nmc health

NMC Health plc

HALF-YEARLY FINANCIAL REPORT: Six months ended 30 June 2016

London, 24 August 2016: NMC Health plc (LSE:NMC) ('NMC'), the leading integrated private healthcare network operator in the United Arab Emirates and one of the leading global providers of fertility treatments through its European and Middle Eastern subsidiaries, today announces its interim results for the six months ended 30 June 2016.

- Reported revenues increased by 46.9% year-on-year (YoY, compared to H1 2015) to reach US$578.3m in H1 2016 (US$ 393.8m in H1 2015).
- EBITDA reached US$115.9m (+68.2% YoY), resulting in a Group EBITDA margin of 20.0% (+254bps YoY)
- Adjusted net profits attributable to shareholders increased to US$67.8m (+48.2% YoY)
- Basic EPS reported at US$ 0.336 (H1 2015: 0.213); Diluted EPS at US$0.334 (H1 2015: US$0.213); Adjusted EPS at US$0.365 (H1 2015: US$0.246)

Business review

The strong performance of H1 2016 was underpinned by progress across the business and successful execution of our long-term two-stage strategy which has started to deliver significantly improved growth for the Group despite the more moderate UAE macro environment.

Our initial focus post-IPO was to organically expand our capacity to absorb market growth driven by population increase, insurance penetration, increased healthcare spend retention, delivery of increased complexity and thus higher value added care within our hospitals to the growing patient population of NMC. Today our healthcare network includes the first private sector advanced tertiary and quartenery care capable hospital, benefiting from NMC network cross-referrals and third-party referrals. All new hospitals and medical centres that opened in 2013 and 2014 achieved breakeven ahead of initial guidance and NMC Royal, which opened in September 2015, is on-track to meet the guidance EBITDA breakeven period of 24 months. Both DIP General Hospital and Brightpoint Hospital have ramped up operational beds from being around 50% of licensed capacity when they commenced operations to 72% and 100% respectively as of the start of 2016.

The second stage of our strategy which was initiated at the beginning of 2015 entailed a shift in focus from capacity to capabilities. NMC's objective was to accelerate its expansion into higher medical complexity and thus higher value added specialty healthcare segments through the acquisition of leading global and regional entities and the subsequent establishment of new strategic multi-brand verticals capable of unlocking synergies within the enlarged group and act as stand-alone platforms spearheading the expansion beyond the UAE into some of most accretive healthcare market segments.

As a result, the Group healthcare asset and brand portfolio is today more diversified with significantly enhanced competitive advantages and substantially augmented strategic optionality allowing NMC to expand its growth horizons in what is an increasingly challenging market for static market actors. The combination of this progress with a more optimised resource allocation is leading to a substantially higher growth, margin and return profile.

During the period total patient visits to Group assets increased by 42.6% YoY to 2.1m and more importantly the Group healthcare services[1] revenue per patient increased by 35% to US$170 despite very moderate price increases which are broadly consistent with recent trends. This

[1] Excludes Operation & Management contract, Bait Al Shifa Pharmacy and New Pharmacy.

growth was mainly achieved through the entry into higher complexity, less ‘commoditised’, and thus increased value added medical services segments (examples include advanced tertiary and quaternary care, specialised maternity services, long-term care and fertility services).

In fact, NMC’s H1 2016 top-line growth of 46.9% is the highest on record. In comparison, the five year (2011-2015) Group revenue CAGR stands at 18.7%. With most of this recent growth generated through the strategic initiatives undertaken in the healthcare division (higher margin business, which includes four out of the five verticals), NMC has delivered considerable progress towards achieving another very important goal; increased healthcare business contribution to Group revenues and thus the relative dilution of the lower margin distribution division. The healthcare division contributed 66% of revenue in H1 2016 compared to 55% in H1 2015 and 48% at the time of IPO in 2012. While the absolute growth of the distribution division (lower margin business, which includes one out of five verticals) continues to be good at 10.5% YoY, we expect the relative dilution trend will continue which should provide further support to higher future group margins.

As a result, Group EBITDA reached US$115.9m (+68.2% YoY) with a Group EBITDA margin of 20.0% (+254bps YoY) – a 412bps increase compared to the last financial year (2014) before NMC initiated the capabilities focused second stage of its post-IPO growth strategy. The healthcare division margins increased by 107bps YoY to reach 29.6% during the period. Meanwhile, margins of the distribution division remained almost unchanged at 10.2%.

Table: Summary of Reported Income Statement

Detail	H1 2016	H1 2015 Reported	YoY Growth
Revenue	US$578.3m	US$393.8m	46.9%
EBITDA	US$115.9m	US$68.9m	68.2%
Margin	20.0%	17.5%	250bps
One-off expenses	US$5.4m	US$6.1m	-11.5%
Net profit	US$70.5m	US$40.8m	72.6%
Adjusted Net profit	US$75.9m	US$46.9m	61.7%
EPS	US$0.336	US$0.213	57.4%
Adjusted EPS	US$0.365	US$0.246	48.2%

- Adjusted profit for the period represent, profit before transaction cost towards business combination and amortization of acquired Intangible assets(net of tax).

Net debt increased to US$ 790.2m on expansion progress and remained in line with management expectations. Cash and short term bank deposits amounted to US$ 204.8m with a total debt balance at US$ 995.0m (Dec 2015: 730.3m). This increase in total debt position is mainly due to further drawdown of the acquisition loan facility under the syndicated loan.

Table: Summary Divisional performance Compared to Reported

Divisional performances	H1 2016	H1 2015 Reported	YoY Growth
Healthcare revenue	US$389.8m	US$223.6m	74.3%
Healthcare EBITDA	US$115.3m	US$63.7m	80.9%
Healthcare EBITDA margin	29.6%	28.5%	107bps
Healthcare Net Profit	US$92.4m	US$48.0m	92.7%
Total patients	2.11m	1.48m	42.6%
Revenue per patient	US$169.7	US$125.7	35.0%
Healthcare occupancy	70.5%	73.9%	-340bps
Distribution revenue	US$205.1m	US$185.6m	10.5%
Distribution EBITDA	US$20.9m	US$18.6m	12.1%
Distribution EBITDA margin	10.2%	10.0%	20bps
Distribution Net Profit	US$19.4m	US$17.3m	12.3%

Healthcare division

Over the past twelve months NMC has complemented its initial organic expansion program by further leveraging its abilities and resources to form five strategic verticals within which it has completed five major acquisitions, entered into four new medical services segments offering higher value specialty procedures, rolled-out 1 organic asset (NMC Royal Hospital) and diversified into 2 new geographical markets (Italy and Denmark).

Multi-specialty vertical
The multi-specialty vertical's exceptional growth in H1 2016 was supported by the continued push towards developing and optimising NMC's service offering, focus on increased asset utilisation, better than expected performance across all post-IPO organic assets, the faster than expected to roll-out of mandatory healthcare insurance in Dubai and the contribution of Dr. Sunny's network of medical centres in Sharjah, which was acquired in 2015.

Revenues reached US$ 257.9m (+32.3% YoY), with all three legacy portfolio specialty hospitals[2] delivering double-digit top-line growth coupled with strong performance from both the recently opened NMC Royal Super Specialty Hospital and NMC DIP General Hospital in Dubai.

Total patient visits increased to 1.97m (+35.2% YoY) with revenue per patient of US$131. The licensed beds capacity increased to 655 (+285 beds YoY) out of which the operational beds were 433 beds (+116 beds YoY) with an occupancy rate of 68.7% (-909bps YoY).

Maternity & fertility vertical
The maternity & fertility vertical delivered strong YoY growth across all its assets, with Brightpoint Royal Women's Hospital exceeding management expectations with its outstanding performance during the period. Clinica Eugin reported strong growth compared to the first half of 2015. Fakih IVF was consolidated from February 2016 and has performed well.

Revenues reached US$ 86.2m (+412.7% YoY), with total patient visits reaching 135k (+541.5% YoY) with a revenue per patient of US$636.2. The licensed beds capacity remained at 100 out of which the operational beds increased from 60 to 100beds (+67% beds YoY) with an occupancy rate of 60.6% (+39 percentage points YoY).

Long-term & home care vertical
The long-term & home care vertical is comprised of Provita (long-term care) and Americare (home care), both of which were acquired in 2015. While Americare was consolidated in late H1 2015, Provita was consolidated in H2 2015. Both subsidiaries performed well during the period with Provita's growth being supported by rising bed occupancy and a 30 bed capacity expansion in March 2016.

[2] Abu Dhabi Specialty, Dubai Specialty and Al Ain Specialty

Revenues reached US$ 42.5m, with total patient visits reaching 4,900 with revenue per patient of US$8,611. The licensed beds capacity increased to 120 with all beds being operational and an occupancy rate of 85.6%.

Operation & management vertical
NMC continued to operate and manage the 205 bed Sheikh Khalifa General Hospital in Umm Al Quwain on behalf of the UAE ministry of presidential affairs since Q4 2012.

NMC has a five year contract to operate this hospital in return for an annual management fee based on qualitative metrics. This is the first such contract to manage a large Government healthcare facility awarded by a Government Department to a local UAE business, demonstrating confidence in NMC's significant healthcare experience and capabilities.

The total revenue contribution from this contract reached US$3.15m in H1 2016 (+5% YoY).

Recent amendments by Health Authority of Abu Dhabi (HAAD)
NMC has consistently focused on contributing towards the rapid advance of locally available healthcare services hand-in-hand with the national strategy. This professional and moral commitment to our nation is unshakeable.

We will continue to work alongside the regulator and local authorities to achieve more constructive and sustainable long-term solutions for the well-being of patients, payors, operators and investors.

In the interim we have taken the necessary steps to mitigate and limit the impact of the above referred changes on the healthcare division – leading us to reiterate our guidance for 2016 and 2017.

Distribution division
Distribution division revenues grew by 10.5% YoY to reach US$ 205.1m. The distribution division's growth was supported by new product introductions and increased sales effort with stock keeping units (SKU's) near to 91,500.

