at agreed tariffs with the insurers for the treatments provided.

For agency relationships, the revenue earned is measured as the Group's share of the revenue, as specified in the contract. Any amounts collected on behalf of the third party are excluded from revenue and are recorded as a payable.

Management fees

Management fees represent fees earned for managing a hospital. Management fees are recognised when the services under the contract are performed, and the service level criteria have been met, and are measured at the fair value of the consideration received or receivable, in line with the terms of the management contract.

Other income

Other income comprises revenue from suppliers for the reimbursement of advertising and promotion costs incurred by the Group. Revenue is recognised following formal acceptance of the Group's reimbursement claims by suppliers and is measured at the confirmed amount receivable.

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statement of comprehensive income.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease term.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations and goodwill

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control

Business combinations involving entities under common control do not fall under the scope of IFRS 3 Revised 'Business Combinations'. The transfer of companies under common control is therefore accounted for using the pooling of interests method. Under this method there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created upon transfer of ownership as the balances remain at book value. The consolidated income statement, consolidated balance sheet and the consolidated statement of cash flows comparative figures are also presented as if the Company had been the parent undertaking of the Group throughout the current and previous year. The consolidated financial statements are therefore presented as though the Group had always existed in its current form.

Restructuring reserve

The group restructuring reserve arises on consolidation under the pooling of interests method used for the group restructuring which took place on 1 April 2012. This represents the difference between the share capital of NMC Healthcare LLC, the previous parent company of the Group, and the carrying amount of the investment in that company at the date of the restructure. This reserve is non-distributable.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on all property and equipment other than land and capital work in progress, at the following rates calculated to write off the cost of each asset on a straight line basis over its expected useful life:

Hospital building	6%
Buildings	6%
Leasehold improvements	20%
Motor vehicles	20%
Furniture, fixtures and fittings	12.50% - 20%
Medical equipment	10 - 25%

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

Capital work in progress is stated at cost and is not depreciated. Lease costs in respect of capital work in progress are capitalised within capital work in progress during the period up until it is commissioned. When commissioned, capital work in progress is transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies. The carrying amounts of capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed assets or not attributable to assets are expensed in the period in which they are incurred.

Pre-operating expenses

Pre-operating expenses are the expenses incurred prior to start of operations of a new business unit. These are recognised in the consolidated statement of comprehensive income in the year in which they occur.

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Equity
The Group has issued ordinary shares that are classified as equity. The difference between the issue price and the par value of ordinary share capital is allocated to share premium. The transaction costs incurred for the share issue are accounted for as a deduction from share premium, net of any related income tax benefit, to the extent they are incremental costs directly attributable to the share issue that would otherwise have been avoided.

Listing transaction costs
Transaction costs of the IPO are accounted for as a deduction from equity, net of any related income tax benefit. Transaction costs arising on the issue of equity instruments, however, do not include indirect costs, such as the costs of management time and administrative overheads, or allocations of internal costs that would have been incurred had the shares not been issued. Marketing costs for the IPO do not meet the definition of directly attributable expenses and are therefore expensed through the statement of comprehensive income, together with the indirect costs related to the IPO.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods and services received whether billed by the supplier or not. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised in the consolidated income statement within ‘Finance costs’.

Term loans
Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, term loans are subsequently measured at amortised cost using the effective interest method. Interest on term loans is charged as an expense as it accrues, with unpaid amounts included in “accounts payable and accruals”.

Other long–term employment benefits
The Group provides other long-term benefits (end of service benefits) in accordance with the labour laws of the UAE. The entitlement to these benefits is usually based upon the employees’ final salary and length of service, subject to the completion of a minimum service period. The rate used to discount the end of service benefit obligation is determined by reference to market yields at the balance sheet date on high quality corporate bonds. The provision relating to employees’ end of service benefits is separately disclosed as a non-current liability.

With respect to its UAE national employees, the Group makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees’ salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currencies
Transactions in foreign currencies are recorded in UAE Dirhams at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of comprehensive income.

Translation of foreign operations
On consolidation the assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. Since the UAE Dirham is pegged against the US Dollar a single rate of 3.673 per US Dollar is used to translate assets and liabilities and balances in the income statement.

Derivative financial instruments
The Group uses derivative financial instruments such as interest rate swaps and caps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured at fair value. The fair value of interest rate swaps are determined by reference to market values for similar instruments. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the consolidated statement of financial position. Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to profit or loss. Whilst the policy of the group is not to apply hedge accounting, the derivatives are economic hedges of liabilities in issue and it is therefore considered appropriate to show the changes in fair value of derivatives in finance costs in the statement of comprehensive income.

Financial instruments
Financial instruments comprise cash and bank balances, receivables, payables, bank overdrafts, term loans and certain other assets and liabilities. The fair value of these financial instruments are based on estimated fair values calculated using methods such as the quoted market prices and net present value of future cash flows. The fair value of interest bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and characteristics. The fair value of investments traded in organised markets is determined by reference to quoted market bid prices.

Impairment of financial assets
An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of comprehensive income. Impairment is determined as the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Operating leases are recognised as an operating expense in the statement of comprehensive income on a straight line basis.

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*
The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, 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). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 19 *Employee Benefits* (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The amendment has no impact on the Group.

IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)
As a consequence of the new IFRS 11 *Joint Arrangements,* and IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 *Investments in Associates,* has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2014. The amendment has no impact on the Group.

IAS 32 *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". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 *Government Loans – Amendments to IFRS 1*
These amendments require first-time adopters to apply the requirements of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance,* prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods beginning on or after 1 January 2013. The amendment has no impact on the Group.

IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*
These amendments require an entity to disclose information about rights to set-off 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 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE continued

IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7* *continued*
These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 *Financial Instruments: Classification and Measurement*
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 *Consolidated Financial Statements,* IAS 27 *Separate Financial Statements*
IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 *Consolidation - Special Purpose Entities*.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 11 *Joint Arrangements*
IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. 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 must be accounted for using the equity method.

This standard becomes effective for annual periods beginning on or after 1 January 2014, and is to be applied retrospectively for joint arrangements held at the date of initial application. These amendments will not impact the Group's financial position or performance.

IFRS 12 *Disclosure of Interests in Other Entities*
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but this standard has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2014.

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. No material impact on the financial position and performance of the Group is expected on adoption of this standard. This standard becomes effective for annual periods beginning on or after 1 January 2013.

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE continued

IFRIC 20 ***Stripping Costs in the Production Phase of a Surface Mine***
This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Group.

Annual Improvements May 2012
These improvements will not have an impact on the Group, but include:

IFRS 1 ***First-time Adoption of International Financial Reporting Standards***
This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 ***Presentation of Financial Statements***
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 ***Property Plant and Equipment***
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 ***Financial Instruments, Presentation***
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes.*

IAS 34 ***Interim Financial Reporting***
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

4 BUSINESS COMBINATION UNDER COMMON CONTROL

On 28 March 2012 the Company became the holding company of NMC Healthcare LLC through its wholly owned subsidiaries, NMC Holding LLC and NMC Health Holdco Limited. This transaction falls outside the scope of IFRS 3 - Business Combinations, so the pooling of interests method is applied and the consolidated financial statements of the Group are presented as a continuation of the existing group. The following accounting treatment was applied:

a) the assets and liabilities of the previous parent company, NMC Healthcare LLC, were recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;

b) the retained earnings and other equity balances of NMC Healthcare LLC immediately before the business combination, and the results of the period from 1 January 2012 to the date of the business combination are those of NMC Healthcare LLC as the Company did not trade prior to the transaction; and

c) comparative numbers presented in the consolidated financial statements are those of the NMC Healthcare LLC for the year ended 31 December 2011 and as at 31 December 2011.

4 BUSINESS COMBINATION UNDER COMMON CONTROL continued

The Company had no significant assets or liabilities immediately prior to the time of the acquisition. As part of the acquisition, 130,000,000 new 10 pence shares were issued to the shareholders of NMC Healthcare LLC. A group restructuring reserve of US$ 10,001,000 (debit) has arisen on consolidation being the difference between the share capital of NMC Healthcare LLC and the carrying amount of the investment in the books of the Company. This has been classified as part of the equity within the consolidated statement of financial position (note 23).

5 ACQUISTION OF SUBSIDIARY

On 1 July 2012, the Group acquired 100% of the share capital of BR Medical Suites FZ LLC, a company registered in Dubai, UAE, from its owner, Dr BR Shetty, a shareholder and director of the Company. The consideration for the acquisition was US$ 9,000,000. BR Medical Suites FZ LLC is a day patient centre with four operating theatres and state of the art medical equipment. The Group acquired BR Medical Suites FZ – LLC because it increases the range of services in its healthcare segment and will work as a synergy to their existing facilities in the areas of patient profiling as well as connectivity with international healthcare professionals.

The following table summarises the consideration paid for BR Medical Suites FZ LLC and the fair value of assets and liabilities acquired.

	Fair value US$ '000
Property and equipment	**7,284**
Inventories	**94**
Accounts receivable and prepayments	**656**
Bank balances and cash	**178**
Total assets	**8,212**
Accounts payable	**(228)**
Total liabilities	**(228)**
Net assets acquired	**7,984**
100% share acquired by the Group	**7,984**
Goodwill	**1,016**
	9,000

Cash outflow on acquisitions is as follows:

	US$ '000
Consideration paid	**9,000**
Cash acquired with BR Medical Suites FZ LLC	**(178)**
Net cash outflow	**8,822**

5 ACQUISTION OF SUBSIDIARY continued

At the date of acquisition, the carrying value of accounts receivable were US$ 140,000, which also equates to the fair value. None of the accounts receivable were impaired and it is expected that the full contractual amount will be collected.

At the date of acquisition the carrying value of property and equipment was US$ 8,625,000. The fair value assessment of property and equipment has been carried out by two independent third parties: EC Harris LLP, in respect of medical equipment, and Universal Surveyors and Loss Adjusters LLC, in respect of the other items or property and equipment. The fair values of property and equipment have been assessed using the depreciated replacement cost method and, as a result, an adjustment has been made to decrease the carrying value by US$ 1,341,000 to arrive at the fair value.

The acquisition of BR Medical Suites FZ LLC has resulted in goodwill of US$ 1,016,000 (note 17). The goodwill is attributable to the synergies expected to arise as a result of the acquisition and forms part of the healthcare segment.

From the date of acquisition, BR Medical Suites FZ LLC has contributed US$ 1,211,000 of revenue and US$ 702,000 of loss to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue of the Group would have been US$ 1,179,000 higher and the profit of the Group would have been US$ 603,000 lower. The results of the acquired company for the period before acquisition do not include any possible synergies from the acquisition and have not been adjusted to reflect the Group's accounting policies nor to reflect the fair value adjustments made on acquisition. The information is for illustrative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it indicative of the future results of the combined companies.

6 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

- The healthcare segment is engaged in providing professional medical services, comprising diagnostic services, in and outpatient clinics and retailing of pharmaceutical goods. It also includes the provision of management services in respect of a hospital.
- The distribution & services segment is engaged in wholesale trading of pharmaceutical goods, medical equipment, cosmetics and food.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss, excluding finance income and finance costs, in the consolidated financial statements.

