

Committed to Care

Annual Report 2013



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Financial Summary

US\$m (unless stated)	FY2013	FY2012	Growth
Group			
Revenue	550.9	490.1	12.4%
Gross profit	185.5	160.3	15.7%
Gross profit margin	33.7%	32.7%	+98bps
EBITDA	92.9	79.6	16.7%
EBITDA margin	16.9%	16.2%	+62bps
Net Profit	69.1	59.8	15.7%
Net Profit margin	12.6%	12.2%	+36bps
Earnings per share (US\$)	0.367	0.343	7.0%
Dividend per share (GBP pence)	4.4	4.1	7.3%
Normalised operating cash flow	85.1	35.3	141.2%
Total Capital Expenditure additions in the year	82.7	118.9	-30.5%
Capital Expenditure relating to four capital projects announced at IPO	72.2	82.3	-12.3%
Total cash	268.7	257.5	4.4%
Total debt	332.4	303.6	9.5%
Net Debt	63.7	46.1	38.0%

Divisional performances

Healthcare revenue	289.3	251.6	15.0%
Healthcare EBITDA	81.7	68.2	19.8%
Healthcare EBITDA margin	28.2%	27.1%	+113bps
Healthcare occupancy	64.7%	60.5%	+420bps
Distribution revenue	300.2	271.1	10.7%
Distribution EBITDA	29.9	26.2	14.1%
Distribution EBITDA margin	10.0%	9.7%	+30bps

Notes:

Normalised operating cash flow is a non-IFRS line item and is equivalent to Net cash from operating activities.

Total cash is represented by bank deposits and bank balances and cash.

Total debt is a non-IFRS line item and includes short term and revolving working capital facilities required for the operation of the Distribution division but excludes accounts payables and accruals, amounts due to related parties, Employee end of service benefit and other payable.

Net Debt is a non-IFRS line item and is total cash less total debt, both as defined above.

FY2013 Financial Highlights

A year on year
comparison

Group Revenues (US\$)
550.9m

+12.4%

Healthcare Division Revenue¹ (US\$)
289.3m

+15.0%

Distribution Division Revenue² (US\$)
300.2m

+10.7%

EBITDA (US\$)
92.9m

+16.7%

EBITDA Margin
16.9%

+62bps

Net Profits (US\$)
69.1m

+15.7%

Net Profit Margins
12.6%

+36bps

Earnings per share (US\$)

0.367

Proposed Dividend per share (GB Pence)

4.4

Total Capital Expenditure³ (US\$)
82.7m

-30.5%

Net Debt (US\$)

63.7m

Replacement of Term Loan Facility

During the period will result in an average estimated annual saving of US\$2m during the five year term of the new facility, net of a one-off charge of US\$3.4m in relation to the previous JP Morgan syndicated loan, fully provided for in 2013.

FY2013 Business Highlights

A year on year
comparison

Healthcare Division's Patients
2.1m

+9.5%

Revenue per patient (US\$)
111.6

+5.6%

Hospital bed occupancy rates⁴
64.7%

+420bps

Doctors Employed
503

+19.8%

Distribution Division Products
71,215 SKU

+8.7%

Sales and marketing distribution personnel

605

+14.4%

New NMC Day Surgery

Commenced operations in July 2013 in Mohamad bin Zayed City.

Dubai November 2013

Authorities adopted mandatory healthcare insurance and Implementation starting in 2014.



Read the annual report and much more on our website:

www.nmc.ae

¹ Before inter-company elimination

² Before inter-company elimination

³ Includes US\$72.2m on capital projects

⁴ Despite 13.5% increase in operational beds to 261

Chairman's Letter



H.J. Mark Tompkins

Non-Executive Chairman

“Your Board continues to view the outlook for the Group with confidence and enthusiasm and looks forward to a period of continued well financed growth.”

