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NMC Health plc

HALF-YEARLY FINANCIAL REPORT: six months ending 30 June 2012

London, 29 August 2012: NMC Health plc (LSE:NMC) ('NMC'), the leading independent healthcare provider operating across the United Arab Emirates, today announces its results for the six months ending 30 June 2012.

Continued solid trading in H1, 2012

Financial Summary

US$m (unless stated)	H1, 2012	H1, 2011	Growth
Group			
Revenue	238.0	219.5	8.4%
Gross profit	75.8	68.0	11.5%
Gross profit margin	31.9%	31.0%	+90bps
*Adjusted EBITDA	39.7	36.1	10.0%
*Adjusted EBITDA margin	16.7%	16.4%	+30bps
Earnings per share (US$)	0.17	0.17	0.0%
	At 30 Jun 2012	**At 31 Dec 2011**	
*Normalised operating cashflow	24.1	16.4	47.0%
Total cash	276.6	54.1	411.3%
Total debt	251.8	182.2	38.2%
(Net Cash)/Net Debt	(24.8)	128.1	(119.4%)
Total Capital Expenditure in period	37.1m	12.9m	187.6%
Capital Expenditure relating to current capital projects	27.1m		

	H1, 2012	H1, 2011	Growth
Divisional performances			
Healthcare revenue	122.1	107.7	13.4%
Healthcare Adjusted EBITDA	33.6	29.5	13.9%
Healthcare occupancy	60.3%	51.6%	+870bps
Distribution revenue	131.5	126.6	3.9%
Distribution Adjusted EBITDA	13.0	12.8	1.6%

***Notes:**

- **Adjusted EBITDA is Profit from Operations before Depreciation and Finance Charges adjusted for pre-operating expenses and any additional ordinary income and expenses. There are no adjustments in either period.**
- **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 H1 2012, however, H1 2011 was adjusted for amounts due from related parties in H1 2011**
- **The total potential capital expenditure for those capital projects set out in the Company's IPO prospectus is up to US$325m**

Highlights

- Successful IPO on Premium Segment of the London Stock Exchange raising net proceeds of US$168.1m
- Double digit revenue and Adjusted EBITDA growth in the Healthcare division
- Healthcare occupancy increases to 60.3%, up from 51.6% for the same period in 2011.
- Newly developed "Centres of Excellence" in the Al Ain and Dubai Specialty Hospitals, where we have been centralising patient care in relation to specialist clinical areas, driving revenue and EBITDA growth
- Distribution division expanded trading activities to cover over 65,000 products
- Capital projects expected to open in FY2012/FY2013 progressing within budget:
    - BR Medical Suites acquisition completed after period end in July 2012 (total capital expenditure cost: US$9m);
    - The Dubai Investment Park warehouse facility, for the Distribution division, now open (capital expenditure in H1, 2012 US$5.7m; total capital expenditure cost: US$7.9m);.
    - Brightpoint maternity hospital in Abu Dhabi expected to open in December 2012 (capital expenditure in H1, 2012: US$19m; total capital expenditure for project: US$70m);
    - Mussafah day patient medical facility expected to open in Dec 2012 (capital expenditure in H1, 2012: US$0.7m; total capital expenditure for project: US$15m);
    - The Dubai Investment Park medical facility expected to open in H1, 2013 (capital expenditure in H1, 2012: US$0.05m; total capital expenditure for project: US$25m).
    - Khalifa City facility is expected to be tendered for civil works in Q3 2012 (capital expenditure in H1, 2012 US$ 1.4m; potential total capital expenditure for project: US$ 200m.
- Total Capital Expenditure during H1, 2012 was US$37.1m, of which US$27.1m relates to current capital development projects.
- Cash balance of US$276.6m, net cash position of US$24.8m
- Outlook remains positive and the Group continues to trade in line with the board's expectations for the full year

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

"I am very pleased with the progress NMC Health continues to make and the performance we have delivered in our first few months as a listed company. Our strategy of providing high quality medical care, and our patient-centric approach, is clearly benefiting both hospital occupancy and Group performance."

"Our expansion plans are progressing well and we are excited about our new facilities, in particular the opening of our new maternity hospital expected in the second half of this year. We are also today announcing the opening of a new warehouse facility in Dubai Investment Park, which will improve efficiency and operational effectiveness within our Distribution division."

"We are proud to be the first Abu Dhabi based business listed on the Premium Segment of the London Stock Exchange. With our pan-UAE presence, well-known brand and disciplined growth

strategy, NMC is well positioned to benefit from the expected growth in the healthcare market across the UAE. Our outlook for the remainder of this financial year is positive."

Analyst and investor meeting

A conference call and webcast for analysts and investors will take place today, Wednesday 29th August 2012, at 14:00 BST. 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 Interim Results have been prepared solely to provide additional information to shareholders to assess the Group's performance in relation to its operations and growth potential. These Interim Results should not be relied upon by any other party or for any other reason. Any forward looking statements made in this document are done so by the directors in good faith based on the information available to them up to the time of their approval of this report. However, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

About NMC

NMC Health plc Group is a leading integrated healthcare provider with operations in the United Arab Emirates. NMC Healthcare commenced operations in 1975 and have grown over that period to become the only private sector healthcare provider with a broad UAE presence. The Healthcare Division currently operates four hospitals, one day-care medical centre and eight pharmacies. The Group also operates a significant Distribution business supplying over 65,000 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 and is a constituent of the FTSE 250 index. 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 Review

Healthcare Division

Key performance indicators:

	H1, 2012	H1, 2011	Growth
Inpatient numbers	17,289	14,961	15.6%
% Occupancy	60.3	51.6	
Outpatient numbers	638,118	588,661	8.4%
Number of inpatient beds	230	230	NIL
Average revenue per patient	US$102.6	US$98.2	4.5%

Operating performance in the Healthcare Division continued to improve, in line with our expectations. Revenue grew by 13.4% to US$122.1m (H12011: US$107.7m) and Adjusted EBITDA was US$33.6m (H12011: US$29.5m), growing by 13.9% compared with the same period in the previous year. The Adjusted EBITDA margin was 27.5%, compared with 27.4% in the previous year.

Improved revenue was mainly driven by an increase in inpatient and outpatient numbers. The business has recruited a number of new doctors increasing our expertise in a number of specific clinical areas as well as the breadth of services available to our patients. This has resulted in a direct increase in patient numbers, as additional procedures can now be performed within those specialty areas. Occupancy levels have also improved.