Group financing and investments (including finance costs and finance income) are managed on a group basis and are not allocated to operating segments. This also includes the flotation costs incurred in 2012.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

6 SEGMENT INFORMATION continued

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2012 and 2011.

	Healthcare	*Distribution and services*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Year ended 31 December 2012					
Revenue					
External customers	**247,469**	**242,584**	**490,053**	**-**	**490,053**
Inter segment	**4,179**	**28,490**	**32,669**	**(32,669)**	**-**
Total	**251,648**	**271,074**	**522,722**	**(32,669)**	**490,053**
Results					
Depreciation	**(5,871)**	**(829)**	**(6,700)**	**(338)**	**(7,038)**
Finance costs	**-**	**-**	**-**	**(13,738)**	**(13,738)**
Segment profit	**62,318**	**25,379**	**87,697**	**(27,931)**	**59,766**
Segment assets	**270,574**	**169,112**	**439,686**	**275,894**	**715,580**
Segment liabilities	**40,575**	**32,326**	**72,901**	**311,076**	**383,977**
Other disclosures					
Capital expenditure	**115,129**	**10,014**	**125,143**	**1,008**	**126,151**
***Year ended 31 December 2011** (restated)*					
Revenue					
External customers	214,636	229,111	443,747	-	443,747
Inter segment	4,054	24,314	28,368	(28,368)	-
Total	218,690	253,425	472,115	(28,368)	443,747
Results					
Depreciation	(10,151)	(1,373)	(11,524)	(517)	(12,041)
Finance costs	-	-	-	(16,943)	(16,943)
Segment profit	46,787	23,556	70,343	(26,571)	43,772
Segment assets	139,364	119,474	258,838	97,722	356,560
Segment liabilities	35,932	22,911	58,843	197,371	256,214
Other disclosures					
Capital expenditure	21,525	4,426	25,951	864	26,815

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.

6 SEGMENT INFORMATION continued

Adjustments and eliminations

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

Term loans, bank overdraft 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

	2012 ***US$ '000***	*2011* *US$ '000*
Segment profit	**87,697**	70,343
Finance income	**4,325**	1,113
Finance costs	**(13,738)**	(16,943)
Unallocated group administrative expenses	**(15,036)**	(11,875)
Unallocated depreciation	**(338)**	(517)
Rental income from investment properties	**-**	1,193
Unallocated other income	**258**	458
Flotation costs	**(3,402)**	-
Group profit	**59,766**	43,772

Reconciliation of Group assets

	2012 ***US$ '000***	*2011* *US$ '000* *(restated)*
Segment assets	**439,686**	258,838
Unallocated property and equipment	**12,229**	35,772
Unallocated inventory	**33**	31
Unallocated accounts receivable and prepayments	**6,497**	8,145
Unallocated due from related parties	**58**	-
Unallocated bank balances and cash	**23,374**	42,702
Unallocated bank deposits	**233,703**	11,072
Group assets	**715,580**	356,560

Reconciliation of Group liabilities

	2012 ***US$ '000***	*2011* *US$ '000* *(restated)*
Segment liabilities	**72,901**	58,843
Unallocated term loans	**222,968**	80,207
Unallocated employees' end of service benefits	**218**	597
Unallocated accounts payable and accruals	**7,276**	16,607
Unallocated bank overdraft and other short term borrowings	**80,491**	98,715
Unallocated amounts due to related parties	**123**	1,245
Group liabilities	**383,977**	256,214

6 SEGMENT INFORMATION continued

Other information

The following table provides information relating to Group's major customers who contribute more than 10% towards the Group's revenues:

	Healthcare US$ '000	*Distribution and services US$ '000*	*Total US$ '000*
Year ended 31 December 2012			
Customer 1	**66,354**	**-**	**66,354**
Customer 2	**27,426**	**-**	**27,426**
	93,780	**-**	**93,780**
Year ended 31 December 2011			
Customer 1	45,068	-	45,068
Customer 2	28,697	-	28,697
	73,765	-	73,765

Geographical information

The Group has only one geographical segment – United Arab Emirates. All revenues from external customers are generated in the United Arab Emirates and all non-current assets are located in the United Arab Emirates.

Analysis of revenue by category:

	2012 US$ '000	*2011 US$ '000*
Revenue from services:		
Healthcare - clinic	**177,609**	151,825
Healthcare - management fees	**907**	-
	178,516	151,825
Sale of goods:		
Distribution	**242,584**	229,111
Healthcare	**68,953**	62,811
	311,537	291,922
Total	**490,053**	443,747

7 EXPENSES BY NATURE

	2012 **US$ '000**	2011 US$ '000 (restated)
Cost of inventories recognised as an expense	**246,749**	232,658
Salary expenses	**97,436**	83,112
Rent expenses	**21,029**	18,796
Sales promotion expenses	**29,999**	16,624
Repair & maintenance expenses	**6,356**	5,802
Others	**33,286**	28,241
	434,855	385,233
Allocated to :		
Direct Costs	**329,800**	306,388
General and administrative expenses	**105,055**	78,845
	434,855	385,233

8 OTHER INCOME

Other income includes US$ 23,919,000 (2011: US$ 10,684,000 as restated - see note 2.1) 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.