Dear Shareholder,

When I wrote to shareholders this time last year with the publication of our 2012 Annual Report, I set out a number of achievements which had made 2012 a momentous year of change and achievement for NMC Health plc.

I am pleased to report that again this year many key milestones have been achieved. Specifically the year has seen strong growth with your company following the strategy set out at the time of its IPO in April 2012. Moreover, shareholder value has increased significantly during the year. Group Revenue increased from US\$490.1m in 2012 to US\$550.9m in 2013. EBITDA at Group level also improved from US\$79.6m to US\$92.9m in the latest financial year.

Financial stability

In June 2013, the Company announced that it had successfully completed the replacement of its existing Syndicated Bank Loan with the help of J P Morgan. Although no additional funds were raised, the proceeds of the replacement Syndicated Bank Loan have enabled the Company to restructure its existing loans, streamline its financing by reducing the number of loans, reduce its cost of funds and create additional headroom to ensure that the Group is more conservatively financed. The reduction in cost of funds is estimated to generate average savings of US\$2m per annum over the next four financial years, which will have a significant positive effect on the Company's net profit and EPS.

Capital projects

The year has not been without its challenges in relation to the Group's capital projects. The Group's progress on certain projects within its capital development programme has been slower than expected with both the Brightpoint Women's Hospital and our new DIP General Hospital having encountered construction delays. These facilities are expected to open in H1, 2014.

However, our first new facility since IPO, the NMC Day Surgery Centre in Mohammed Bin Zayed City, opened, in part, in July 2013 and is performing as expected. Our most ambitious capital project, the 250 bed hospital being built in the expanding Abu Dhabi suburb of Khalifa City, is on track to open in H1, 2015. Finally we also announced in 2013 the launch of a medical centre in Al Ain. This project is progressing well.

Operating divisions

In the Healthcare division, occupancy rates and outpatient numbers across all of our Specialty Hospitals continue to improve and the Group continues to increase the range of specialty procedures that its clinical teams undertake. During the year, our Healthcare division also signed a Memorandum of Understanding with Oxford Fertility Unit. This joint venture arrangement to provide specialist IVF services at our new Brightpoint Women's Hospital will be a welcome addition to our range of specialist services.

The private healthcare market in the UAE has been growing steadily in recent years, and the Board expect this to continue. The announcement in November 2013 of the introduction of mandatory insurance for residents of Dubai will help to underpin the growth potential in the UAE private healthcare market. As our Healthcare division has existing operations across both Abu Dhabi and Dubai, your company is well placed to benefit from the roll-out of mandatory health insurance in Dubai and, in the future, across the remainder of the UAE.

In the Distribution division, performance has continued to improve with an increasing number of product lines distributed on behalf of our very supportive suppliers. General macro-economic conditions continue to indicate good growth levels for the division.

Corporate Governance

During the year, your Board has continued to assist management in the wider aspects of Corporate Governance where there have been a number of changes in UK regulations and “Best Practice” standards affecting UK Listed Companies. In addition, the previous Board committee framework has changed with the establishment of a Clinical Governance Committee under the guidance of its chair, Heather Lawrence. The Committee will monitor the key areas of clinical risk, quality and safety and will work alongside the audit committee to ensure key clinical risks facing the Group are monitored and, where necessary, mitigated. Work has progressed on the establishment of integrated IT systems; a new Hospital Information System will start to be rolled out in 2014 and the Group’s new Enterprise Resources Planning (“ERP”) financial system will be operational in H1, 2014 and will help simplify administration processes. These key improvements in the Group’s internal controls are important aspects of NMC’s risk mitigation strategy.

Board changes

During the year there were a number of changes affecting the Board. Jonathan Bomford was appointed to the Board in June 2013. Jonathan, a Chartered Accountant, is our new independent Non-Executive Director and Chairman of the Audit Committee, and brings sound financial experience to both the audit committee and the board, as well as experience of working in the Gulf Region. Justin Jewitt ceased to be a Director in June 2013 and the Board would like to thank him for his contribution during his time as a Director of the Company and Chairman of the Audit Committee.