EBITDA and margin improvements have been driven by a number of factors, including efficiency initiatives across the facilities and an increase in the number of higher revenue, higher margin procedures performed. Good performance and efficiency improvements have also been achieved within the Group’s eight pharmacies.

Both revenue and EBITDA are improving in our new Centres of Excellence in the Al Ain and Dubai Specialty Hospitals, where we have been centralising patient care in relation to specialist clinical areas.

Other efficiency gains and operational cost improvements include:

- A number of doctors from NMC General Hospital in Dubai have also been licensed to practice in NMC Specialty Hospital in Dubai, allowing them to undertake a greater number of more complex procedures

- Ancillary services such as laundry, housing, security, and housekeeping have been consolidated with outsourced providers leading to a reduction in operational costs.

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- Certain medical services, such as radiology, are being centralized within each region to enable efficiency savings across the division.

Insurance relationships are essential to the success of the business and these relationships continue to remain strong. Claims management continues to be carefully monitored and managed.

From a regulatory perspective, we continue to work closely with regulatory bodies and are partnering with Government Hospitals in specific areas where the Group can deliver services efficiently on behalf of other healthcare providers. We understand that the introduction of mandatory health insurance in Dubai is being progressed and appropriate coding classifications, in preparation for this introduction, are already in place within our systems. Sharjah has also announced an intention to introduce mandatory health insurance for its residents.

Given that a significant proportion of the Group's revenue is generated from insurance income, any new schemes introduced in Emirates outside of Abu Dhabi should be of benefit to the Group. However these positive trends may be tempered from Basic Plan procedure tariff adjustments recently announced in Abu Dhabi.

During the period the medical licensing rules for doctors in the region have been modified. A fast track procedure has been put in place to allow doctors to gain a license allowing them to practice across multiple Emirates. We expect this to provide some long term efficiency benefits for the Group, and potentially increase our expansion into new, low volume, specialties which would otherwise not be cost effective to pursue.

The Group's JCI accreditations granted by the UAE health authorities remain compliant, following regular HAAD and DHA inspections. The HAAD annual renewals for the NMC Specialty Hospitals in Abu Dhabi, Al Ain and DHA annual approvals for Dubai as well as the NMC General Hospital in Dubai were all successfully completed during the period under review. The NMC General Hospital in Dubai is also undertaking a process to obtain ISO certification.

Distribution Division

Revenue in the Distribution division was US$131.5m (H12011: US$126.6m), growing by 3.9% compared with the same period last year. We have seen some revenue growth assisted by an increasing product range in the Scientific, Pharma, Food and FMCG sectors. As at 30 June 2012, the division was distributing 65,665 products, compared with 58,218 at December 2011.

The Distribution division was able to maintain an average gross margin contribution above 25% despite increased competition in the market. Adjusted EBITDA of H1 2012 was US$13.0m, an increase of 1.6% in the year (H12011: US$12.8m), with an EBITDA margin of 9.9% in H1, 2012 compared with 10.1% for the comparative period in 2011.

We are announcing today the opening of our new warehouse facility in Dubai Investment Park. The new warehouse will open with 64,000 square feet of storage, and has capacity for a further 18,000 square feet of storage, and will accommodate chilled, frozen and dry goods in a single facility. The warehouse will act as a central distribution point for the Group's Distribution business in Dubai. 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 have 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 personnel transportation which has resulted in operational cost savings.

Finally, we are expanding our current warehouse facility in Ajman, which will allow us to improve and extend the number of services we provide for customers in the northern Emirates, and strengthen our existing customer relationships. Whilst this will not materially increase our overall capacity in this region, this expanded facility will allow us to consolidate capacity in one location and reduce our current reliance on more expensive, temporary storage facilities in the region, which have been used as demand increased in the area.

Current Capital Projects

Capital expenditure on current capital projects during the first half of 2012 amounted to US$27.1m out of a total capital spend of US$37.1m. The total potential capital expenditure for current capital projects is up to US$325m. This capital expenditure will be incurred as projects proceed over the remainder of FY2012 and FY2013, and in relation to the Khalifa City project, in a phased manner to FY2016.

Brightpoint Maternity Hospital
The development of Brightpoint Maternity Hospital, the first dedicated maternity facility of its kind in Abu Dhabi, is progressing and we expect to open the facility towards the end of the second half of the current financial year, in December 2012. Upon opening, the facility will have 50 beds, with the capacity to expand up to 100 beds at a later stage. Total capital expenditure on the development and initial equipment within the facility will be up to US$70m, in line with original management guidance.

Mussafah day patient medical centre
Work continues to progress well on the development of the new day patient medical centre in Mussafah, a suburb of Abu Dhabi. This facility is expected to open in December 2012 and will serve as general practice day patient medical centre, with the ability to refer patients directly to principal Specialty Hospitals. The Mussafah facility is connected to a new shopping centre and includes a pharmacy in its footprint. Total capital expenditure on the development and initial equipment within the facility will be up to US15m, in line with original management guidance.

Dubai Investment Park medical facility
The proposed Dubai Investment Park healthcare facility was originally to be developed on a phased basis, opening as a day patient medical centre in Q4, 2012 and upgraded to a general hospital by Q1, 2014. Following a project review, the Group has concluded that it would be more effective to develop the facility as a general hospital and pharmacy facility from opening. Development plans have therefore changed and the full facility will be open in H1 2013. Total capital expenditure on the development of the full facility of up to US$25m, is unchanged as a result of the re-phasing of the development project.

Khalifa City Hospital
Planning in relation to the proposed Khalifa City Hospital has also progressed. Khalifa City is a growing suburb of Abu Dhabi and along with other neighbouring suburbs of Mussafah, Baniyas and Shahama, is anticipated to house around 20% of the population of Abu Dhabi by 2030. All required approvals for the new hospital have been received and a tender process for construction of the facility is underway. We currently expect construction to commence by the end of the current financial year and the hospital to open with an initial 75 beds by end 2014. Upon opening, the hospital will focus on specific specialist areas such as paediatrics, endocrinology, ophthomology, oncology and cardiology. Total capital expenditure for all phases of development and equipment within the facility will 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.

Management and employees

During the period under review, Mr Binay Shetty was been appointed as COO for the Group, having previously been COO of the Healthcare Division.