9 FINANCE INCOME

	2012 **US$ '000**	2011 US$ '000
Interest charged to related parties (notes 21 & 28)	**-**	747
Bank and other interest income	**4,325**	366
	4,325	1,113

10 PROFIT FOR THE YEAR

The profit for the year is stated after charging:

	2012 **US$ '000**	2011 US$ '000
Cost of inventories recognised as an expense	**246,749**	232,658
Cost of inventories written off (note 19)	**1,753**	1,708
Minimum lease payments recognised as operating lease expense	**21,029**	18,796
Depreciation (note 16)	**7,038**	12,041
Impairment of accounts receivable (note 20)	**2,242**	2,923
Employees' end of service benefits, net (note 26)	**2,142**	1,821
Net foreign exchange loss	**3,034**	1,884

10 PROFIT FOR THE YEAR continued

Finance costs comprise the following:

	2012 ***US$ '000***	*2011* *US$ '000*
Bank interest	**11,968**	15,120
Bank charges	**2,099**	1,888
Change in fair value of derivative financial instrument	**(329)**	(65)
	13,738	16,943

11 AUDITOR'S REMUNERATION

The Group paid the following amounts to its auditor and its associates in respect of the audit of the financial statements and for other services provided to the Group.

	2012 ***US$ '000***	*2011* *US$ '000*
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**500**	582
Fees payable to the Company's auditor and its associates for other services:		
- the audit of the company's subsidiaries pursuant to legislation	**161**	118
- audit related assurance services	**173**	-
- other assurance services	**2,283**	-
- corporate finance services	**2,622**	-
- non audit services	**41**	-
	5,780	700
Offset against share premium (note 22)	**(4,285)**	-
Total included in the consolidated statement of comprehensive	**1,495**	700

Other assurance services represent work performed on the Group's historical financial information and corporate finance services represent work performed on the Group's long form and working capital report, both of which were required for the Company's premium listing on the London Stock Exchange.

The fees paid to the auditor includes US$ 249,500 (2011: US$ 3,000) in respect of out of pocket expenses of which US$ 205,000 relates to out of pocket expenses in respect of the corporate finance services work referred to above. There were no benefits in kind provided to the auditor or its associates in either 2012 or 2011.

Of the total fees payable to the auditor in 2012, US$ 297,500 was payable to the auditor Ernst & Young LLP, in the United Kingdom, and the remainder was payable to an associate of the auditor based in the UAE.

All the 2011 fees were paid to an associate of the auditor, based in the UAE. The 2011 fees for the audit of the Company's annual accounts are the fees paid in respect of the audit of NMC Healthcare LLC, as it was the parent company of the Group in 2011.

12 STAFF COSTS AND DIRECTORS' EMOLUMENTS

(a) Staff costs

	2012 ***US$ '000***	*2011* *US$ '000*
Wages and salaries	**97,436**	83,112
End of service benefits net (note 26)	**2,142**	1,821
Others	**6,639**	4,938
	106,217	89,871

Staff costs include amounts paid to directors, disclosed in part (b) below. The average number of monthly employees during the year was made up as follows:

	2012	*2011*
Healthcare	**2,715**	2,544
Trading and distribution	**1,538**	1,477
Administration	**162**	141
	4,415	4,162

(b) Directors' remuneration

	2012 ***US$ '000***	*2011* *US$ '000*
Directors' remuneration	**1,352**	556

There are no other employee benefits such as long-term benefits, post employment benefits or share options paid or payable to the directors.

13 FLOTATION COSTS

During the year ended 31 December 2012 costs of US$ 18,175,000 were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US$ 14,773,000 has been deducted from the share premium account (note 22) and US$ 3,402,000 has been charged to the consolidated statement of comprehensive income in accordance with the requirements of IAS 32 – Financial Instruments: Presentation (note 2.3). Out of the total costs of US$ 18,175,000 an amount of US$ 645,000 remains payable as at 31 December 2012 and is included in accounts payable and accruals.

14 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 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.

15 EARNINGS PER SHARE

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

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

	2012	*2011*
Profit attributable to equity holders of the Parent (US$ '000)	**58,891**	42,988
Weighted average number of ordinary shares in issue ('000)	**171,824**	130,000
Basic and diluted earnings per share (US$)	**0.343**	0.331

The weighted average number of shares for the year ended 31 December 2012 has been adjusted for the effect of the increase in share capital as a result of the Company's premium listing on the London Stock Exchange (note 22). The weighted average number of shares for the year ended 31 December 2011 is based on the shares in issue for NMC Health plc, as adjusted for the share split and the share issue which took place on 28 March 2012 (note 22).

16 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2012 US$ '000	*2011 US$ '000 (restated)*
Property and equipment	**201,653**	83,105
Advances for purchase of property and equipment	**-**	11,751
	201,653	94,856

	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
31 December 2012								
Cost:								
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)	-
31 December 2012	**19,206**	**12,343**	**26,269**	**12,722**	**5,544**	**110,594**	**104,067**	**290,745**
Depreciation:								
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)
31 December 2012	**-**	**7,494**	**3,083**	**8,932**	**4,701**	**64,882**	**-**	**89,092**
Net carrying amount:								
31 December 2012	**19,206**	**4,849**	**23,186**	**3,790**	**843**	**45,712**	**104,067**	**201,653**
31 December 2011 (restated)								
Cost:								
1 January 2011	19,206	12,343	6,900	10,289	5,136	86,898	8,862	149,634
Additions	-	-	-	266	185	4,964	13,934	19,349
Disposals	-	-	(371)	(57)	(88)	(513)	-	(1,029)
31 December 2011	19,206	12,343	6,529	10,498	5,233	91,349	22,796	167,954
Depreciation:								
1 January 2011	-	6,480	2,142	7,345	4,270	53,208	-	73,445
Charge for the year	-	704	685	1,157	378	9,117	-	12,041
Relating to disposals	-	-	(178)	(54)	(87)	(318)	-	(637)
31 December 2011	-	7,184	2,649	8,448	4,561	62,007	-	84,849
Net carrying amount:								
31 December 2011	19,206	5,159	3,880	2,050	672	29,342	22,796	83,105

16 PROPERTY AND EQUIPMENT continued

As part of the Group's capital expenditure programme, borrowing costs of US$ 4,110,000 net of finance income of US$ 1,217,000 have been capitalised during the year ended 31 December 2012 (2011: US$ nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.81% which is the effective rate of the borrowings used to finance the capital expenditure.