The healthcare segment (pharmaceuticals and laboratory equipment) and fast moving consumer goods segment (FMCG) both contributed equally, in terms of total contribution to divisional revenues, at 42.8% each.

During the period sales staff expanded by 12% YoY to 1,163. We also added 25 (+11.7% YoY) new distribution vehicles compared to the same period last year, for a total of 239.

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

"Our focus has consistently been on delivering a long-term strategy capable of enhancing our growth prospects in a diversified and sustainable manner. We have expanded our asset and brand portfolio organically and inorganically into additional healthcare services segments, extended our presence across the continuum of care, entered into higher growth and margin specialties with very favourable regional supply/demand dynamics and selectively entered into new geographies to position NMC at the intersection of multiple growth channels to the ultimate benefit of all our stakeholders. In H1 2016 we have just started to reap the long-term rewards of several years post IPO work on the two stages of our growth strategy. Despite record growth this year, we expect strong performance to continue going forward supported by the increased utilisation of our organic 485 bed capacity expansion over the past 18 months, recent acqusitions of businesses in high growth segments, very good performance at the major specialty hospitals and in particular Dubai based hospitals and medical centres as mandatory healthcare insurance penetration continues to expand."

Principal risks and uncertainties

The Board considers the risks and uncertainties associated with its business, with the risks connected with the Group's expansion program being some of the key risks faced by the Group.

The detailed list of the principal risks and uncertainties faced by the Group, and the mitigation of those risks, are listed on pages 9 to 11.

Summary and outlook

The general macro-economic outlook in the UAE remains stable with moderate GDP growth expected. The IMF forecasts a real GDP growth of 2.3% and 2.5% in 2016 and 2017 respectively. The ongoing insurance reform in Dubai continues to increase medical insurance penetration rates to expand the UAE healthcare market size and thus the prospects for NMC Health.

The management team will continue to assess potentially attractive and accretive opportunities for further business expansion and diversification.

The Board view the outlook for the remainder of FY 2016, and FY 2017, with confidence.

Analyst and investor meeting

A conference call and webcast for analysts and investors will take place today, Wednesday 24 August 2016, at 14.00 BST.

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

Contacts

Investors

NMC

Prasanth Manghat, Deputy Chief Executive Officer	+971 50 522 5648
Suresh Krishnamoorthy, Chief Financial Officer	+971 50 591 5365
Roy Cherry, Head of Strategy and Investor Relations	+971 50 667 0184

Media

FTI Consulting, London
Matthew Cole
+44 (0)20 3727 1101

FTI Consulting, Gulf
Shane Dolan
+971 (0)4 437 2100

Cautionary statement

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

About NMC

NMC Health plc group is the leading private sector healthcare operator in the United Arab Emirates, with a nation-wide network of hospitals and operations in the country since 1975. The Group currently operates or manages eight hospitals, two day-care patient centres, nine medical centres and fifteen pharmacies. In addition, the Group owns and operates Clinica Eugin in Barcelona, Spain - one of the leading fertility treatment centres globally. NMC also acquired a 51% shareholding in Fakih IVF Group, the Middle East market leader for in-vitro fertilisation ('IVF') services. Moreover, NMC also owns and operates Americare Group, the leading home care provider in the UAE as well as ProVita, the pioneering provider of long-term medical care, also in the UAE. The enlarged company received almost 3.2m patients in 2015. The group is also a leading UAE supplier of products and consumables across several key market segments, with the major contribution coming from healthcare related products. NMC Health plc group reported revenues of US$880.9m in 2015.

In April 2012 NMC Health plc was listed on the Premium Segment of the London Stock Exchange. NMC Health plc is a constituent of the FTSE 250 Index.

Financial review

During the first half of the 2016 financial year, the Group continued to demonstrate robust growth at both the Group and divisional level. Group revenues increased by 46.9% to US$578.3m (H1 2015: US$393.8m). Group EBITDA improved by 68.2% to US$115.9m (H1 2015: US$68.9m).

Revenue in the Healthcare division for the first half of 2016 increased by 74.3% to US$389.8m (H1 2015: US$223.6m). Healthcare division EBITDA was US$115.3m for the first half of the year, which represented growth of 81.0% compared to same period last year (H1 2015: US$63.7m). EBITDA margins were at 29.6%, which is a 107bps growth over the comparative period in 2015 (28.5% for H1 2015) due to improved margins and value added services offered in the assets acquired.

Revenue in the Distribution division grew by 10.5% to US$205.1m (H1 2015: US$185.6m) compared to the same period last year. Distribution division EBITDA was US$20.9m (H1 2015: US$18.6m), with an EBITDA margin of 10.2% (H1 2015: 10.0%).

Adjusted Earnings per share were US$ 0.365 (H1 2015 US$ 0.246) during the period. Adjusted Earnings per share is calculated on a like for like basis for both periods using the number of shares in issue as at 30 June and after adjusting net income for non-operating one-off expenses. Non-operating one-off expenses consisted of transaction costs in respect of business combinations and intangible amortisations in respect of business combinations.

Dividends

The Board remains committed to its previously stated policy to target a dividend pay-out ratio of 20-30% of profit after tax. The Board believes that this is a progressive dividend policy, whilst maintaining an appropriate level of dividend cover. The dividend policy not only reflects the strong cash flow characteristics of the Group, but also allows the retention of cash to fund the ongoing operating requirements and continued investment which the Company has highlighted for its long-term growth.

A dividend of 6.2 pence per share was approved and paid as a final dividend for the full year for 31 December 2015. The Board has determined that an interim dividend will not be declared but that any dividend for the 2016 financial year will be paid fully as a final dividend.

Capital expenditure

Total capital expenditure in the six months ended 30 June 2016 was US$40.2m (H1 2015: US$ 52.2m), in line with our expectations. Of the total capital expenditure spend during the period H1 2016, US$ 27.3m (June 2015: US$43.6m) related to new capital projects and US$12.9m (June 2015: US$8.6m) related to further capital investment in our existing facilities. The phased opening of our largest new development, the 250 bed NMC Royal Hospital in the Khalifa area of Abu Dhabi City, during the H1 2016 has resulted in substantial reduction of capital expenditure after the second half of 2015. NMC Royal Hospital was inaugurated on 07th of March, 2016. Phased opening is being done, with currently 75 beds being operated out of the licensed capacity of 250 beds.

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

Cash

The level of cash in the Group as at 30 June 2016 was in line with management expectations. During the period we made a good improvement in the number of average receivable days which declined to 94 days at 30 June 2016 from 100 days at 31 December 2015. This is primarily due to improvement in the payment period taken to settle amounts due by the Group's principal health insurance partners and aggressive receivables follow-up.

Debt

Net debt increased to US$ 790.2m (Dec 15 US$552.9m) with a total debt balance at US$995.0m (Dec 15 US$730.3m). This increase in total debt position is due to further drawdown of the acquisition loan facility under the syndicated loan during H1 2016. A total of US$382m out of US$475m has been drawn down to date from the Delayed acquisition facility, leaving an unutilised portion of US$93m as on 30th June 2016.

Going concern

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

Statement of directors' responsibilities

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

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

- The important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements as required by DTR 4.2.7R;
- The principal risks and uncertainties for the remaining six months of the year as required by DTR 4.2.7R; and
- Related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the Group during the first six months of the current financial year as required by DTR 4.2.8R.

For and on behalf of the Board of Directors:

Suresh Krishnamoorthy
Chief Financial Officer

23 August 2016

Principal risks and uncertainties

In order to enhance the Group’s risk management process, towards the end of December 2014 the management team, assisted by an independent third party, PwC, undertook a review the Group’s key risks alongside the macro-economic environment within which the Group operates to establish a Strategic Risk Register.
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The Strategic Risk Register, which is the basis for the list of principal risks and uncertainties is reviewed and maintained on an on-going basis by management, with the Board retaining oversight over the Register and the risk management process. These risks and uncertainties, the potential effect of them on the Group and the mitigation of them is analysed in the following table.

It should be noted that the order that these risks and uncertainties are expressed in the table do not reflect an order of magnitude as regards their potential impact on the Group

Risk Class	Description and potential impact	Current mitigations
Investment	Bad decisions in relation to either acquisition or organic growth investments or an inability to appropriately execute integration or new facility ramp-up plans may result in: • Lower Return on Investment (ROI); • Lower revenue than expected; • Decreased margins and market share; • Potential for impairment of assets; • Potential difficulty in raising future finance.	• Board oversight in approving and monitoring strategic projects • Project management controls • Detailed market and business appraisal processes • Focus on integration pathway to improve Group revenue generation from intra-group business referrals and multi-brand facility sharing • Strategy to acquire international know-how through acquisition plan • Re-alignment of existing assets within the Group’s hub and spoke model (e.g. existing specialty hospitals feeding the regional NMC Royal Hospital, Khalifa City)
Competition	Increased competition due to high private and public investments in the UAE healthcare sector and associated investments coming from new entrants or existing player partnerships would lead to market share loss and potential reduction in access to future growth in UAE healthcare spend.	• Integrated Hub-Spoke model • Growing healthcare network • Partnership with Government hospitals • The development of international partnerships and use of increased know-how gained through strategic growth plan • Diversification of patient base • Variety in service offerings
Financial	Failing to innovate and effectively deliver new services. Inexperience of operating in new markets/offerings leads to missed opportunity or poor service delivery	• Frequent monitoring of both fixed and variable cost • Synergy tracking and reporting • Acquiring the skills associated with the M&A transactions