The Board is pleased to announce the appointment of Simon Watkins as Group Company Secretary with effect from 1st September 2012. Mr Watkins, who has been with the Group on an interim basis since May 2012, is a Chartered Secretary with significant listed company experience and, in addition to other matters, will assist the Board and the management team in relation to its governance and listed company obligations.

Within the Healthcare division, we continue to recruit highly skilled physicians and paramedics and are continuing to attract the best calibre professionals with a strong pipeline of resources currently progressing through various stages of the licensing process.

Summary and Outlook

We have made solid progress across the Group in the first six months of 2012.

We continue to move forward with both current capital projects and operational performance.

Our strategy of delivering high quality medical care and operating with a patient-centric approach is benefiting occupancy rates and Group performance.

The general macro-economic outlook in the UAE region remains promising. The underlying drivers of the healthcare industry will also contribute to growth in the market, including developments in mandatory health insurance across the Emirates, increased health awareness and the continued increase in life-style diseases. Whilst we acknowledge the recent changes to basic plan procedure tariffs in Abu Dhabi, we believe NMC is well positioned to benefit from increasing healthcare revenues per capita, with its pan UAE presence, well-known brand and carefully planned growth strategy.

The Board view the outlook for the remainder of the FY 2012, and the FY 2013, with confidence.

Financial Review

During the first half of the financial year, the Group continued to demonstrate a robust performance at both the Group and divisional level. Group revenues increased by 8.4% to US$ 238.0m (2011: US$219.5m) and Group Adjusted EBITDA improved by 10.0% to US$ 39.7m (2011: US$36.1m).

Revenue in the Healthcare division for the first half of 2012 increased by 13.4% to US$122.1m (H1 2011: US$107.7 m). Adjusted EBITDA was US$ 33.6m for the first half of the year, growth of 13.9% compared to same period last year. The EBITDA margin improved to 27.5% (H1 2011: 27.4%).

Revenue in the Distribution division grew by 3.9% to US$131.5m (2011: US$126.6m) compared to the same period last year. Adjusted EBITDA was US$13.0m (H1 2011: US$12.8m), with an EBITDA margin of 9.9% (H1 2011: 10.1%).

Earnings per share were US$0.17 during the period remained unchanged compared with the same period in 2011. This is due to the significant number of shares issued at IPO.

Dividends
At the time of the IPO, the Company stated it would adopt a progressive dividend policy, whilst maintaining an appropriate level of dividend cover, and that its dividend policy would reflect the strong cash flow characteristics of the Group and allow the retention of cash to fund the ongoing operating requirements and continued investment for long-term growth. A guide was given in the prospectus that the Board intended to target a payout ratio of 20-30% of profit after tax.

The Board remains committed to this policy. As the new equity raised through the IPO was only available for a part of the first half, the Board intends to determine its first dividend as a listed company, as a final dividend for the full year to 31 December 2012. Therefore, this final dividend will be declared at the time of the preliminary results announcement in March 2013. The dividend will be reflective of the results for the year to 31 December 2012 and the progress of the investment in new hospitals and facilities, as well as any freshly identified, attractive opportunities to drive additional growth for the Group.

Cash flow
Net cash inflow from operating activities for the six months ended 30 June 2012 was US$24.1m, compared with US$ 80.2m for the comparative period in 2011. The differential is mainly due to a one-off receipt of US$63.8m in 2011 from related parties. Normalised net cash flow in the first half of 2011, excluding the effect of this one-off receipt, would have been US$ 16.4m.

IPO
On 5th April 2012 the company completed its Initial Public Offering and became the first UAEbased business to be listed on the Premium Segment of the London Stock Exchange. As part of the IPO, the Company issued 55.7m new shares raising gross proceeds of US$186.2m (£117m). The costs of the IPO and the treatment of those costs are set out in note 8 to the Interim Condensed Consolidated Financial Statements.

Capital expenditure
The Group's strategy is to drive growth through investment in new and existing facilities. Total capital expenditure in the six months ending 30 June 2012 was US$37.1m, in line with our expectations and a significant increase over the capital expenditure of US$12.9m for the period ended December 2011. Of the total capital expenditure spend during the period H1 2012, US$27.1m related to new capital projects and US$10.0m related to further capital investment in existing facilities. Given the expected completion of various Group capital projects in the second half of 2012, capital expenditure will increase as anticipated during the second half of the current financial year.

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

Debt

As outlined in the Company's IPO prospectus, a debt facility of up to US$150m had been made available by a syndicate of lenders led by J.P. Morgan Chase Bank. A total of US$120m has been drawn down from this facility to support, alongside the funds raised at IPO, the capital commitments made by the Group in relation to its growth plans. As a result, the total debt of the Group has increased from US$ 182.2m on 1 January 2012 to US$ 251.8m on 30 June 2012. The Group had a net cash position of US$24.8m at 30 June 2012 compared with a net debt position of the Group at 31 December 2011 of US$128.1m.

Post Balance Sheet Events

As previously announced, the Group completed the acquisition of BR Medical Suites FZ LLC, on 1 July 2012, immediately following the reporting date of this interim management report. Information required by IFRS 3 in relation to this acquisition is set out in note 24 to the Interim Condensed Consolidated Financial Statements. Full details of the acquisition and trading of this business for the second half of the financial year, will be reported within our full financial results for FY2012.

Risk and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact of the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not believe that the principal risks and uncertainties have changed significantly since the publication of the Group's IPO prospectus in April 2012. That prospectus contained a detailed explanation of the risks which are summarised below.

Competition

The increased healthcare spend in the UAE region, and the introduction of mandatory insurance within other emirates of the UAE, may attract new international healthcare providers into the UAE region or encourage existing healthcare providers in the region to expand their business operations. Any such expansion by third parties would represent a longer term risk to the growth plans of the Healthcare division. To mitigate these risks, the Healthcare division has a strong brand with a good reputation in the UAE takes its clinical excellence and patient care seriously. The Company has already identified good expansion opportunities which are currently being developed and works closely with regulators and other third parties to ensure new strategic opportunities which may arise are progressed.

Licensing

We operate in a regulated sector and changes in UAE healthcare laws and regulations may materially adversely affect our business. In addition, due to the requirements of UAE law and regulations we do not have direct licensing rights to operate our medical facilities and pharmacies. We have a good relationship with the various medical licensing authorities in the region and we are in regular contact with them to discuss any changes to the laws and regulations which may affect the healthcare sector. Our successful recruitment and retention processes under which we are able to retain key personnel and doctors, assists our continued good relationship with the various health authorities to whom we are responsible.