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 and the warehouse facilities which have leases which are renewable on an annual basis (note 2.3).

In accordance with local laws, land and buildings are primarily held in the name of a UAE national shareholder for the beneficial interest of the Group and therefore it is considered appropriate to record the assets within land and buildings in the consolidated financial statements. Certain land and buildings with a carrying amount of US$ 9,974,000 are held in the name of a previous shareholder for the beneficial interest of the Group. Legalities for transferring title of these land and buildings to a current UAE National shareholder are on-going. The directors of the Company believe that legalities for transfer of title will be completed satisfactorily. Taking this into consideration together with other factors that could indicate impairment, such as performance of operations against budget and current market values of land, the directors believe that these assets are not impaired. Should the transfer not take place and the former shareholder object to the Group continuing to use the assets, the operations taking place within these buildings are readily transferable to other existing facilities within the Group. Therefore any potential loss to the Group would be limited to the carrying amount of the assets of US$ 9,974,000.

Property and equipment with a net carrying amount of US$ 4,849,000 at 31 December 2012 (2011: US$ 8,300,000 are pledged as security against term loans.

During the year ended 31 December 2011, the shareholders acquired advances for purchase of property and equipment from the Group with a carrying amount of US$ 35,844,000 (note 28).

17 INTANGIBLE ASSETS

	2012 ***US$ '000***	*2011* *US$ '000*
Goodwill		
Balance at 1 January	**-**	-
Addition from business combination (note 5)	**1,016**	-
Balance at 31 December	**1,016**	-

Goodwill has arisen on the acquisition of BR Medical Suites FZ LLC on 1 July 2012 (note 5). Goodwill is allocated to the healthcare segment and is monitored at the business unit (i.e. individual hospital) level, which equates to the cash generating unit (CGU) level for impairment testing.

The recoverable amount of the applicable CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projection based on financial budgets approved by management covering a five year period. Management has assessed the key assumptions within these calculations using their past experience from operating within the healthcare industry. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the healthcare business in which the CGU operates.

17 INTANGIBLE ASSETS (continued)

In the opinion of management, the recoverable amount is not sensitive to reasonable possible changes in any of the assumptions underlying the cash flow projections used for the impairment test.

18 INVESTMENT PROPERTIES

	2012	*2011*
	US$ '000	*US$ '000*
Land and buildings		
Balance at 1 January	**-**	45,685
Disposal	**-**	(45,685)
Balance at 31 December	**-**	-

In May 2011, the investment properties were sold to the shareholders for an amount of US$ 45,685,000, which approximates to fair value at that date. Settlement was made partially in cash of US$ 36,815,000 and transfer of related term loans of US$ 8,870,000 (note 25 and 28).

Rental income from investment properties for the year ended 31 December 2011 amounted to US$ 1,193,000.

19 INVENTORIES

	2012	*2011*
	US$ '000	*US$ '000*
Pharmaceuticals and cosmetics	**32,906**	21,191
Scientific equipment	**9,111**	4,809
Consumer products	**22,701**	18,945
Food	**4,791**	3,766
Telecommunication equipment	**140**	112
Consumables	**436**	1,504
Opticals	**357**	346
Goods in transit	**1,589**	3,412
Other	**543**	209
	72,574	54,294
Less: provisions for slow moving and obsolete inventories	**(116)**	(116)
	72,458	54,178

The amount of write down of inventories recognised as an expense for the year ended 31 December 2012 is US$ 1,753,000 (2011: US$ 1,708,000). This is recognised in direct costs.

Trust receipts issued by banks amounting to US$ 9,493,000 (2011: US$ 8,253,000) are secured against the inventories.

20 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2012 US$ '000	2011 US$ '000 (restated)
Accounts receivable	**158,463**	133,349
Receivable from suppliers for promotional expenses (note 2.1)	**11,684**	9,224
Other receivables	**6,219**	3,499
Prepayments	**5,036**	7,381
	181,402	153,453

Receivables from suppliers relate to advertising and promotional expenses incurred by the Group on their behalf. Accounts receivable are stated net of provision for doubtful debts of US$ 6,444,000 (2011: US$ 5,153,000). Movements in the provision for doubtful debts are as follows:

	2012 US$ '000	2011 US$ '000
At 1 January	**5,153**	2,318
Written off	**-**	(88)
Written back	**(951)**	-
Charge for the year (note 10)	**2,242**	2,923
At 31 December	**6,444**	5,153

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*
31 December 2012						
Accounts receivable	**158,463**	**92,086**	**41,051**	**15,950**	**9,007**	**369**
31 December 2011						
Accounts receivable	133,349	87,799	32,355	7,063	5,065	1,067

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 31 December 2012 trade receivables of US$ 6,444,000 (2011: US$ 5,153,000) were impaired and fully provided for.

Credit risk is managed through the Group's established policy, procedures and controls relating to credit risk management (note 29). 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$ 158,463,000, an amount of US$ 63,966,000 is against five customers (2011: US$ 49,153,000 is against four 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, a significant amount of trade accounts receivable are neither past due nor impaired.