Financial	Potential adverse effect NMC's margin as a result of unexpected regulatory or cultural changes affecting the provision of healthcare, the basis of the healthcare insurance structure or increases in medical inflation and pricing pressure and bargaining from key insurance providers in the Group's key markets, would result in less profitability	• Diversification of the revenue streams • Increased collaboration between different group assets and businesses • Frequent monitoring of both fixed and variable cost • Good relationships with insurance providers • Strategy to increase patient volumes and focus on clinical specialisms • M&A Strategy in new markets
Macro-economic	Potential instability in revenue impairing cash flow and working capital health as a result of global and regional demographic, macro-economic and geopolitical factors.	• UAE is a stable and booming market to operate in • Diverse business and revenue streams • Long Term debt facilities and unutilized working capital limits • Strong banking and supplier relationships
Financial	Failure to maximize the opportunity of acquisitions though successful integration strategies or through ineffective management structure or operating model may results in: • Increased market and regulatory/ legal obligations; • Increased culture resistance and complexity in shifting the governance model from enterprise to corporate structure; • Increased operational exposure due to the complexity of integrating higher number of spokes to centralized hub of excellence; • Increased investment risk due to weak due diligence and other mitigates.	• Proper due diligence • Post-acquisition integration plan • Rigorous analysis of value of the acquisition • Focus on the corporate cultures involved • Executive committee reporting and targets • Synergy tracking and reporting • Acquiring the skills associated with the M&A transactions
Technology	A Data Security (e.g. VIP patient records) breach due to either intentional malicious cyber-attack or unintentional data or system loss resulting in reputational damage, operational disruption or regulatory breach.	• ISO 27001 certified framework for IT policies and controls. • Strict measures towards clients' data and records • Investment in new Hospital Information System and ERP financial system approved by the Board and implementation in

		progress
Compliance & Regulation	Failure to comply with multi regulatory and standards bodies' requirements could result in financial fines, inability to renew licenses, as well as NMC reputation damage.	• Quality & Standards Department monitors regulatory changes • Partnership with government • Good relationships with regulators and accrediting organizations • Continuous focus on delivering high levels of service
Product & Service	Failure to comply with internationally recognized clinical care and quality standards, clinical negligence, the misdiagnosis of medical conditions or pharmaceuticals and the supply of unfit products across both divisions could result in regulatory sanction, licence removal, significant reputational damage, loss of patient and customer confidence and potential criminal proceedings.	• Doctors subject to rigorous licensing procedures which operate in the UAE • Healthcare division is a regulated business and five of the Group's principal hospitals have achieved, or are in the process of achieving, international quality standards accreditation • Many aspects of the operation of the Distribution division, including the sale of pharmaceuticals, is regulated in the UAE • Board oversight and integrated governance structure • Medical malpractice insurance to cover any awards of financial damages • Continuous training and development programs
Human Capital	Failure to retain/acquire key professionals or inability to acquire sufficient Medical staff could potentially lead to inability to deliver required healthcare services and execute growth strategy.	• Partnership with education institutes • Effective sourcing strategies & recruitment campaigns • Ongoing review of senior management resources and succession plans in place for key positions • Competitive salary packages, growth and good working conditions act as a good retention tool • Clear career path for staff and continuous training and development programs

Independent review report to NMC Health plc

Introduction
We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed consolidated income statement, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 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 Conduct Authority.

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

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

Scope of Review

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London

Date: 23 August 2016

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2016

	Notes	*Unaudited* **Period ended 30 June 2016 US$ '000**	*Unaudited* *Period ended 30 June 2015 US$ '000*
Revenue	6	**578,340**	393,754
Direct costs		**(358,971)**	(256,126)
GROSS PROFIT		**219,369**	137,628
General and administrative expenses		**(126,815)**	(86,387)
Other income	7	**23,297**	17,634
PROFIT FROM OPERATIONS BEFORE DEPRECIATION, AMORTISATION AND TRANSACTION COSTS		**115,851**	68,875
Transaction costs in respect of business combinations	5	**(242)**	(3,196)
Depreciation	11	**(20,908)**	(12,703)
Amortisation	12	**(5,434)**	(462)
PROFIT FROM OPERATIONS		**89,267**	52,514
Finance costs		**(19,877)**	(9,078)
Finance income		**1,783**	724
Unamortised finance fees written off		**-**	(2,612)
PROFIT FOR THE PEROD BEFORE TAX		**71,173**	41,548
Tax	8	**(693)**	(724)
PROFIT FOR THE PERIOD		**70,480**	40,824
Profit for the period attributable to:			
Equity holders of the Parent		**62,375**	39,632
Non-controlling interests		**8,105**	1,192
PROFIT FOR THE PERIOD		**70,480**	40,824
Earnings per share for profit attributable to the equity holders of the Parent:			
Basic EPS (US$)	9	**0.336**	0.213
Diluted EPS (US$)	9	**0.334**	0.213
Diluted adjusted EPS (US$)	9	**0.363**	0.246
ADJUSTED PROFIT FOR THE PERIOD	10	**75,865**	46,919

One off items includes transaction costs in respect of business combinations (US$0.2m), and amortisation of acquired intangibles (US$5.1m).

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Unaudited	
	Notes	***Period ended 30 June 2016 US$ '000***	*Period ended 30 June 2015 US$ '000*
Profit for the period		**70,480**	40,824
Other comprehensive income			
Other comprehensive income to be reclassified to income statement in subsequent periods (net of tax)			
Exchange difference on translation of foreign operations		**1,936**	(3,205)
Other comprehensive income not to be reclassified to income statement in subsequent periods (net of tax)			
Re-measurement gains on defined benefit plans		**322**	574
Other comprehensive income for the period (net of tax)		**2,258**	(2,631)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**72,738**	38,193
Total comprehensive income attributable to :			
Equity holders of the Parent		**64,370**	37,437
Non-controlling interests		**8,368**	756
Total comprehensive income		**72,738**	38,193

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	***Unaudited 30 June 2016 US$ '000***	*Audited 31 December 2015 US$ '000*
ASSETS			
Non-current assets			
Property and equipment	11	**456,676**	433,524
Intangible assets	12	**658,204**	413,059
Deferred tax assets	8	**1,591**	1,316
Loan receivable	13	**9,941**	1,725
Other non-current assets		**40,450**	-
		1,166,862	849,624
Current assets			
Inventories	14	**127,365**	134,788
Accounts receivable and prepayments	15	**354,889**	282,475
Loan receivable	13	**2,670**	2,670
Amounts due from related parties	20	**3,822**	4,116
Income tax receivable		**162**	2,810
Bank deposits	16	**96,422**	58,886
Bank balances and cash	16	**108,346**	118,511
		693,676	604,256
TOTAL ASSETS		**1,860,538**	1,453,880
EQUITY AND LIABILITIES			
Equity			
Share capital		**29,566**	29,566
Share premium		**179,152**	179,152
Group restructuring reserve		**(10,001)**	(10,001)
Foreign currency translation reserve		**(2,943)**	(4,616)
Option redemption reserves		**(24,496)**	(24,496)
Retained earnings	17	**366,179**	318,092
Equity attributable to equity holders of the Parent		**537,457**	487,697
Non-controlling interests		**31,909**	11,968
Total equity		**569,366**	499,665
Non-current liabilities			
Term loans	18	**607,001**	483,725
Employees' end of service benefits		**23,649**	19,284
Other payables		**47,104**	14,024
Option redemption payable	24	**26,605**	25,084
Deferred tax liabilities	8	**9,293**	9,761
		713,652	551,878

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	***Unaudited 30 June 2016 US$ '000***	*Audited 31 December 2015 US$ '000*
Current liabilities			
Accounts payable and accruals		**149,735**	123,511
Other payables		**24,341**	11,150
Amounts due to related parties	20	**11,347**	17,419
Bank overdrafts and other short term borrowings	16	**200,281**	154,962
Term loans	18	**187,683**	91,621
Employees' end of service benefits		**3,136**	3,206
Income tax payable		**997**	468
		577,520	402,337
Total liabilities		**1,291,172**	954,215
TOTAL EQUITY AND LIABILITIES		**1,860,538**	1,453,880

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to the equity holders of the Parent								
	Share capital	*Share premium*	*Group restructuring reserve*	*Retained earnings*	*Foreign currency translation reserve*	*Option redemption reserves*	*Total*	*Non-controlling interest*	*Total*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Balance as at 1 January 2016 (audited)	29,566	179,152	(10,001)	318,092	(4,616)	(24,496)	487,697	11,968	499,665
Profit for the period	-	-	-	62,375	-	-	62,375	8,105	70,480
Other comprehensive income	-	-	-	322	1,673	-	1,995	263	2,258
Total comprehensive income for the period				62,697	1,673	-	64,370	8,368	72,738
Dividend (note 19)				(16,350)			(16,350)	(5,047)	(21,397)
Acquisition of non-controlling interest	-	-	-	536	-	-	536	(955)	(419)
Acquisition of subsidiaries (note 5)	-	-	-	-	-	-	-	17,575	17,575
Share based payments	-	-	-	1,204	-	-	1,204	-	1,204
Balance as at 30 June 2016 (unaudited)	**29,566**	**179,152**	**(10,001)**	**366,179**	**(2,943)**	**(24,496)**	**537,457**	**31,909**	**569,366**
Balance as at 1 January 2015 (audited)	29,566	179,152	(10,001)	250,306	-	-	449,023	4,004	453,027
Profit for the period	-	-	-	39,632	-	-	39,632	1,192	40,824
Other comprehensive income	-	-	-	574	(2,769)	-	(2,195)	(436)	(2,631)
Total comprehensive income for the period	-	-	-	40,206	(2,769)	-	37,437	756	38,193
Dividend (note 19)	-	-	-	(15,866)	-	-	(15,866)	-	(15,866)
Option redemption reserve	-	-	-	-	-	(24,496)	(24,496)	-	(24,496)
Acquisition of subsidiaries	-	-	-	-	-	-	-	734	734
Share based payments	-	-	-	397	-	-	397	-	397
Balance as at 30 June 2015 (unaudited)	29,566	179,152	(10,001)	275,043	(2,769)	(24,496)	446,495	5,494	451,989