The licences required to operate our medical facilities and pharmacies are issued in the names of either H.E. Saeed Bin Butti or Khalifa Bin Butti and we have a relationship agreement which regulates how the existing licence-holders must cooperate with and provide assistance to Group companies in relation to their existing and new licences

IT systems

The Group is in the process of implementing a new Hospital Information System and Group Accounting Systems. Any delay or increased cost of implementing these systems may have an adverse effect on the operational efficiency of the Group. These risks are mitigated by our experienced in-house IT team working closely with suppliers to ensure the project is progressing well whilst understanding the requirements of operational users. We believe that we are best placed to consider fully the requirements of our new systems.

Failure to complete capital projects on time or on budget

The Group has a stated strategy of investing significantly in new developments and growth opportunities throughout the UAE region. Any delay in completing our capital projects or any missed development opportunities within the UAE region, may have an impact on the future performance and value of the Group. Given the importance of capital development to the future of the Group, we have a dedicated team who are responsible for managing each of our development projects. The board also monitor the progress of all our projects through periodic reporting by the management team.

Economic downturn

Any macro-economic downturn in the region in which we operate would have a detrimental effect on the business. The board and management team are mindful of this risk but are encouraged that published economic indicators are not currently showing an economic downturn in UAE. Indeed in recent years improved healthcare provision within UAE has been a focus politically and indications are that this will continue. The political situation in the UAE remains stable.

Key commercial relationships
We have a number of key commercial relationships across both the Healthcare and Distribution divisions. Within the Healthcare division our relationship with health insurance providers, and within the Distribution division exclusive distribution arrangements are vital to retain revenue across the Group.

We maintain a good relationship with all these suppliers. We believe our pan-UAE presence and commercial size within Abu Dhabi gives us a strong position to retain good relationships with health insurance providers. In relation to our exclusive distribution arrangements, we believe that these are properly registered with the relevant UAE authorities which gives us legal protection for these arrangements in UAE.

As part of its intention to further mitigate against principal operational and financial risks with the Group’s businesses, the board have recently appointed Horwath Mak to provide an independent outsourced internal audit function. Horwath Mak will assist management and the audit committee in reviewing identified key risks within the Group’s business, ensure that mitigation of those risks are maximised and undertake targeted audits of business processes which the Company considers key to the Company’s success.

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

Statement of directors' responsibilities

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

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

- the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements as required by DTR 4.2.7;
- the principal risks and uncertainties for the remaining six months of the year as required by DTR 4.2.7; and
- related party transactions that have taken place in the first six months of the current financial year and changes in the related party transactions described in the Company's IPO prospectus dated 2nd April 2012 that have materially affected the financial position or performance of the Group during the first six months of the current financial year as required by DTR 4.2.8.

The directors of NMC Health plc at the time of the Company's IPO were listed in the Company's Prospectus dated 2nd April 2012. There have been no changes in the membership of the board since the Company's IPO.

For and on behalf of the Board of Directors:

Prasanth Manghat
Chief Financial Officer

29 August 2012

Independent review report to NMC Health plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the interim consolidated statement of comprehensive income, the interim consolidated statement of financial position, the interim consolidated statement of changes in equity, the interim consolidated statement of cash flows and the related notes, note 1 to 25. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London

29 August 2012

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	Unaudited **Period ended 30 June 2012** **USD '000**	Unaudited Period ended 30 June 2011 (restated) USD '000
Revenue	6	**237,980**	219,504
Direct costs		**(162,154)**	(151,537)
GROSS PROFIT		**75,826**	67,967
General and administrative expenses		**(50,880)**	(37,851)
Other income	7	**14,780**	6,026
PROFIT FROM OPERATIONS BEFORE FINANCE COSTS, FINANCE INCOME AND DEPRECIATION		**39,726**	36,142
Finance costs		**(7,204)**	(9,390)
Finance income		**873**	936
Depreciation		**(2,542)**	(5,838)
		30,853	21,850
Flotation costs	8	**(3,402)**	-
Rental income from investment properties		**-**	1,193
Change in fair value of derivative financial instruments		**62**	(253)
PROFIT FOR THE PERIOD BEFORE TAX		**27,513**	22,790
Tax	9	**-**	-
PROFIT FOR THE PERIOD		**27,513**	22,790
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**27,513**	22,790
Total comprehensive income attributable to:			
Equity holders of the Parent		**27,073**	22,456
Non-controlling interests		**440**	334
		27,513	22,790
Earnings per share for profit attributable to the equity holders of the Parent:			
Basic and diluted (USD)	18	**0.172**	0.173

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

The attached notes 1 to 25 form part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Notes	***Unaudited 30 June 2012 USD '000***	*Audited 31 December 2011 (restated) USD '000*
ASSETS			
Non-current assets			
Property and equipment	10	**122,756**	88,434
		122,756	88,434
Current assets			
Inventories	11	**61,495**	54,178
Accounts receivable and prepayments	12	**162,728**	153,453
Bank deposits	13	**216,444**	11,072
Bank balances and cash	13	**60,138**	43,001
		500,805	261,704
TOTAL ASSETS		**623,561**	350,138
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**29,566**	27,226
Share premium	14	**179,152**	-
Group restructuring reserve	15	**(10,001)**	-
Retained earnings	16	**99,134**	72,061
Equity attributable to equity holders of the Parent		**297,851**	99,287
Non-controlling interests		**1,499**	1,059
Total equity		**299,350**	100,346
Non-current liabilities			
Term loans	17	**109,018**	35,454
Employees' end of service benefits		**9,403**	8,864
		118,421	44,318
Current liabilities			
Accounts payable and accruals		**63,006**	57,520
Amounts due to related parties		**-**	1,245
Bank overdrafts and other short term borrowings	13	**66,121**	101,275
Term loans	17	**76,663**	45,434
		205,790	205,474
Total liabilities		**324,211**	249,792
TOTAL EQUITY AND LIABILITIES		**623,561**	350,138