21 CASH AND CASH EQUIVALENTS

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

	2012	*2011*
	US$ '000	*US$ '000*
Bank deposits	**233,703**	11,072
Bank balances and cash	**23,747**	43,001
Bank overdrafts and other short term borrowings	**(80,668)**	(101,275)
	176,782	(47,202)
Adjustments for:		
Short term borrowings	**51,604**	71,627
Bank deposits maturing in over 3 months	**(136,129)**	-
Restricted cash	**(10,327)**	-
Cash and cash equivalents	**81,930**	24,425

Bank deposits of US$ 233,703,000 (2011: US$ 11,072,000) 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 between 3 to 12 months (2011: 1 to 3 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%.

At 31 December 2012, the Group had US$ 11,444,000 (2011: US$ 1,341,000) of undrawn bank overdraft facilities, which are renewable annually.

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

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

	2012	*2011*
	US$ '000	*US$ '000*
		(restated)
Interest charged to related parties (note 9)	**-**	747
Transfer of employees' end of service benefits from related parties (note 26)	**-**	42
Settlement of related party debtor balances by shareholders (note 28)	**-**	10,562
Transfer of related party receivable balances to trade accounts receivable (note 28)	**-**	(3,264)
Sale of advance against properties and equipment to shareholders (note 16)	**-**	35,844
Term loans transferred to shareholders (note 25)	**-**	(8,870)
Lease rental payable	**1,839**	6,422

22 SHARE CAPITAL

	Number of shares (thousands)	*Ordinary shares US$ '000*	*Total US$ '000*
NMC Health plc as at 31 December 2012:			
Issued and fully paid			
(nominal value 10 pence sterling each)	**185,714**	**29,566**	**29,566**
NMC Healthcare LLC as at 31 December 2011:			
Issued and fully paid			
(nominal value 1,000 UAE dirham each)	100	27,226	27,226

On incorporation the share capital of the Company was £100 divided into 100 Ordinary shares of £1 each. On 28 March 2012, as authorised by resolutions of the Company:

- each of the Ordinary shares were sub-divided into 10 Ordinary shares of 10p each; and
- the share capital of the Company was increased to £13,000,000 by the issue of 129,999,000 Ordinary shares of 10p each.

Issued share capital and share premium movement

	Notes	*Number of shares (thousands)*	*Ordinary shares US$ '000*	*Share premium US$ '000*	*Total US$ '000*
At 1 January 2012		100	27,226	-	27,226
Group restructuring		(100)	(27,226)	-	(27,226)
Issue of new shares	4	130,000	20,696	16,531	37,227
Issue of new shares – IPO		55,714	8,870	177,394	186,264
Share issue costs	13	-	-	(14,773)	(14,773)
At 31 December 2012		**185,714**	**29,566**	**179,152**	**208,718**

On 5 April 2012, NMC Health plc completed its Premium Listing on the London Stock Exchange and raised US$ 186,264,000 from the issue of 55,714,286 new ordinary shares, thereby diluting existing shareholders equity interest to 66.95%.

Share issue costs include US$ 4,285,000 of fees paid to the auditor (note 11).

23 GROUP RESTRUCTURING RESERVE

The group restructuring reserve arises on consolidation under the pooling of interests method used for group restructuring. Under this method, the group is treated as a continuation of the NMC Healthcare LLC group. The difference between the share capital of NMC Healthcare LLC (US$ 27,226,000) and the carrying amount of the investment in that company (US$ 37,227,000), which equates to the net assets of NMC Healthcare LLC at the date of reorganisation (28 March 2012), amounting to US$ 10,001,000, is recorded on consolidation as a group restructuring reserve (note 4). This reserve is non-distributable.

24 RETAINED EARNINGS

As at 31 December 2012, retained earnings of US$ 12,627,000 (2011: US$ 10,260,000) are not distributable. This relates to a UAE Companies Law requirement to set aside 10% of annual profit of all UAE subsidiaries until their respective reserves equal 50% of their paid up share capital. The subsidiaries discontinue such annual transfers once this requirement has been met.

25 TERM LOANS

	2012	*2011*
	US$ '000	*US$ '000*
Current portion	**104,540**	45,434
Non-current portion	**118,428**	35,454
	222,968	80,888
Amounts are repayable as follows:		
Within 1 year	**104,540**	45,434
Between 1 - 2 years	**45,195**	18,351
Between 2 - 5 years	**73,233**	17,103
	222,968	80,888

The term loans primarily carry interest at EIBOR / LIBOR plus margin.

The term loans are secured by the personal/corporate guarantees of shareholders (note 28), issuance of security cheques and assignment of income in favour of banks.

During the year ended 31 December 2012, the Group agreed a new syndicated loan facility, led by JP Morgan Chase Bank, of US$ 150,000,000, repayable over 5 years with interest charged at the rate of 1 month LIBOR plus 3.5% per annum. The Group has drawn down US$ 150,000,000 against the loan. Repayments in the period amounted to US$ 18,889,000. Finance fees of US$ 636,000 have been capitalised against the loan and are amortised over the period of the loan.

This new syndicated loan is guaranteed by corporate guarantees provided by all operating subsidiaries of the Group and personal guarantees provided by H E Saeed Mohamed Butti Mohamed Al Qebaisi, Khalifa Butti Omair Yousif Ahmad Al Muhairi, and Dr BR Shetty. The new syndicated loan is secured against a collateral package consisting of: (i) an assignment of Daman and Abu Dhabi National Insurance health insurance receivables and their proceeds by the Borrower; (ii) a pledge over the accounts of the Borrower; (iii) an account cash sweep (Borrower accounts only); and (iv) mortgage security over the real estate of the Dubai Specialty Hospital.

During the year ended 31 December 2011, term loans amounting to US$ 8,870,000 were transferred to shareholders as part consideration for the sale of investment properties (note 18).