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016

	Notes	*Unaudited* **Period ended 30 June 2016 US$ '000**	*Unaudited* *Period ended 30 June 2015 US$ '000*
OPERATING ACTIVITIES			
Profit for the period before tax		**71,173**	41,548
Adjustments for:			
Depreciation	11	**20,908**	12,703
Employees' end of service benefits		**3,341**	2,305
Amortisation of Intangible assets	12	**5,434**	462
Finance income		**(1,783)**	(724)
Finance costs		**19,877**	9,078
Loss on disposal of property and equipment		**45**	73
Foreign exchange loss / gain		**698**	(1,233)
Unamortised finance fees written off		**-**	2,612
Other non-cash income		**197**	-
Share based payments expense		**1,204**	397
		121,094	67,221
Working capital changes:			
Inventories		**8,036**	6,904
Accounts receivable and prepayments		**(57,631)**	(49,276)
Amounts due from related parties		**294**	2,260
Accounts payable and accruals		**13,016**	(1,226)
Amounts due to related parties		**(6,066)**	4,727
Net cash from operations		**78,743**	30,610
Employees' end of service benefits paid		**(594)**	(338)
Income tax receipt / (paid)		**1,663**	(125)
Net cash from operating activities		**79,812**	30,147
INVESTING ACTIVITIES			
Purchase of property and equipment		**(36,599)**	(50,681)
Purchase of intangible assets	12	**(434)**	(350)
Proceeds from disposal of property and equipment		**1,100**	35
Acquisition of subsidiaries, net of cash acquired	5	**(221,554)**	(163,700)
Acquisition of non-controlling interest		**(296)**	-
Purchase consideration paid in advance		**-**	(64,040)
Bank deposits maturing in over 3 months		**532**	82,067
Restricted cash		**(47,296)**	14,114
Finance income received		**2**	1,315
Loan receivables		**(8,641)**	-
Other non-current assets		**(1,348)**	-
Contingent and deferred consideration paid for acquisition		**(11,477)**	-
Net cash used in investing activities		**(326,011)**	(181,240)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016

	Notes	*Unaudited* ***Period ended 30 June 2016***	 *Period ended 30 June 2015*
		US$ '000	*US$ '000*
FINANCING ACTIVITIES			
New term loans and draw-downs	18	**356,972**	647,099
Repayments of term loans	18	**(139,228)**	(309,934)
Transaction cost of term loan		**-**	(7,279)
Receipts of short term borrowings		**157,724**	215,625
Repayment of short term borrowings		**(130,216)**	(287,721)
Dividend paid to shareholders		**(16,350)**	(15,866)
Dividend paid to non- controlling interest		**(5,047)**	-
Finance costs paid		**(14,860)**	(9,310)
		------------	------------
Net cash from financing activities		**208,995**	232,614
		------------	------------
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(37,204)**	81,521
Cash and cash equivalents at 1 January		**84,024**	136,319
		------------	------------
CASH AND CASH EQUIVALENTS AT 30 JUNE	16	**46,820**	217,840
		=======	=======

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

1 CORPORATE INFORMATION

NMC Health plc (the "Company" or "Parent'') is a company which was incorporated in England and Wales on 20 July 2011. The Company is a public limited liability company operating in the United Arab Emirates ("UAE"), Spain, Colombia, Italy and Denmark. The address of the registered office of the Company is Level 1, Devonshire House, One Mayfair Place, London, W1J 8AJ. The registered number of the Company is 7712220. The Company's immediate and ultimate controlling party is a group of three individuals (H.E. Saeed Mohamed Butti Mohamed Al Qebaisi (H.E. Saeed Bin Butti), Dr BR Shetty and Mr Khalifa Butti Omair Yousif Ahmad Al Muhairi (Mr. Khalifa Bin Butti) who are all shareholders and of whom one is a director of the Company and who together have the ability to control the Company.

The Parent and its subsidiaries (collectively the "Group") are engaged in providing professional medical services and the provision of all types of research and medical services in the field of gynaecology, obstetrics and human reproduction, and the rendering of business management services to companies in the health care and hospital sector. The Group is also engaged in wholesale of pharmaceutical goods, medical equipment, cosmetics, food, IT products and services.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2016 were authorised for issue by the Board of Directors on 22 August 2016.

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

Statutory financial statements for the year ended 31 December 2015 were published and were delivered to Companies House. Those financial statements were approved by the Board of Directors on 13 March 2016. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

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

2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read together with the consolidated financial statements of NMC Health plc as of 31 December 2015 which were prepared in accordance with IFRS (as adopted in the European Union).

The consolidated financial statements are prepared under the historical cost convention, except for derivative financial instruments and contingent consideration payable which have been measured at fair value.

During the current period, the Group acquired 1% beneficial interest in certain subsidiaries, as listed below, for a consideration of US$419,000. These subsidiaries are registered in the UAE. The Group previously had 99% shareholding in these entities. The Group recorded a gain of US$536,000 on this in retained earnings.

2 BASIS OF PREPARATION continued

NMC Specialty Hospital LLC- Abu Dhabi
NMC Specialty Hospital LLC- Dubai
New Medical Centre Specialty Hospital LLC-Al Ain
New Pharmacy Company Limited
Bait Al Shifaa Pharmacy LLC-Dubai
Reliance Information Technology LLC
New Medical Centre Hospital LLC- Dubai
New Medical Centre LLC-Sharjah
NMC Day Surgery Centre LLC
NMC Hospital LLC (DIP Hospital)
Bright point Hospital LLC
New Medical Centre Trading LLC-Abu Dhabi
NMC Trading LLC-Dubai

Accounting policies

The principal accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new standards, amendments to IFRS, which are effective as of 1 January 2016 are listed below, have no impact on the Group.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements 2012-2014 Cycle
    - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
    - IFRS 7 Financial Instruments: Disclosures
        i. Servicing contracts
        ii. Applicability of the amendments to IFRS 7 to condensed interim financial statements
    - IAS 19 Employee Benefits

2 BASIS OF PREPARATION continued

Accounting policies continued

- IAS 34 Interim Financial Reporting
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The new standards and amendments, effective as of 1 January 2016, have no impact on the Group.

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 page 1 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 7 and 8.

The Group has two diverse operating divisions, Healthcare and Distribution, both of which operate in a growing market.

The directors have undertaken an assessment of the future prospects of the Group and the wider risks that the Group is exposed to. In its assessment of whether the Group should adopt the going concern basis in preparing its financial statements, the directors have considered the adequacy of financial resources in order to manage its business risks successfully, together with other areas of potential risk such as regulatory, insurance and legal risks.

The Group has considerable financial resources including banking arrangements through a spread of local and international banking groups and utilizes short and medium term working capital facilities to optimise business funding. Debt covenants are reviewed by the Board each month. The Board believes that the level of cash in the Group, the spread of bankers and debt facilities mitigates the financing risks that the Group faces from both its expansion through acquisitions and in relation to working capital requirements.

The Group delivered a strong performance during the first half of 2016. Both the Healthcare and Distribution divisions have continued their positive growth in revenue during the first half of 2016. Net profit and EBITDA of both healthcare and distribution divisions have increased during first half in 2016. EBITDA margin of Healthcare is increased whereas EBITDA margin of Distribution is almost same as last year. The directors have reviewed the business plan for the year end 2016 and the five year cash flow, together with growth forecasts for the healthcare sector in the UAE. The directors consider the Group's future forecasts to be reasonable.

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

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 BASIS OF PREPARATION continued

Significant accounting judgements and estimates

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

In preparing these condensed consolidated financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015 except as follows:

Useful economic lives of property and equipment and depreciation method
Depreciation is calculated on all property and equipment other than land and capital work in progress, at the following rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. Management has re-assessed the useful economic lives of all asset categories with effect from 1 January 2016, following a review of the useful economic lives of the Group’s assets and market research conducted on depreciation rates and methods in the industry:

	Rate applied from 1 January 2016	*Rate applied up to 31 December 2015*
Hospital building	**2%-6%**	6%
Buildings	**6%**	6%
Leasehold improvements	**5.88% - 20%**	10% - 20%
Motor vehicles	**20%**	20%
Furniture, fixtures and fittings	**12.5% - 20%**	12.5% - 20%
Medical equipment	**10% - 25%**	10% - 25%

The impact of the re-assessment of useful economic lives and depreciation method is decrease in depreciation expenses of US$1,285,000 in the current period.

Lease for NMC Royal Hospital LLC
NMC Royal Hospital LLC is constructed from land leased from Municipality of Abu Dhabi. Remaining period of lease as of 30 June 2016 is 24 years expiring in 2040. Management has determined the useful life of NMC Royal Hospital LLC building 50 years. Carrying amount of NMC Royal Hospital LLC building included in property and equipment as of 30 June 2016 is US$80,322,000.Management believe that lease will be renewed for the full useful life of the building. The directors have considered the facts that throughout the Group’s 43 year history it has never had a lease cancelled or not renewed, and the Group enjoys a high degree of respect in the region and believes that it maintains strong relationships with the lessor in determining the likelihood that lease will be renewed.

3 FINANCIAL RISK MANAGEMENT

The primary risk arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks and the Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

4 SEASONALITY OF OPERATIONS

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

5 BUSINESS COMBINATIONS

The fair value of the identifiable assets and liabilities of entities acquired as at the date of acquisition are as follows:

Particulars	**Fakih IVF**	**CFC**	**Nadia**	**Cooper**	**Total**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Assets					
Intangible assets	25,324	-	-	1	**25,325**
Property and equipment	4,309	-	316	343	**4,968**
Inventories	613	-	-	-	**613**
Accounts receivable	8,579	-	1,102	181	**9,862**
Other receivables	41,436	-	101	591	**42,128**
Cash and bank balances	3,395	-	134	835	**4,364**
	83,656	**-**	**1,653**	**1,951**	**87,260**
Liabilities					
Accounts payable	4,788	-	297	1,137	**6,222**
Other payable	43,001	-	23	491	**43,515**
	47,789	**-**	**320**	**1,628**	**49,737**
Total identified net assets at fair value	35,867	-	1,333	323	**37,523**
Non -controlling interest	(17,575)	-	-	-	**(17,575)**
Goodwill arising on acquisition	186,616	13,719	13,787	10,646	**224,768**
Purchase consideration	**204,908**	**13,719**	**15,120**	**10,969**	**244,716**
Purchase consideration:					
Payable in cash	190,446	13,719	12,251	9,502	**225,918**
Contingent consideration	8,128	-	-	-	**8,128**
Deferred consideration	7,051	-	2,869	1,467	**11,387**
Fair value measurement	(717)	-	-	-	**(717)**
Total consideration	**204,908**	**13,719**	**15,120**	**10,969**	**244,716**

5 BUSINESS COMBINATIONS continued

The fair value assessment of identifiable net assets at the acquisition date remains in progress and therefore the fair values of the identifiable net assets are provisional.