The attached notes 1 to 25 form part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to the equity holders of the Parent							
	Share capital USD '000	*Shareholders' accounts USD '000*	*Share premium USD '000*	*Group restructuring reserve USD '000*	*Retained earnings USD '000*	*Total USD '000*	*Non-controlling interests USD '000*	*Total USD '000*
Balance as at 1 January 2011(audited)	27,226	43,761	-	-	30,376	101,363	1,617	102,980
Total (other) comprehensive income for the period	-	-	-	-	22,456	22,456	334	22,790
Purchase of advances against property and equipment	-	(35,844)	-	-	-	(35,844)	-	(35,844)
Settlement of related party debtor balances	-	(10,562)	-	-	-	(10,562)	-	(10,562)
Acquisition of non controlling interest	-	2,645	-	-	(1,303)	1,342	(1,342)	-
Balance as at 30 June 2011 (unaudited)	27,226	-	-	-	51,529	78,755	609	79,364
Balance as at 1 January 2012 (audited)	27,226	-	-	-	72,061	99,287	1,059	100,346
Total (other) comprehensive income for the period	-	-	-	-	27,073	27,073	440	27,513
Group restructuring (note 15)	(27,226)	-	-	(10,001)	-	(37,227)	-	(37,227)
Issue of share capital	20,696	-	16,531	-	-	37,227	-	37,227
Issue of share capital – IPO	8,870	-	177,394	-	-	186,264	-	186,264
Share issue costs (note 8)	-	-	(14,773)	-	-	(14,773)	-	(14,773)
Balance as at 30 June 2012 (unaudited)	**29,566**	**-**	**179,152**	**(10,001)**	**99,134**	**297,851**	**1,499**	**299,350**

The attached notes 1 to 25 form part of the interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2012

	Notes	*Unaudited* **Period ended 30 June 2012 USD '000**	*Unaudited* Period ended 30 June 2011 USD '000
OPERATING ACTIVITIES			
Profit for the period		**27,513**	22,790
Adjustments for:			
Depreciation	10	**2,542**	5,838
Provision for employees' end of service benefits, net of write backs		**817**	645
Finance income		**(873)**	(936)
Finance costs		**7,204**	9,390
Flotation costs	8	**3,402**	-
Loss (gain) on disposal of property and equipment		**206**	(133)
Change in fair value of derivative financial instruments		**(62)**	253
		40,749	37,847
Working capital changes:			
Inventories		**(7,317)**	(436)
Accounts receivable and prepayments		**(8,470)**	(16,483)
Amounts due from related parties		**-**	63,835
Accounts payable and accruals		**609**	1,727
Amounts due to related parties		**(1,233)**	(6,025)
Net cash from operations		**24,338**	80,465
Employees' end of service benefits paid		**(290)**	(276)
Net cash from operating activities		**24,048**	80,189
INVESTING ACTIVITIES			
Purchase of property and equipment	10	**(37,147)**	(3,906)
Proceeds from disposal of property and equipment		**77**	416
Proceeds from disposal of investment properties		**-**	36,815
Proceeds from sale of investments carried at fair value through profit or loss		**-**	4,894
Bank deposits maturing in over 3 months	13	**(216,444)**	-
Restricted cash	13	**(3,638)**	-
Finance income received		**68**	189
Net cash (used in) from investing activities		**(257,084)**	38,408
FINANCING ACTIVITIES			
Proceeds from share issue – IPO	14.1	**186,264**	-
Flotation costs paid	8	**(12,947)**	-
New term loans and draw-downs		**163,006**	48,724
Repayment of term loans		**(58,213)**	(95,256)
Finance costs paid		**(7,493)**	(9,459)
Repayment of short term borrowings - net		**(14,632)**	(954)
Net movement in long term advances to related parties		**-**	2,934
Net cash from (used in) financing activities		**255,985**	(54,011)
INCREASE IN CASH AND CASH EQUIVALENTS		**22,949**	64,586
Cash and cash equivalents at 1 January		**24,425**	(11,738)
CASH AND CASH EQUIVALENTS AT 30 JUNE	13	**47,374**	52,848

The attached notes 1 to 25 form part of the interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

NMC Health plc (the "Company" or "Parent'') is a Company which was incorporated in England and Wales on 20 July 2011. The Company is a public limited liability company operating solely in the United Arab Emirates ("UAE"). The address of the registered office of the Company is Suite 3.15, 3rd floor, 7 Hanover Square, London, W1S 1HQ. The registered number of the Company is 7712220.

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 interim condensed consolidated financial statements of the Group for the six months ended 30 June 2012 were authorised for issue on 29TH August 2012.

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

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. Those financial statements were approved by the Board of Directors on 1 April 2012. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

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

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read together with the consolidated financial statements of NMC Healthcare LLC as of 31 December 2011. Financial statements of NMC Healthcare LLC as of 31 December 2011 are included within the IPO prospectus which is a publicly available document.

The interim condensed 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 interim condensed consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

Comparative information

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 six months ended 30 June 2011 and as at 31 December 2011 presented in these interim consolidated financial statements are the results and financial position of NMC Healthcare LLC as group restructuring was only effected in April 2012. Refer to note 4 for further details.

2.1 BASIS OF PREPARATION continued

Functional and reporting currency

The functional currency of the Company and its subsidiaries is UAE Dirham. The reporting currency of the Group is United States of America Dollar (USD) 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.

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 7. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 9 to 10.

The Group has considerable financial resources including bank facilities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The directors expect that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

2.2 BASIS OF CONSOLIDATION

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

	Percentage of holdings	
	30 June 2012	*31 December 2011*
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%
NMC Holding LLC	**100%**	-
NMC Health Holdco Limited	**100%**	-

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

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 Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.2 BASIS OF CONSOLIDATION continued

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.

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 recognized 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 statement of financial position 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:

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 30 June 2012 was USD 61,611,000 (31 December 2011: USD 54,294,000) and the provision for old and obsolete items at 30 June 2012 was USD 116,000 (31 December 2011: USD 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.

Gross trade accounts receivable at 30 June 2012 were USD 142,629,000 (31 December 2011: USD 138,502,000) and the provision for doubtful debts at 30 June 2012 was USD 5,254,000 (31 December 2011: USD 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

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 depreciation method from reducing balance to straight line and the useful economic lives of all asset categories with effect from 1 January 2012 as follows:

	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 USD 2,483,000 in the current period.
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 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.

Impairment of capital work in progress
An impairment exists when the carrying value of the capital work in progress exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. As of 30 June 2012 none of capital work in progress was impaired (31 December 2011: USD nil).