26 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2012 ***US$ '000***	*2011* *US$ '000*
Balance at 1 January	**8,864**	7,532
Charge for the year	**2,386**	2,172
Net transferred from related parties (note 21 & 28)	**-**	42
Provision written back	**(244)**	(351)
Employees' end of service benefits paid	**(626)**	(531)
Balance at 31 December	**10,380**	8,864

In accordance with the provisions of IAS 19 – 'Employee Benefits', management has carried out an exercise to assess the present value of its obligation at 31 December 2012 and 2011, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Management has assumed average length of service of 5 years (2011: 5 years) and increment/promotion costs of 3.0% (2011: 3.0%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.5% (2011: 4.5%). Actuarial gains and losses are recognised in the charge for the year.

27 ACCOUNTS PAYABLE AND ACCRUALS

	2012 ***US$ '000***	*2011* *US$ '000* *(restated)*
Trade accounts payable (note 2.1)	**53,334**	48,234
Other payables (note 2.1)	**10,657**	12,699
Accrued interest	**893**	734
Accrued expenses	**3,729**	2,275
	68,613	63,942

Trade and other payables are non-interest bearing and are normally settled on 90-120 day terms.

28 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:

	2012	*2011*
	US$ '000	*US$ '000*
Entities significantly influenced by a shareholder:		
Sales	**4,135**	-
Purchases	**13,206**	6,405
Interest charged to related parties (note 9)	**-**	747
Rent charged	**425**	-
Shareholder is key management personnel of the entity:		
Management fees	**907**	-

Transactions with related parties included in the consolidated statement of financial position are as follows:

	2012	*2011*
	US$ '000	*US$ '000*
Shareholders:		
Sale of investments at fair value through profit or loss	**-**	4,894
Sale of advance for property and equipment (note 16)	**-**	35,844
Sale of investment properties (note 18)	**-**	45,685
Term loan transferred (note 25)	**-**	(8,870)
Settlement of related party debtor balances	**-**	10,562
Acquisition of BR Medical Suites FZ LLC	**9,000**	-
Entities significantly influenced by a shareholder:		
Transfer of employees' end of service benefits (note 26)	**-**	42

As noted above, a number of transactions with the shareholders took effect in the year to 31 December 2011. Some assets were sold to the shareholders for cash consideration, whilst others were settled by utilisation of shareholders' accounts within equity.

During the year, the Group has acquired 100% of the share capital of BR Medical Suites FZ LLC, a company registered in Dubai, UAE, from its owner, Dr BR Shetty, a shareholder and director of the Company. The consideration for the acquisition was US$ 9,000,000, and the transaction was completed on 1 July 2012 (note 5).

28 RELATED PARTY TRANSACTIONS continued

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

	2012 **US$ '000**	2011 US$ '000
Entities significantly influenced by a shareholder:		
Amounts due to related parties	**-**	1,245
Amounts due from related parties	**58**	-
Shareholder is key management personnel of the entity:		
Amounts due from related parties	**1,543**	-
Shareholder:		
Amounts due to related parties	**123**	-

Outstanding balances with related parties at 31 December 2012 and 31 December 2011 were unsecured, payable on demand and carried interest at 0% (31 December 2011: 8%) per annum. Settlement occurs in cash.

During the year ended 31 December 2011, related party receivable balances with a carrying amount of US$ 3,264,000 were reclassified to trade accounts receivable as a result of changes in the share ownership of these parties (note 21).

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

	2012 **US$ '000**	2011 US$ '000
Short term benefits	**2,174**	1,550
Employees' end of service benefits	**32**	266
	2,206	1,816

The spouse and the non-dependent son of one of the shareholders are employed by the Group. The total compensation for employment received by the spouse and the non-dependent son in the year ended 31 December 2012 amount to US$ 476,000 (2011: US$ 609,000).

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has accounts and other receivables, and cash and short-term deposits that arise directly from its operations.

The Group is exposed to interest rate risk, credit risk, liquidity risk and foreign currency risk.

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdrafts and other short term borrowings and term loans). Management has sought to limit the exposure of the Group to any adverse future movements in interest rates by entering into interest rate swap arrangements. Management is therefore of the opinion that the Group's exposure to interest rate risk is limited.

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for the year, taking into account interest rate swap arrangements, based on the floating rate financial assets and financial liabilities as of the respective year end.

Increase/ decrease in basis points	***Effect on profit at 31 December 2012 US$ '000***	*Effect on profit at 31 December 2011 US$ '000*
100	**(454)**	(1,466)
(100)	**454**	1,466

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group limits its credit risk with respect to customers due to the nature of the customers that it has dealings with. Within the Healthcare business the majority of the Group's customers are Insurance Companies. The largest insurance company is fully backed by Sovereign wealth funding from Abu Dhabi. All other insurance companies are required to be listed on a stock exchange and therefore are governed by the regulations of their respective markets. Within the distribution business the Group deals primarily with large reputable multinational retail companies. The Group further seeks to limit its credit risk by setting credit limits for individual customers and monitoring outstanding receivables.

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks. The external credit ratings for the banks at which the bank deposits and cash at bank are held are as follows:

	2012	*2011*
	US$ '000	*US$ '000*
AA+	**381**	-
A	**303**	124
Aa	**40,839**	-
A1	**14,521**	1,461
A2	**4,149**	6,877
A3	**9,492**	362
A-	**40**	-
AA-	**35**	-
AA2	**1,788**	21
Aa3	**199**	506
Baa2/P-2	**111,070**	19,958
Baa1/P-2	**2,014**	66
Baa1	**152**	128
Without external credit rating	**72,237**	24,240
Total bank deposit and cash at bank	**257,220**	53,743

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities. The Group limits its liquidity risk by raising funds from its operations and ensuring bank facilities are available. Trade payables are normally settled within 90–120 days of the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities, based on contractual payment dates and current market interest rates.