Analysis of cash flows on acquisitions is as follows:

Particulars	**Fakih IVF**	**CFC**	**Nadia**	**Cooper**	**Total**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Cash paid	(190,446)	(13,719)	(12,251)	(9,502)	**(225,918)**
Deferred consideration paid	(3,404)	-	-	-	**(3,404)**
Net cash acquired with the subsidiaries	3,395	-	134	835	**4,364**
Transaction costs	-	-	(106)	(136)	**(242)**
Net cash flow on acquisition	**(190,455)**	**(13,719)**	**(12,223)**	**(8,803)**	**(225,200)**

The transaction costs reported in the condensed consolidated income statement comprise of the following:

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Transaction costs for the acquired entities	**242**	3,196
	242	3,196

5 BUSINESS COMBINATIONS continued

The non-controlling interest in all acquired entities is measured at the proportionate share of net assets of subsidiaries.

Other financial information with respect to acquired entities is as follows:

Particulars	**Fakih IVF**	**CFC**	**Nadia**	**Cooper**	**Total**
	US$'000	US$'000	US$'000	US$'000	**US$'000**
Revenue from the date of acquisition	29,512	-	3,567	1,575	**34,654**
Profit after tax from the date of acquisition	15,549	-	1,582	420	**17,551**
Revenue from 1 January to 30 June 2016 (unaudited)	34,941	-	3,567	2,403	**40,911**
Profit after tax from 1 January to 30 June 2016 (unaudited)	18,357	-	1,582	615	**20,554**
Trade receivables gross value as of acquisition date	8,781	-	1,102	181	**10,064**
Trade receivables fair value as of acquisition date	8,579	-	1,102	181	**9,862**

Acquisition of Fakih IVF

On 24 November 2015, the Group agreed ,subject to regulatory approval and legal formalities, to acquire a 51% controlling stake in the voting shares of Fakih IVF, an unlisted group registered in Cayman Islands and operationally headquartered in Abu Dhabi, UAE, which is the Middle East's leader in the provision of IVF and fertility services. All controlling rights (i.e. voting, appointment and removal of directors, dividend rights) vest with NMC. These rights cannot be relinquished.

The Group acquired the control of Fakih IVF on 8 February 2016, date on which regulatory approvals and legal formalities were completed. The consolidated financial statements include the results of Fakih IVF for 5 month period from the acquisition date.

The goodwill recognised is attributable to the expected synergies and other benefits from combining the assets and activities of Fakih IVF with those of the Group. Goodwill is allocated to the healthcare segment. None of the recognised goodwill is expected to be deductible for income tax purposes as there is no corporation tax in the UAE. Synergistic benefits will arise in the following ways:

- Fakih is recognized as a leading Middle East market leader for IVF treatment. NMC plan to set up an IVF clinic in Bright Point Hospital and NMC Royal, Abu Dhabi will benefit directly from set-up, training and efficiency cost savings as a result of utilising Fakih-IVF processes and procedures.
- NMC patients in UAE can be referred to Fakih clinics in UAE for IVF related treatments.

5 BUSINESS COMBINATIONS continued

Acquisition of Fakih IVF continued

- The successful and swift launch of IVF clinics in the UAE under the NMC umbrella, and using proven Fakih technologies, is expected to attract additional patients from within the UAE and the wider GCC area. There are only a small number of IVF clinics in the UAE at present. This is a key growth area in the healthcare sector where NMC can use its substantial brand strength, together with Fakih own specialised brand, to attract new customers that may previously have chosen alternative clinic.

At the date of the acquisition, the fair value assessment of identifiable net assets included brands amounting to US$25,214,000. No deferred tax liability has been recognised as there is no corporation tax in UAE.

Deferred consideration is payable in three unequal instalments in a period of two years with last instalment due in 2017.

Purchase consideration includes contingent consideration of US$8,128,000. The full value of the contingent consideration is US$9,030,000 and the present value as at 30 June 2016 is US$8,128,000. The contingent consideration relates to amounts payable in the event that licenses to operate in certain other GCC countries are obtained. As of 30 June 2016, contingent consideration remains payable and is included in other payables. Contingent consideration is expected to be payable by the end of 2016.

Acquisition of CFC

On 10 June 2016, the Group acquired 90% of the voting shares of Copenhagen Fertility Center ("CFC"), an unlisted company based in Denmark and specialising in research and medical services in the fields of gynaecology, obstetrics and human reproduction. The Group acquired CFC to enable Clinica Eugin to reinforce its presence in Denmark and strengthen its brand and positioning at the forefront of its market. All controlling rights (i.e. voting, appointment and removal of directors, dividend rights) vest with NMC. These rights cannot be relinquished.

Goodwill represents future business potential and profit growth of CFC and it comprises all intangibles that cannot be individually recognised such as the assembled workforce, customer service, future client relationships and presence in the geographical market. Goodwill is allocated to the healthcare segment. None of the recognised goodwill is expected to be deductible for income tax purposes.

As of acquisition date, the net assets were very immaterial and accordingly full consideration paid has been recognised as goodwill

5 BUSINESS COMBINATIONS continued

Nadia Medical Centre LLC (Nadia)

The Group acquired 100 % of Nadia because this acquisition extends gynaecology and paediatric service offerings to complement NMC's growing IVF/women's health franchise including Fakih, Clinica Eugin and Bright Point Royal. This medical centre is expected to contribute to the patient cross-referral capabilities of NMC's nation-wide and multi-specialty hub-and-spoke healthcare services network. All controlling rights (i.e. voting, appointment and removal of directors, dividend rights) vest with NMC. These rights cannot be relinquished.

The Group acquired the control of Nadia on 7 January 2016, date on which regulatory approvals and legal formalities were completed. The consolidated financial statements include the results of Nadia for 6 month period from the acquisition date.

The goodwill recognised is attributable to the expected synergies and other benefits from combining the assets and activities of Nadia with those of the Group. Goodwill is allocated to the healthcare segment. None of the recognised goodwill is expected to be deductible for income tax purposes as there is no corporation tax in the UAE. Synergistic benefits will arise in the following ways:

- The ability to cross refer patients from Nadia to the nearby NMC Specialty Hospital and Bright Point Royal in Abu Dhabi.
- Nadia can utilise In Patient and Out Patient facilities at Bright point and NMC Royal for deliveries and other procedures.
- Synergies will arise from Nadia focus on gynaecology and paediatrics and NMC's growth in IVF & women health segments.

Deferred consideration is payable in three unequal instalments in a period of three years with last instalment due in 2018.

Cooper Health Clinic and Cooper Dermatology & Dental Clinic (Cooper)

On 30 December 2015, the Group agreed to acquire 100% of the business of Cooper because this business extends the specialisation in the provision of obstetrics, gynaecology, paediatric and dental services in Dubai region. All controlling rights (i.e. voting, appointment and removal of directors, dividend rights) vest with NMC. These rights cannot be relinquished.

The Group acquired the control of Cooper on 8 March 2016, date on which regulatory approvals and legal formalities were completed. The consolidated financial statements include the results of Nadia for 4 month period from the acquisition date.

The goodwill recognised is attributable to the expected synergies and other benefits from combining the assets and activities of Cooper with those of the Group. Goodwill is allocated to the healthcare segment. None of the recognised goodwill is expected to be deductible for income tax purposes as there is no corporation tax in the UAE. Synergistic benefits will arise in the following ways:

- The acquisition of Cooper extends the healthcare segment's market position within Dubai and the UAE as a whole.
- The ability to cross refer patients from Cooper to the nearby NMC Specialty Hospital in Dubai

Deferred consideration is payable in lump sum by the end of 2016.

5 BUSINESS COMBINATIONS continued

The fair value of the identifiable assets and liabilities of entities acquired in previous year, which were provisional as of 31 December 2015 are now finalised and are as follows:

Particulars	**CIRH**	**Biogenesi**	**TADS**	**Dr Sunny**	**ProVita**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	**US$'000**
Assets						
Intangible assets	378	7,373	-	6,847	21,935	**36,533**
Property and equipment	73	645	30	1,219	8,635	**10,602**
Deferred tax asset	-	1	-	-	-	**1**
Inventories	-	-	362	810	662	**1,834**
Accounts receivable	174	-	851	5,372	9,881	**16,278**
Other receivables	41	-	172	2,880	2,386	**5,479**
Cash and bank balances	1,976	9	2,001	3,828	9,825	**17,639**
	2,642	**8,028**	**3,416**	**20,956**	**53,324**	**88,366**
Liabilities						
Current tax	35	-	-	-	-	**35**
Borrowings	-	-	-	1,566	54	**1,620**
Deferred tax	92	2,058	-	-	-	**2,150**
Accounts payable	382	2	922	3,865	3,066	**8,237**
Other payable	1,691	111	1,126	1,942	1,869	**6,739**
	2,200	**2,171**	**2,048**	**7,373**	**4,989**	**18,781**
Total identified net assets at fair value	442	5,857	1,368	13,583	48,335	**69,585**
Non -controlling interest	-	(2,343)	(342)	-	-	**(2,685)**
Goodwill arising on acquisition	13,622	8,329	4,879	51,712	120,582	**199,124**
Purchase consideration	**14,064**	**11,843**	**5,905**	**65,295**	**168,917**	**266,024**
Purchase consideration:						
Payable in cash	11,393	5,522	5,905	57,973	160,592	**241,385**
Contingent consideration	2,671	6,321	-	7,322	8,325	**24,639**
Total consideration	**14,064**	**11,843**	**5,905**	**65,295**	**168,917**	**266,024**

Fair values stated in above table are same as those disclosed as of 31 December 2015 except for Dr. Sunny Healthcare Group, where fair value of contingent consideration has been updated and an amount of US$2,126,000 is adjusted in purchase consideration and accordingly goodwill on Dr. Sunny is reduced.