Revenue recognition
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Judgement is required to identify when the risks and rewards are transferred.

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. As part of this assessment, the following information has been taken into account:

- The Company itself has a limited number of transactions and is acting as an investment holding company, therefore, the Company is an extension of existing group, whose functional currency is AED.
- 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, which are deemed insignificant to the Group.

2.4 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous year except for the following new amended IFRS and IFRIC interpretations effective as of 1 January 2012:

- IAS 12 - *Deferred Tax: Recovery of Underlying Assets (Amendment)*

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is 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. Therefore the amendment has no impact on the financial statements of the Group.

The following amendments to IFRSs standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 7 - *Disclosures - Transfers of financial assets (Amendment)*

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

- IFRS 1 - *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)*

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after 1 July 2011 with early adoption permitted.

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

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, 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 has concluded that it is acting as a principal in all of its revenue arrangements. 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 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.

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.

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 and interest bearing financial assets classified as available for sale, 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.

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	12.5% - 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property and equipment continued
Capital work in progress is stated at cost and is not depreciated. 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.

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 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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

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".

Employees' end of service benefits
The Group provides end of service benefits to its expatriate employees. 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 expected costs of these benefits are accrued over the period of employment.

With respect to its 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.

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 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 income statement.

Derivative financial instruments
The Group uses derivative financial instruments such as interest rate swaps and caps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of interest rate swap and cap contracts is 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 that do not qualify for hedge accounting are taken directly to the statement of comprehensive income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments
Financial instruments comprise cash and bank balances, investments carried at fair value through profit or loss, 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 and uncollectability 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 the basis of actual cost incurred.

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. The Group intends to adopt those standards when they become effective.

- IAS 1 Financial Statements Presentation-Presentation of Items of Other Comprehensive Income
- IAS12 Income Taxes-Recovery of Underlying Assets
- IAS19 Employees Benefits(Amendment)
- IAS 27 Separate Financial Statements (as revised in 2011)
- IAS 28 Investments in Associates and Joint Ventures(as revised in 2011)
- IFRS 7 Financial Instruments: Disclosures-Enhanced De recognition Disclosure Requirements
- IFRS 9 Financial Instruments: Classification and Measurement
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement

The Group, however, expects no significant impact from the adoption of the standards and interpretations on its financial position or performance.

4 BUSINESS COMBINATION UNDER COMMON CONTROL

On 1 April 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 interim condensed consolidated financial statements of the Company 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 condensed 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 condensed consolidated financial statements are those of the NMC Healthcare LLC for the six months ended 30 June 2011 and as at 31 December 2011.

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 USD 10,001,000 (debit) has arisen on consolidation being difference between share capital of NMC Healthcare LLC and carrying amount of investment in books of the Company. This has been classified as part of the equity within the consolidated statement of financial position (note 15).

5 SEASONALITY OF OPERATIONS

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

6 SEGMENT INFORMATION

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2012 and 2011, respectively.

	Distribution and services USD'000	*Healthcare USD'000*	*Total segments USD'000*	*Adjustments and elimination USD'000*	*Consolidated USD'000*
Six months ended 30 June 2012					
Revenue					
External customers	**117,820**	**120,160**	**237,980**	**-**	**237,980**
Inter segment	**13,716**	**1,923**	**15,639**	**(15,639)**	**-**
Total	**131,536**	**122,083**	**253,619**	**(15,639)**	**237,980**
Results					
Depreciation	**(283)**	**(2,136)**	**(2,419)**	**(123)**	**(2,542)**
Finance costs	-	**(166)**	**(166)**	**(7,038)**	**(7,204)**
Segment profit	**12,707**	**31,311**	**44,018**	**(16,505)**	**27,513**
Six months ended 30 June 2011					
Revenue					
External customers	113,864	105,640	219,504	-	219,504
Inter segment	12,709	2,106	14,815	(14,815)	-
Total	126,573	107,746	234,319	(14,815)	219,504
Results					
Depreciation	(646)	(4,935)	(5,581)	(257)	(5,838)
Finance costs	-	(287)	(287)	(9,103)	(9,390)
Segment profit	12,117	24,277	36,394	(13,604)	22,790

The following table presents segments assets of the Group's operating segments as at 30 June 2012 and 31 December 2011.

30 June 2012	**139,106**	**135,998**	**275,104**	**348,457**	**623,561**
At 31 December 2011(restated)	119,474	132,942	252,416	97,722	350,138

Adjustments and eliminations

Finance income and expenses, group overheads, fair value gains and losses on financial liabilities 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.

6 SEGMENT INFORMATION continued

Reconciliation of Group profit

	Unaudited	
	6 months ended 30 June	
	2012	*2011*
	USD '000	*USD '000*
Segment profit	**44,018**	36,394
Finance income	**873**	936
Changes in fair value of derivative financial instruments	**62**	(253)
Unallocated finance charges	**(7,038)**	(9,103)
Unallocated group administrative expenses	**(6,956)**	(6,506)
Unallocated depreciation	**(123)**	(257)
Rental income	**-**	1,193
Other income	**79**	386
Flotation costs	**(3,402)**	-
Group profit	**27,513**	22,790

Reconciliation of Group assets

	Unaudited	*Audited*
	30 June	*31 December*
	2012	*2011*
		(restated)
	USD '000	*USD '000*
Segment assets	**275,104**	252,416
Unallocated property and equipment	**66,449**	35,772
Unallocated inventory	**22**	31
Unallocated accounts receivable and prepayments	**8,760**	8,145
Unallocated bank deposits	**216,444**	11,072
Unallocated bank balances and cash	**56,782**	42,702
Group assets	**623,561**	350,138

7 OTHER INCOME

Other income includes USD 14,593,000 (six months ended 30 June 2011: 5,300,000) relating to reimbursement of advertisement and promotional expenses incurred by the Group on behalf of suppliers (note 25).Revenue is recognised following the formal acceptance of the Group's reimbursement claims by suppliers and is measured at the confirmed amount receivable.

8 FLOTATION COSTS

During the six months ended 30 June 2012 costs of USD 18,175,000 were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, USD 14,773,000 has been deducted from the share premium account (note 14) and USD 3,402,000 has been charged to the consolidated statement of comprehensive income in accordance with the requirements of IAS 32 – Financial Instruments: Presentation. Out of the total costs of USD 18,175,000, an amount of USD 5,228,000 remains payable as at 30 June 2012 and is included in accounts payable and accruals.