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
At 31 December 2012					
Trade accounts payable	**-**	**53,334**	**-**	**-**	**53,334**
Amounts due to related parties	**-**	**123**	**-**	**-**	**123**
Other payables	**-**	**10,657**	**-**	**1,225**	**11,882**
Terms loans	**-**	**57,252**	**62,380**	**130,143**	**249,775**
Bank overdrafts and other short term borrowings	**28,849**	**52,900**	**-**	**-**	**81,749**
Financial guarantees	-	**447**	**1,631**	**5,204**	**7,282**
Total	**28,849**	**174,713**	**64,011**	**136,572**	**404,145**
At 31 December 2011					
Trade accounts payable	-	48,234	-	-	48,234
Amounts due to related parties	-	1,245	-	-	1,245
Other payables	-	-	12,699	-	12,699
Terms loans	-	5,145	42,463	37,670	85,278
Bank overdrafts and other short term borrowings	29,648	72,728	-	-	102,376
Financial guarantees	-	536	1,106	6,375	8,017
Total	29,648	127,888	56,268	44,045	257,849

The group also has future capital commitments for the completion of ongoing capital projects of US$ 103,106,000 (2011: US$ 32,383,000) (note 31). These are to be financed from the fixed deposits held by the Group.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk comprises of transaction and statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against the UAE Dirham. Statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirhams, as a result of currency movements.

The Group is exposed to currency risk on its trade accounts payable denominated in foreign currencies, mainly in Euros, Swiss Francs and Pound Sterling.

Foreign currency payable balances included in the consolidated statement of financial position are as follows:

	2012	*2011*
	US$ '000	*US$ '000*
EUR	**4,198**	4,785
CHF	**730**	1,299
GBP	**305**	656
KWD	**22**	124
AUD	**-**	4

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary liabilities. As the US Dollar is pegged to the UAE Dirham, balances in US Dollars are not considered to represent significant currency risk. The analysis calculates the effect of a reasonable possible movement of the US$ currency rate against the foreign currencies, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary liabilities).

	Euros	*Swiss Francs*	*British Pound*	*Kuwait Dinar*	*Australian Dollar*	*Effect on profit and equity*
Assumed change from year end exchange rates	5%	5%	5%	5%	5%	
31 December 2012 (US$ '000)	**(210)**	**(37)**	**(15)**	**(1)**	**-**	**(263)**
31 December 2011 (US$ '000)	(239)	(65)	(33)	(6)	-	(343)
Assumed change from year end exchange rates	-5%	-5%	-5%	-5%	-5%	
31 December 2012 (US$ '000)	**210**	**37**	**15**	**1**	**-**	**263**
31 December 2011 (US$ '000)	239	65	33	6	-	343

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Capital management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. Capital comprises share capital, share premium, group restructuring reserve and retained earnings and is measured at US$ 329,669,000 as at 31 December 2012 (2011: US$ 99,287,000). In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Certain banking facilities may also impose covenant requirements on the Group with respect to capital management.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, accounts payable and accruals and other payables less bank deposits and bank balances and cash.

	2012	*2011*
	US$ '000	*US$ '000*
Interest bearing loans and borrowings	**303,636**	182,163
Accounts payable and accruals	**69,838**	63,942
Less: bank deposits, bank balances and cash	**(257,450)**	(54,073)
Net debt	**116,024**	192,032
Capital	**329,669**	99,287
Capital and net debt	**445,693**	291,319
Gearing ratio	**26%**	66%

30 CONTINGENT LIABILITIES

The Group had 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 31 December 2012 of US$ 7,282,000 (2011: US$ 8,017,000).

31 COMMITMENTS

Capital commitments
The Group had future capital commitments of US$ 103,106,000 at 31 December 2012 (2011: US$ 32,383,000) principally relating to the completion of ongoing capital projects.

Other commitments

	2012	*2011*
	US$ '000	*US$ '000*
		(restated)
Future minimum rentals payable under non-cancellable operating leases		
Within one year	**10,233**	8,058
After one year but not more than five years	**43,258**	38,564
More than five years	**113,999**	124,683
	167,490	171,305

32 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into the following interest rate swaps to manage its interest rate exposure:

	Negative fair value US$ '000	*Notional amount US$ '000*	*Maturity profile*
At 31 December 2012			
Interest rate swap US$	**(881)**	**24,503**	**Feb-14**
At 31 December 2011			
Interest rate swap US$	(1,210)	24,503	Feb-14

The interest rate swaps were contracted to hedge the interest cash flows on term loans. As these swaps do not qualify for hedge accounting in accordance with IAS 39, the movement in fair value gain of US$ 329,000 for the year ended 31 December 2012 (2011: gain of US$ 65,000) has been charged to the consolidated statement of comprehensive income.

The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

The negative fair value of interest rate swaps is included within accounts payable and accruals as "other payables".

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the 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.

Liabilities measured at fair value:

	Level 1 US$ '000	*Level 2 US$ '000*	*Level 3 US$ '000*	*Total fair value US$ '000*
31 December 2012				
Interest rate swaps	-	**(881)**	-	**(881)**
31 December 2011				
Interest rate swaps	-	(1,210)	-	(1,210)

34 DIVIDENDS

No interim dividend was declared during the year. Subject to shareholder approval, a final dividend of 4.1 pence per share, GBP 7,614,286 (US$ 12,368,875), is proposed to be paid on 4 July 2013 to shareholders on the Company's share register on 31 May 2013 (2011: Nil).

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