Total contingent consideration of US$8,073,000 has been paid in current period in respect of acquisitions made in 2015 (note 23).

6 SEGMENT INFORMATION

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2016 and 2015, respectively.

There is no difference from the last annual report in the basis of segmentation or the basis of measurement of segment profit or loss. The new acquired companies/businesses Fakih IVF , Nadia, Cooper and CFC come under the healthcare segment.

	Healthcare US$ '000	*Distribution and services US$ '000*	*Total segments US$ '000*	*Adjustments and eliminations US$ '000*	*Consolidated US$ '000*
Six months ended 30 June 2016					
Revenue					
External customers	**386,424**	**191,916**	**578,340**	**-**	**578,340**
Inter segment	**3,333**	**13,158**	**16,491**	**(16,491)**	**-**
Total	**389,757**	**205,074**	**594,831**	**(16,491)**	**578,340**
Results					
Depreciation and amortisation	**(20,197)**	**(1,522)**	**(21,719)**	**(4,623)**	**(26,342)**
Finance costs	**(2,814)**	**(2)**	**(2,816)**	**(17,061)**	**(19,877)**
Segment EBITDA	**115,311**	**20,903**	**136,214**	**(20,363)**	**115,851**
Segment profit	**92,447**	**19,379**	**111,826**	**(41,346)**	**70,480**
Six months ended 30 June 2015					
Revenue					
External customers	220,530	173,224	393,754	-	393,754
Inter segment	3,032	12,395	15,427	(15,427)	-
Total	223,562	185,619	409,181	(15,427)	393,754
Results					
Depreciation and amortisation	(11,578)	(1,302)	(12,880)	(285)	(13,165)
Finance costs	(318)	(1)	(319)	(8,759)	(9,078)
Segment EBITDA	63,752	18,646	82,398	(13,523)	68,875
Segment profit	47,979	17,261	65,240	(24,416)	40,824

6 SEGMENT INFORMATION continued

The following table presents segment assets and segment liabilities of the Group's operating segments as at 30 June 2016 and 31 December 2015.

	Healthcare	*Distribution and services*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Segment assets					
30 June 2016 (unaudited)	**1,402,583**	**252,554**	**1,655,137**	**205,401**	**1,860,538**
At 31 December 2015 (audited)	1,029,305	257,484	1,286,789	167,091	1,453,880
Segment liabilities					
30 June 2016 (unaudited)	**228,125**	**67,673**	**295,798**	**995,374**	**1,291,172**
At 31 December 2015 (audited)	160,677	65,748	226,425	727,790	954,215

	Healthcare	*Distribution and services*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Other disclosures					
Capital expenditure					
30 June 2016 (unaudited)	**37,996**	**1,070**	**39,066**	**1,536**	**40,602**
At 31 December 2015 (audited)	78,271	2,085	80,356	1,907	82,263

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

Adjustments and eliminations
Finance income, finance cost , IT cost and group overheads are not allocated to individual segments as they are managed on a group basis.

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

Capital expenditure consists of additions to property and equipment and intangible assets.

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6 SEGMENT INFORMATION continued

Reconciliation of Segment EBITDA to Group profit

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Segment EBITDA	**136,214**	82,398
Unallocated group administrative expenses	**(20,175)**	(13,865)
Unallocated other income	**(188)**	342
Unallocated finance income	**1,783**	724
Unallocated unamortised finance fees written off	**-**	(2,612)
Finance costs	**(19,877)**	(9,078)
Depreciation	**(20,908)**	(12,703)
Amortisation	**(5,434)**	(462)
Transaction cost related to business combination	**(242)**	(3,196)
Tax	**(693)**	(724)
Group profit	**70,480**	40,824

Reconciliation of Segment profit to Group profit

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Segment profit	**111,826**	65,240
Unallocated finance income	**701**	763
Unallocated unamortised finance fees written off	**-**	(2,612)
Unallocated finance costs	**(17,061)**	(8,759)
Unallocated group administrative expenses	**(20,175)**	(13,865)
Unallocated depreciation	**(481)**	(285)
Unallocated other income	**(188)**	342
Unallocated amortisation costs	**(4,142)**	-
Group profit	**70,480**	40,824

Geographical information

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Revenue from external customers		
United Arab Emirates	**550,463**	379,666
Spain	**22,726**	13,625
Others	**5,151**	463
Total revenue as per condensed consolidated income statement	**578,340**	393,754

7 OTHER INCOME

Other income includes US$21,691,000 (six months ended 30 June 2015: US$ 17,173,000) relating to reimbursement of advertisement and promotional expenses incurred by the Group. Revenue is recognised following the formal acceptance of the Group's reimbursement claims by suppliers and is measured at the confirmed amount receivable.

8 TAX

The Group operates predominantly in the United Arab Emirates and Spain. As there is no corporation tax in the United Arab Emirates, no taxes are recognised or payable on the operations in the UAE. There is no taxable income in the UK and accordingly there is no tax liability arising in the UK.

With respect to operations in Spain, the tax disclosures are as follows:

	Unaudited	
Consolidated income statement	***Period ended 30 June 2016 US$ '000***	*Period ended 30 June 2015 US$ '000*
Current income tax:		
Charge for the period	**1,680**	820
Credit relating to origination and reversal of temporary differences	**(117)**	-
	1,563	820
Deferred tax:		
Credit relating to origination and reversal of temporary differences in the current period	**(870)**	(96)
Income tax reported in the condensed consolidated income statement	**693**	724

No Tax is included in other comprehensive income (six months ended 30 June 2015: NIL)

8 TAX continued

Deferred tax assets and liabilities comprise of:

Deferred tax assets:	***Unaudited 30 June 2016 US$ '000***	*Audited 31 December 2015 US$ '000*
Tax credit for R&D expenses	**1,304**	1235
Limit on tax deductibility of depreciation and amortisation	**287**	81
Total deferred tax assets	**1,591**	1,316

Deferred tax liabilities:	***Unaudited 30 June 2016 US$ '000***	*Audited 31 December 2015 US$ '000*
Depreciation and amortisation	**9,293**	9,761
Total deferred tax liabilities	**9,293**	9,761

9 EARNINGS PER SHARE (EPS)

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

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
Profit attributable to equity holders of the Parent (US$ '000)	**62,375**	39,632
Weighted average number of ordinary shares in issue ('000) for basic EPS	**185,714**	185,714
Effect of dilution from share based payments ('000)	**830**	422
Weighted average number of ordinary shares ('000) for diluted EPS	**186,544**	186,136
Basic earnings per share (US$)	**0.336**	0.213
Diluted earnings per share (US$)	**0.334**	0.213

9 EARNINGS PER SHARE (EPS) continued

The table below reflects the income and share data used in the adjusted earnings per share computations. All one off expenses and amortization of intangible arises on business combination ,net of tax have been adjusted from the profit attributable to the equity holders of the parent to arrive at the adjusted earnings per share:

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
Profit attributable to equity holders of the Parent (US$ '000)	**62,375**	39,632
Unamortised finance fees written off (US$ '000)	**-**	2,612
Transaction costs in respect of business combination (US$ '000)	**242**	3,196
Amortisation of acquired intangible assets (net of tax) (US$ '000)	**5,143**	287
Adjusted profit attributable to equity holders of the Parent (US$'000)	**67,760**	45,727
Weighted average number of ordinary shares in use ('000) for diluted EPS	**186,544**	186,136
Diluted adjusted earnings per share (US$)	**0.363**	0.246

10 ADJUSTED PROFIT FOR THE PERIOD

Adjusted profit for the period represents profit before one off items and amortisation of acquired Intangible assets.

Adjusted profit disclosed in the condensed consolidated income statement is calculated as follows:

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Profit for the period	**70,480**	40,824
Unamortised finance fees written off	**-**	2,612
Transaction costs in respect of business combination	**242**	3,196
Amortisation of acquired intangible assets (net of tax)	**5,143**	287
Adjusted profit	**75,865**	46,919

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2016

11 PROPERTY AND EQUIPMENT

	Freehold land US$ '000	*Hospital building US$ '000*	*Buildings US$ '000*	*Leasehold improve-ments US$ '000*	*Motor vehicles US$ '000*	*Furniture, fixtures and fittings and medical equipment US$ '000*	*Capital work in progress US$ '000*	*Total US$ '000*
30 June 2016								
Cost:								
At 1 January 2016	**19,206**	**12,343**	**26,300**	**157,888**	**9,322**	**180,342**	**161,744**	**567,145**
Additions	**-**	**-**	**-**	**2,272**	**1,214**	**9,385**	**27,297**	**40,168**
Relating to acquisition of subsidiaries	**-**	**-**	**-**	**2,228**	**20**	**2,720**	**-**	**4,968**
Transfer from CWIP	**-**	**80,835**	**691**	**3,464**	**370**	**28,392**	**(113,752)**	**-**
Exchange difference	**-**	**-**	**-**	**-**	**-**	**463**	**6**	**469**
Disposals	**-**	**-**	**-**	**(492)**	**(27)**	**(1,771)**	**-**	**(2,290)**
At 30 June 2016	**19,206**	**93,178**	**26,991**	**165,360**	**10,899**	**219,531**	**75,295**	**610,460**
Depreciation:								
At 1 January 2016	**-**	**8,424**	**7,339**	**26,784**	**5,779**	**85,295**	**-**	**133,621**
Charge for the period	**-**	**667**	**720**	**8,516**	**624**	**10,381**	**-**	**20,908**
Exchange difference	**-**	**-**	**-**	**-**	**-**	**10**	**-**	**10**
Relating to disposals	**-**	**-**	**-**	**(74)**	**(27)**	**(654)**		**(755)**
At 30 June 2016	**-**	**9,091**	**8,059**	**35,226**	**6,376**	**95,032**	**-**	**153,784**
Net carrying amount:								
At 30 June 2016	**19,206**	**84,087**	**18,932**	**130,134**	**4,523**	**124,499**	**75,295**	**456,676**
31 December 2015								
Cost:								
At 1 January 2015	19,206	12,343	26,300	51,859	7,421	143,488	213,758	474,375
Additions	-	-	-	2,317	1,564	14,088	63,733	81,702
Relating to acquisition of subsidiaries	-	-	-	2,268	571	7,222	3,631	13,692
Disposals	-	-	-	-	(234)	(2,231)	(33)	(2,498)
Transfer from CWIP	-	-	-	101,444	-	17,893	(119,337)	-
Exchange difference	-	-	-	-	-	(118)	(8)	(126)
At 31 December 2015	19,206	12,343	26,300	157,888	9,322	180,342	161,744	567,145
Depreciation:								
At 1 January 2015	-	8,114	5,920	13,730	5,185	73,069	-	106,018
Charge for the year	-	310	1419	13,054	800	14,268	-	29,851
Exchange difference	-	-	-	-	-	(20)	-	(20)
Relating to disposals	-	-	-	-	(206)	(2,022)	-	(2,228)
At 31 December 2015	-	8,424	7,339	26,784	5,779	85,295	-	133,621
Net carrying amount: At 31 December 2015	19,206	3,919	18,961	131,104	3,543	95,047	161,744	433,524

As part of the Group's capital expenditure programme, borrowing costs of US$237,000 (six months ended 30 June 2015: US$1,500,000) have been capitalised during the period. The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.90% (30 June 2015: 2.85%) which is the effective rate of the borrowings used to finance the capital expenditure. Companies in UAE are not subject to taxation and as such there is no tax relief in respect of capitalised interest.