9 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 by the Group. There is no UK corporate tax payable on the results of the Company as the Company reported a loss for the six months period ended 30 June 2012.

10 PROPERTY AND EQUIPMENT

Property and equipment consists of the following

	Unaudited 30 June 2012 USD '000	*Audited 31 December 2011 USD '000*
Property and equipment	**122,756**	76,683
Advances for purchase of property and equipment	**-**	11,751
Property and equipment	**122,756**	88,434

	Freehold land USD '000	*Hospital building USD '000*	*Buildings USD '000*	*Leasehold improve-ments USD '000*	*Motor vehicles USD '000*	*Furniture, fixtures and fittings and medical equipment USD '000*	*Capital work in progress USD '000*	*Total USD '000*
30 June 2012								
Cost:								
At 1 January 2012	19,206	12,343	6,529	10,498	5,233	91,349	16,374	161,532
Transfers from advances	-	-	-	-	-	-	11,751	11,751
Additions	-	-	-	846	145	6,631	29,525	37,147
Disposals	-	-	-	-	(20)	(2,207)	-	(2,227)
At 30 June 2012	**19,206**	**12,343**	**6,529**	**11,344**	**5,358**	**95,773**	**57,650**	**208,203**
Depreciation:								
At 1 January 2012	-	7,184	2,649	8,448	4,561	62,007	-	84,849
Charge for the period	-	154	116	220	73	1,979	-	2,542
Relating to disposals	-	-	-	-	(20)	(1,924)	-	(1,944)
At 30 June 2012	**-**	**7,338**	**2,765**	**8,668**	**4,614**	**62,062**	**-**	**85,447**
Net carrying amount:								
At 30 June 2012	**19,206**	**5,005**	**3,764**	**2,676**	**744**	**33,711**	**57,650**	**122,756**
31 December 2011								
Cost:								
At 1 January 2011	19,206	12,343	6,900	10,289	5,136	86,898	8,862	149,634
Additions	-	-	-	266	185	4,964	7,512	12,927
Disposals	-	-	(371)	(57)	(88)	(513)	-	(1,029)
At 31 December 2011	19,206	12,343	6,529	10,498	5,233	91,349	16,374	161,532
Depreciation:								
At 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)
At 31 December 2011	-	7,184	2,649	8,448	4,561	62,007	-	84,849
Net carrying amount:								
At 31 December 2011	19,206	5,159	3,880	2,050	672	29,342	16,374	76,683

10 PROPERTY AND EQUIPMENT continued

As part of the Group's capital expenditure programme, borrowing costs of USD 1,111,000 net of finance income of USD 730,000 have been capitalised during the six months ended 30 June 2012 (six months ended 30 June 2011: USD nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4 % which is the effective rate of the borrowings used to finance the capital expenditure.

In accordance with local laws, land and buildings are primarily held in the name of a UAE national shareholder for beneficial interest of the Group. Certain land and buildings with a carrying amount of USD 9,757,000 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.

11 INVENTORIES

During the six months ended 30 June 2012, the Group wrote down USD 925,000 of obsolete and damaged inventories (six months ended 30 June 2011: USD 995,000). This expense is included in direct costs within the consolidated statement of comprehensive income.

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Unaudited 30 June 2012 USD '000	*Audited 31 December 2011 (restated) USD '000*
Accounts receivable	**137,375**	133,349
Receivables from the suppliers for promotional expenses (note 25)	**14,421**	9,224
Others	**10,932**	10,880
	162,728	153,453

Accounts receivable are stated net of provision for doubtful debts of USD 5,254,000 (31 December 2011: USD 5,153,000). During the six months ended 30 June 2012, the Group has provided an additional provision of USD 919,000 (six months ended 30 June 2011: USD 744,000) and released a provision of USD 818,000 (six months ended 30 June 2011: USD nil).

The ageing of unimpaired trade accounts receivable is as follows:

			Past due but not impaired			
	Total USD '000	*Neither past due nor impaired USD '000*	*< 90 days USD '000*	*91 – 180 days USD '000*	*181 – 365 days USD '000*	*>365 days USD '000*
30 June 2012						
Trade accounts receivable	**137,375**	**91,605**	**29,751**	**8,200**	**7,413**	**406**
31 December 2011						
Trade accounts receivable	133,349	87,799	32,355	7,063	5,065	1,067

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS continued

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

The Group's terms require receivables to be repaid within 90 days. Due to high credit period significant amount of trade accounts receivable are neither past due nor impaired.

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

13 CASH AND CASH EQUIVALENTS

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

	Unaudited	
	30 June 2012 USD '000	*30 June 2011 USD '000*
Bank deposits	**216,444**	52,139
Bank balances and cash	**60,138**	36,325
Bank overdrafts and other short term borrowings	**(66,121)**	(112,583)
	210,461	(24,119)
Add: short term borrowings	**56,995**	76,967
Less: bank deposits maturing in over 3 months	**(216,444)**	-
Less: restricted cash	**(3,638)**	-
	47,374	52,848

Bank deposits of USD 216,444,000 (30 June 2011: USD 52,139,000) are with commercial banks in the United Arab Emirates. These are mainly denominated in the UAE Dirhams and earn interest at the respective deposit rates. These deposits have original maturity of 12 months (30 June 2011: 1 to 3 months).

Short term borrowings include trust receipts and invoice discounting facilities. 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.

13 CASH AND CASH EQUIVALENTS continued

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

	Unaudited	
	30 June 2012 USD '000	*30 June 2011 USD '000*
Interest charged to related parties	**-**	747
Transfer of employees' end of service benefits from related parties	**12**	36
Settlement of related party debtor balances by shareholders	**-**	10,562
Sale of advance against properties and equipment to shareholders	**-**	35,844
Term loans transferred to shareholders	**-**	(8,870)

14 SHARE CAPITAL

NMC Health plc as at 30 June 2012

Issued and fully paid	***Number of shares (thousands)***	***Ordinary shares USD '000***	***Total USD '000***
	185,714	**29,566**	**29,566**

Share capital – NMC Healthcare LLC
As at 31 December 2011

Issued and fully paid	***Number of shares (thousands)***	***Ordinary shares USD '000***	***Total USD '000***
	100	27,226	27,226

Issued share capital and share premium movement

	Notes	***Number of shares (thousands)***	***Ordinary shares USD '000***	***Share Premium USD '000***	***Total USD '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	14.1	55,714	8,870	177,394	186,264
Share issue costs	8	-	-	(14,773)	(14,773)
At 30 June 2012		**185,714**	**29,566**	**179,152**	**208,718**

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

15 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 (USD 27,226,000) and the carrying amount of the investment in that company (USD 37,227,000), which equates to the net assets of NMC Healthcare LLC at the date of reorganisation (1 April 2012), amounting to USD 10,001,000, is recorded at acquisition in the books of NMC Health plc as a group restructuring reserve (note 4).

16 RETAINED EARNINGS

As at 30 June 2012, retained earnings of USD 10,260,000 (31 December 2011: USD 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. The subsidiaries may resolve to discontinue such annual transfers when their respective reserves equals 50% of their paid up share capital.

17 TERM LOANS

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

During the period ended 30 June 2012, the Group agreed a new syndicated loan facility, led by JP Morgan Chase Bank, of USD 150,000,000, repayable over 5 years with interest charged at the rate of 1 m USD LIBOR + 3.5% + mandatory costs; if any, per annum. The Group has utilised an amount of USD 120,000,000 against the loan for capital expenditure and repayments in the period amounted to USD 6,095,000.

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.

18 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:

	Unaudited	
	6 months ended 30 June	
	2012	*2011*
	USD '000	*USD '000*
Profit attributable to equity holders of the Parent (USD '000)	**27,073**	22,456
Weighted average number of ordinary shares in issue (thousands)	**157,703**	130,000
Basic and diluted earnings per share (USD)	**0.172**	0.173

19 DIVIDENDS

No dividends were paid or proposed during the period ended 30 June 2012 (30 June 2011: nil).

20 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders and senior management of Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of all transactions are approved by the management of Group.

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

	Unaudited	
	6 months ended 30 June	
	2012	*2011*
	USD ‘000	*USD ‘000*
Entities significantly influenced by a shareholder:		
Purchases	**6,148**	3,184
Interest charged to related parties	**-**	747
Rent charged	**220**	193

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

	(Unaudited) 6 months ended 30 June 2012	*(Audited) Year ended 31 December 2011*
	USD ‘000	*USD ‘000*
Shareholders:		
Sale of investments at fair value through profit or loss	**-**	4,894
Sale of advance for property and equipment	**-**	35,844
Sale of investment properties	**-**	45,685
Term loan transferred	**-**	(8,870)
Settlement of related party debtor balances	**-**	10,562
Entities significantly influenced by a shareholder:		
Transfer of employees end of service benefits	**12**	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.

20 RELATED PARTY TRANSACTIONS continued

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

	Unaudited 30 June 2012 USD '000	*Audited 31 December 2011 USD '000*
Entities significantly influenced by a shareholder:		
Amounts due to related parties	**-**	1,245

The Group provided support / management services to the related parties and made payments for the majority of purchases of the related parties. Outstanding balances at 30 June 2012 were unsecured and carried interest at nil % (31 December 2011: 8%) per annum and settlement occurred in cash.

The credit facilities provided by the bankers to 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) and other related parties.

Compensation of key management personnel

	Unaudited	
	6 months ended 30 June	
	2012	*2011*
	USD '000	*USD '000*
Short term benefits	**1,131**	616
Employees' end of service benefits	**13**	25
	1,144	641

The spouse and non-dependent son of one of the shareholders are employed by the Group. Total compensation for employment received by the spouse and non-dependent son in the six months ended 30 June 2012 amounts to USD 235,000 (six months ended 30 June 2011: USD 99,000).

Subsequent to the period end, 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 is USD 9m, and the transaction was completed on 1 July 2012 (Refer to note 24 for details).

21 CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise at 30 June 2012: USD 7,191,000 (31 December 2011: USD 8,017,000).

22 COMMITMENTS

Capital commitments
The Group has future capital commitments at 30 June 2012 of USD 21,810,000 (31 December 2011: USD 32,383,000) principally relating to the completion of ongoing capital projects at period/year end.

Other commitments

	Unaudited 30 June 2012 USD '000	*Audited 31 December 2011 USD '000*
Future minimum rentals payable under non-cancellable operating leases		
Within one year	**3,885**	3,475
After one year but not more than five years	**16,154**	15,726
More than five years	**53,361**	55,780
	73,400	74,981

23 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Liabilities measured at fair value:

	Level 1 USD '000	*Level 2 USD '000*	*Level 3 USD '000*	*Total fair value USD '000*
30 June 2012 (Unaudited)				
Interest rate swaps	**-**	**(1,148)**	**-**	**(1,148)**
31 December 2011 (Audited)				
Interest rate swaps	-	(1,210)	-	(1,210)

24 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, 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 is USD 9m, and the transaction was completed on 1 July 2012. 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 Group has not yet finalised the purchase price allocation exercise in relation to this acquisition due to the timing of the transaction. Consequently, the fair values of assets and liabilities acquired disclosed below represent provisional amounts determined in accordance with IFRS as adopted by the European Union and the Group accounting policies at the date of the acquisition.

	Carrying amount and provisional fair value USD '000
Property and equipment	**8,644**
Inventories	**94**
Accounts receivable and prepayments	**653**
Bank balances and cash	**178**
Total assets	**9,569**
Accounts payable	**(242)**
Total liabilities	**(242)**
Net assets acquired	**9,327**
100% share acquired by the Group	**9,327**
Excess of net assets over consideration	**(327)**
	9,000

Cash outflow on acquisitions is as follows:

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

At the date of acquisition, the provisional fair value of accounts receivable is USD 140,000. None of the accounts receivable were impaired and it is expected that the full contractual amount will be collected.

The acquisition of BR Medical Suites FZ – LLC has resulted in a provisional gain of USD 327,000 because the purchase consideration negotiated with the previous owner, Dr BR Shetty, resulted in a bargain purchase for the Group. This gain has not been recognised in the interim condensed consolidated financial statements.

25 COMPARATIVES

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

- An amount of USD 5,300,000 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 period ended 30 June 2011 (note 7);

- An amount of USD 5,097,000 for rebates receivable from suppliers as at 31 December 2011 has been reclassified from other receivables (note 12) to accounts payable. There is no impact on the opening balances as of 1 January 2011 as rebate receivable as at that 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.