11 PROPERTY AND EQUIPMENT continued

Total capital expenditure in the six months ended 30 June 2016 was US$40,168,000 (six months ended 30 June 2015: US$ 52,161,000). Of the total capital expenditure spend during this period, US$27,297,000 (six months ended 30 June 2015: US$ 43,597,000) related to new capital projects and US$12,871,000 (six months ended 30 June 2015: US$ 8,564,000) related to further capital investment in our existing facilities.

Generally hospital and distribution operations are carried out on land and buildings which are leased from Government authorities or certain private parties. The majority of the lease periods range from five to twenty seven years apart from New Medical Centre Hospital LLC-Dubai ("Dubai General Hospital") and the warehouse facilities which have leases renewable on an annual basis. As at 30 June 2016 US$ 723,000 (31 December 2015 US$778,000) of the amounts included in property and equipment related to assets with annually renewable leases.

In accordance with local laws, except in some specific locations in the UAE, the registered title of land and buildings must be held in the name of a UAE national. As a result, land and buildings of the Group are legally registered in the name of shareholders or previous shareholders of the Group. The land with a carrying amount of US$4,144,000 (31 December 2015: US$4,144,000) is held in the name of a previous shareholder for the beneficial interest of the Group. As the beneficial interest of such land resides with the Group, this asset is recorded within freehold land in the Group consolidated financial statements. The directors takes into account this local legal registration requirement, the Group's entitlement to the beneficial interest arising from this asset, as well as other general business factors, when considering whether such asset is impaired.

12 INTANGIBLE ASSETS

30 June 2016	*Software US$'000*	*Brands US$'000*	*Patient relationship and Database US$'000*	*Goodwill US$'000*	*Others US$'000*	*Total US$'000*
Cost:						
At 1 January 2016	**6,841**	**40,129**	**19,638**	**341,420**	**10,475**	**418,503**
Additions	**434**	**-**	**-**	**-**	**-**	**434**
Relating to acquisition of subsidiaries	**111**	**25,214**	**-**	**224,768**	**-**	**250,093**
Fair value remeasurement	**-**	**-**	**-**	**(2,126)**	**-**	**(2,126)**
Exchange difference	**49**	**267**	**156**	**1,603**	**123**	**2,198**
At 30 June 2016	**7,435**	**65,610**	**19,794**	**565,665**	**10,598**	**669,102**
Amortisation:						
At 1 January 2016	**1,078**	**1,588**	**1,270**	**-**	**1,508**	**5,444**
Charge for the period	**399**	**2,245**	**1,344**	**-**	**1,446**	**5,434**
Exchange difference	**9**	**-**	**-**	**-**	**11**	**20**
At 30 June 2016	**1,486**	**3,833**	**2,614**	**-**	**2,965**	**10,898**
Net carrying amount:						
At 30 June 2016	**5,949**	**61,777**	**17,180**	**565,665**	**7,633**	**658,204**

31 December 2015	*Software US$'000*	*Brands US$'000*	*Patient relationship and Database US$'000*	*Goodwill US$'000*	*Others US$'000*	*Total US$'000*
Cost:						
At 1 January 2015	3,220	-	-	1,016	-	4,236
Additions	548	-	-	-	13	561
Relating to acquisition of subsidiaries	3,217	40,914	20,098	345,072	10,584	419,885
Exchange difference	(144)	(785)	(460)	(4,668)	(122)	(6,179)
At 31 December 2015	6,841	40,129	19,638	341,420	10,475	418,503
Amortisation:						
At 1 January 2015	-	-	-	-	-	-
Charge for the year	1,099	1,588	1,270	-	1,518	5,475
Exchange difference	(21)	-	-	-	(10)	(31)
At 31 December 2015	1,078	1,588	1,270	-	1,508	5,444
Net carrying amount:						
At 31 December 2015	5,763	38,541	18,368	341,420	8,967	413,059

12 INTANGIBLE ASSETS continued

Additions to goodwill in the period relate to provisional goodwill measured in respect of the acquisitions of Fakih IVF, Nadia , Cooper and CFC.

Included in software are an HIS and ERP Projects which are amounting to US$ 3,223,000 (31 December 2015: US$2,995,000) represents work-in-progress as of period/year end. Management is currently in the process of estimating the useful economic life of the software and is still determining the amortisation method to be applied. Amortisation of the software will commence once it is implemented and goes live.

13 LOAN RECEIVABLE

	Unaudited 30 June 2016 US$ '000	*Audited 31 December 2015 US$ '000*
Loan receivable	**12,611**	4,395
	12,611	4,395

Classification of loan receivable into current and non-current is as follows:

Current	**2,670**	2,670
Non-current	**9,941**	1,725
	12,611	4,395

During the year ended 31 December 2015, the Group entered into a loan arrangement, with a third party (Borrower), to finance certain payables in connection with a hospital facility, for an aggregate amount not to exceed US$8,595,000. This agreement was revised in 2016 and additional loan is provided during the period resulting into total loan of US$12,611,000. The loan will be repaid over a term of three years, US$2,670,000 each for the first two years and the balance outstanding amount in the third year. The Group believes that the amount is fully recoverable.

The loan is interest-free, however, any unpaid loan receivable as of due date shall bear commission at the rate of 15% per annum.

14 INVENTORIES

During the six months ended 30 June 2016, the Group wrote down US$782,000 of obsolete and damaged inventories (six months ended 30 June 2015: US$ 685,000). This expense is included in direct costs within the condensed consolidated income statement. The provision for old and obsolete inventories as of 30 June 2016 was US$ 1,388,000 (31 December 2015: US$1,388,000).

Trust receipts issued by banks amounting to US$44,214,000 (31 December 2015: US$21,370,000) are secured against the inventories.

15 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Unaudited 30 June 2016 US$ '000	*Audited 31 December 2015 US$ '000*
Accounts receivable	**297,941**	242,016
Receivable from suppliers for promotional expenses	**12,992**	10,690
Other receivables	**23,426**	12,225
Prepayments	**20,530**	17,544
	354,889	282,475

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

Accounts receivable are stated net of provision for doubtful debts of US$12,792,000 (31 December 2015: US$13,022,000). During the six months ended 30 June 2016, the Group has provided an additional provision of US$ 1,919,000 (six months ended 30 June 2015: US$1,391,000), added US$ 505,000 (six months ended 30 June 2015: 180,000) on account of business combinations, released a provision of US$ 1,297,000 (six months ended 30 June 2015: US$ 876,000) due to collection and written off a provision of US$ 1,357,000 (six months ended 30 June 2015: US$657,000) due to bad debts.

The ageing of unimpaired accounts receivable is as follows:

			Past due but not impaired			
	Total *US$ '000*	*Neither past due nor impaired US$ '000*	*< 90 days US$ '000*	*91-180 days US$ '000*	*181-365 days US$ '000*	*>365 days US$ '000*
30 June 2016						
Accounts receivable	**297,941**	**207,209**	**66,725**	**14,396**	**6,151**	**3,460**
31 December 2015						
Accounts receivable	242,016	168,747	49,460	12,466	7,016	4,327

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of Group to obtain collateral over receivables and they are therefore unsecured. As at 30 June 2016 trade receivables of US$12,792,000 (31 December 2015: US$13,022,000) were impaired and fully provided for.

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

Of the net trade receivables balance of US$ 297,941,000 (31 December 2015: US$242,016,000) an amount of US$149,002,000 (31 December 2015: US$ 108,936,000) is against five customers.

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

Amounts due from related parties amounting to US$ 3,822,000 (31 December 2015: US$4,116,000) as disclosed on the face of the condensed consolidated statement of financial position are trading in nature and arise in the normal course of business.

16 CASH AND CASH EQUIVALENTS

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

	Unaudited	
	30 June 2016 US$ '000	*30 June 2015 US$ '000*
Bank deposits	**96,422**	59,212
Bank balances and cash	**108,346**	195,353
Bank overdrafts and other short term borrowings	**(200,281)**	(103,565)
	4,487	151,000
Adjustments for:		
Short term borrowings	**156,603**	71,777
Bank deposits maturing in over 3 months	**(54,562)**	(142)
Restricted cash	**(59,708)**	(4,795)
Cash and cash equivalents	**46,820**	217,840

Bank deposits of US$ 96,422,000 (30 June 2015: US$ 59,212,000) are with commercial banks in the United Arab Emirates. These are mainly denominated in UAE Dirhams and earn interest at the respective deposit rates. These deposits have original maturity between 3 to 12 months (30 June 2015: 3 to 12 months).

Short term borrowings include trust receipts and invoice discounting facilities which mature between 90 and 180 days. Trust receipts are short term borrowings to finance imports. The bank overdrafts and short term borrowings are secured by assets of the Group up to the amount of the respective borrowings and personal guarantees of the shareholders (H.E. Saeed Bin Butti, Dr BR Shetty and Mr Khalifa Bin Butti) and carry interest at EIBOR plus margin rates ranging from 1% to 4%. (30 June 2015: 1% to 4%).

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

17 RETAINED EARNINGS

As at 30 June 2016, retained earnings of US$17,743,000 (31 December 2015: US$17,590,000) 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.

18 TERM LOANS

	Unaudited 30 June 2016 US$ '000	*Audited 31 December 2015 US$ '000*
Current portion	**187,683**	91,621
Non-current portion	**607,001**	483,725
	794,684	575,346
Amounts are repayable as follows:		
Within 1 year	**187,683**	91,621
Between 1 - 2 years	**189,331**	98,355
Between 2 - 5 years	**417,670**	385,370
	794,684	575,346

During the six month ended 30 June 2016, the Group drew down term loans of US$ 356,972,000 (six months ended 30 June 2015: US$647,099,000) and repaid term loans of US$ 139,228,000 (six months ended 30 June 2015: US$309,934,000).

During the period ended 30 June 2015, the Group agreed a new syndicated loan facility, of US$825,000,000 (US$350,000,000 of term debt and US$475,000,000 of delayed drawdown acquisition facility). The loan facility is repayable over 60 monthly instalments with a grace period of twelve months. The applicable interest rate is dependent upon the respective leverages. Based upon the leverage at the time of initial drawdown, the initial margin was 100bps/70bps over 1month LIBOR/EIBOR per annum.

The Group has utilised an amount of US$ 350,000,000 (31 December 2015: US$350,000,000) against the new syndicated loan facility as well as US$382,226,000 (31 December 2015: US$163,679,000) of the delayed drawdown acquisition finance as of 30 June 2016.

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

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

19 DIVIDEND

In the AGM on 3 June 2016 the shareholders approved a dividend of 6.2 pence per share, amounting to GBP 11,514,000 (US$ 16,350,000) to be paid to shareholders on the Company's share register on 20 May 2016. The dividend amount was paid to the shareholders on 14 June 2016 (30 June 2015: a dividend of GBP 10,028,000 equivalent to US$ 15,866,000 was approved on 16 June 2015 and paid on 18 June 2015).

20 RELATED PARTY TRANSACTIONS

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

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

Relationship agreement

The Controlling Shareholders and the Company have entered into a relationship agreement, the principal purpose of which is to ensure that the Company is capable of carrying out its business independently of the Controlling Shareholders and that transactions and relationships with the Controlling Shareholders are at arm's length and on a normal commercial basis.

In accordance with the terms of the relationship agreement, the Controlling Shareholders have a collective right to appoint a number of Directors to the Board depending upon the level of their respective shareholdings. This entitlement reduces or is removed as the collective shareholdings reduce. The relationship agreement includes provisions to ensure that the Board remains independent.

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

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Entities significantly influenced by a shareholder who is a key management personnel in NMC		
Sales	**7**	9,266
Purchases	**28,732**	27,808
Rent charged	**248**	208
Other Income	**685**	605
Entities where a shareholder of NMC is a key member of management personnel of such entity		
Management fees received from such entity by NMC	**3,152**	3,002
Sales	**81**	222

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

	Unaudited	*Audited*
	30 June	*31 December*
	2016	*2015*
	US$ '000	*US$ '000*
Entities significantly influenced by a shareholder who is a key management personnel in NMC		
Amounts due from related parties	**-**	328
Amounts due to related parties	**11,347**	17,419
Entities where a shareholder of NMC is a key member of management personnel of such entity		
Amounts due from related parties	**3,822**	3,788

20 RELATED PARTY TRANSACTIONS continued

Outstanding balances with related parties at 30 June 2016 and 31 December 2015 were unsecured, payable on 50-60 days term and carried interest at 0% (31 December 2015: 0%) per annum. Settlement occurs in cash. As at 30 June 2016: US$ 1,712,000 of the amounts due from related parties were past due but not impaired (31 December 2015: US$1,778,000).

The Group has incurred expenses and recharged back an amount of US$ 887,000 (six months ended 30 June 2015: US$ 898,000) made on behalf of a related party where a shareholder who has significant influence over the Group is a key management personnel of that entity.

Out of total term loans outstanding as of 30 June 2016, term loans of US$40,306,000 (31 December 2015: US$28,372,000) are secured by joint and several personal guarantees of the Shareholders (HE Saeed Bin Butti, Dr BR Shetty and Mr Khalifa Bin Butti).

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

During the current period, the Group acquired 1% beneficial interest in certain subsidiaries from non controlling interest who is also shareholder of the Company, for a consideration of US$419,000. These subsidiaries are registered in the UAE. Refer to note 2 for list of such subsidiaries. The Group previously had 99% shareholding in these entities. The Group recorded a gain of US$536,000 on this in retained earnings.

Compensation of key management personnel

	Unaudited	
	6 months ended 30 June	
	2016	*2015*
	US$ '000	*US$ '000*
Short term benefits	**5,631**	2,695
Employees' end of service benefits	**8**	8
	5,639	2,703

The key management personnel include all the Non-Executive Directors, the two (30 June 2015: two) Executive Directors and four (30 June 2015: four) senior management personnel.

During the period an additional shares of 451,868 (Six month ended 30 June 2015: 296,340) was granted to Executive Directors and other senior management in the form of share options.

One individual (30 June 2015: one) who is a related party of one of the shareholders is employed by the Group. The total compensation for employment received by that related party in the six months ended 30 June 2016 amounts to US$738,000 (six months ended 30 June 2015: US$262,000).

21 CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise at 30 June 2016: US$10,040,000 (31 December 2015: US$9,069,000).

22 COMMITMENTS

Capital commitments

The Group has future capital commitments at 30 June 2016 of US$10,760,000 (31 December 2015: US$30,230,000) principally relating to the completion of on-going capital projects at period/year end.

Other commitments

	Unaudited 30 June 2016 US$ '000	*Audited 31 December 2015 US$ '000*
Future minimum rentals payable under non-cancellable operating leases		
Within one year	**11,055**	12,846
After one year but not more than five years	**53,141**	53,943
More than five years	**79,602**	84,407
	143,798	151,196

23 FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Forward exchange contract

The Group holds a forward exchange contract to manage foreign exchange exposure. The forward contract has a principal value of US$15,000,000 and is denominated in Qatari Riyal. This contract has not been designated as a cash flow hedge and the decrease in the fair value during the period ended 30 June 2016 of US$116,000 (31 December 2015: US$1,200,000) has been included in finance costs and the corresponding liability of US$1,316,000 (31 December 2015: US$1,200,000) is included in the 'others' category within accounts payable and accruals. This is a level 2 derivative financial instrument.

Contingent consideration

The fair value of outstanding contingent consideration as at the reporting date is US$23,625,000. The valuation technique used for measurement of contingent consideration is the weighted average probability method and then applying discounting. This falls under level 3 fair value measurement hierarchy.

Movement in contingent consideration payable is as follows:

	Unaudited 30 June 2016 US$ '000	*Audited 31 December 2015 US$ '000*
Contingent consideration recognised at acquisition	**25,016**	29,041
Additions during the period	**8,128**	-
Remeasurement	**(2,126)**	(536)
Unwinding adjustment	**535**	585
Exchange gain	**145**	(56)
Payments made	**(8,073)**	(4,018)
	23,625	25,016

Unwinding adjustment is included in finance cost, exchange gain is recognised in other income.

23 FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE continued

Contingent consideration continued

Contingent consideration payable as of 30 June 2016 comprises of following:

	Unaudited 30 June 2016 US$ '000	*Audited 31 December 2015 US$ '000*
CIRH	**3,015**	2,768
Biogenesi	**4,666**	6,578
Dr Sunny Healthcare	**4,518**	7,345
ProVita	**3,298**	8,325
Fakih	**8,128**	-
	23,625	25,016

CIRH

Contingent consideration is payable subject to attainment of revenue targets. Significant unobservable inputs used are revenue targets and discount rate (9.2%). A 1% increase in discount rate would result in decrease in fair value of the contingent consideration by US$38,000 and a 1% decrease in discount rate would result in increase in fair value by US$39,000.Management believe revenue targets will be met and accordingly not considered sensitive to fair value measurement.

Biogenesi

Contingent consideration is payable subject to attainment of profit before tax targets. Significant unobservable inputs used are profit before tax and discount rate (10.7%).A 1% increase in discount rate would result in decrease in fair value of the contingent consideration by US$63,000 and a 1% decrease in discount rate would result in increase in fair value by US$65,000. Management believe profit before tax targets will be met and accordingly not considered sensitive to fair value measurement.

Dr Sunny Healthcare

Significant unobservable inputs used are growth rate (13%) and WACC 7.7%. A 5% increase/decrease in growth rate would result in an increase/(decrease) in fair value of the contingent consideration by US$267,000/(US$89,000). A 1% increase in WACC would result in a decrease in fair value by US$21,000 and a 1% decrease in WACC would result in increase in fair value by US$22,000.

ProVita

The contingent consideration relates to amounts payable in the event that licenses to operate in Qatar will be obtained. Management believes that it is highly probable that these licenses will be obtained.

Fakih

The contingent consideration relates to amounts payable in the event that licenses to operate in certain other GCC countries are obtained. Management believes that it is highly probable that these licenses will be obtained.

24 OPTION REDEMPTION PAYABLE

The financial liability that may become payable under a put option in respect of the non-controlling interest in Luarmia SL is recognised at expected amount payable of US$26,605,000 within non-current liabilities. The key assumption in estimating the expected amount is the multiple of purchase price and reproductive cycles projections. The financial liability is sensitive to changes in these assumptions. For example a 10% increase in reproductive cycles will result in an increase in the financial liability with US$3,150,000, while a 10% decrease would result in a decrease in the financial liability with US$2,990,000.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Financial assets and liabilities carried at fair value are disclosed in note 23.

During the period ended 30 June 2016 and year ending 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.