In addition, Mr Keyur Nagori was appointed as an Alternate Director to His Excellency Saeed Bin Butti in June 2013.

On 24 February 2014, H.E. Saeed Bin Butti resigned as a Director of the company. On the same date, H.E. Saeed nominated Mr. Abdul Rahman Basaddiq to be appointed as a Director of the company and his appointment was approved by the Board. The Board would like to thank His

Excellency for his significant contribution to the company and welcome Mr. Basaddiq to the Board.

Dividend

Given the good performance of the Company, and the continued financial stability of the Group, your Board plans to submit a Resolution to shareholders at the 2014 annual general meeting authorising payment of a cash Dividend of 4.4 pence per share. This is approximately 20% of Profit After Tax, a level unchanged from the amount which shareholders approved in relation to the 2012 financial year.

Executive remuneration

The Remuneration Committee, under the chairmanship of Lord Clanwilliam, has been reviewing the structure of Executive remuneration. A new Short Term Incentive Plan (STIP) has been implemented for the 2013 financial year and a Long Term Incentive Plan is proposed for 2014. Both of these plans, which are described more fully in the Directors’ Remuneration Report, are designed to focus and incentivise management on the long term value of your company and align them with any value change experienced by shareholders in the Company over the longer term.

Management and staff

Economic conditions in the UAE are favourable, but Dr Shetty, his management team and staff across the Group have had to continue to work hard through a continuing period of significant change to achieve strong results on your behalf. The Board greatly appreciates the continued commitment, energy and goodwill which they have shown in the last 12 months and would like to thank them all for their respective contributions.

Outlook

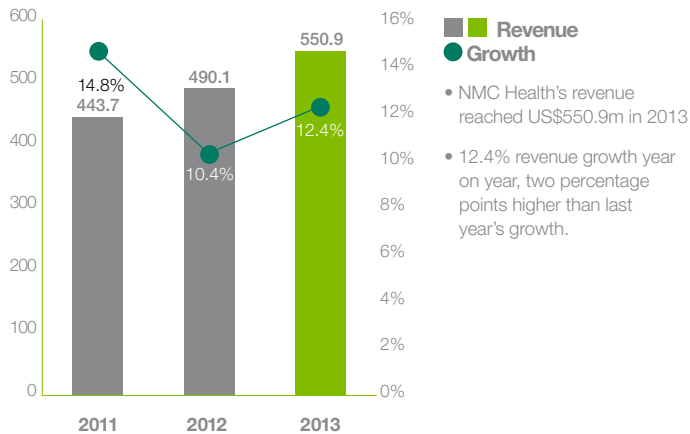
Your Board continues to view the outlook for the Group with confidence and enthusiasm and looks forward to a period of continued well financed growth.

H.J. Mark Tompkins

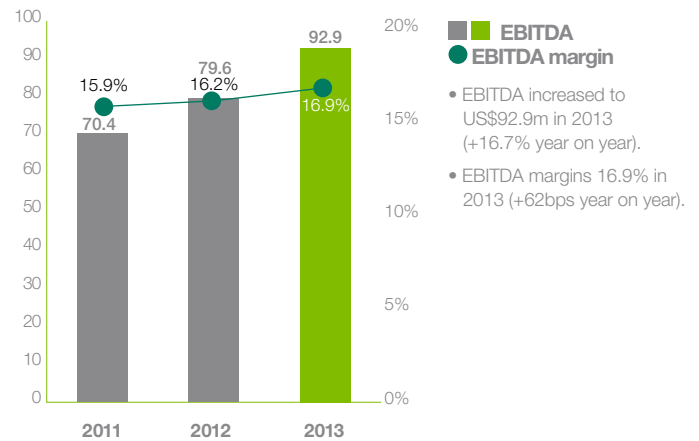
Non-Executive Chairman

2013 At a glance

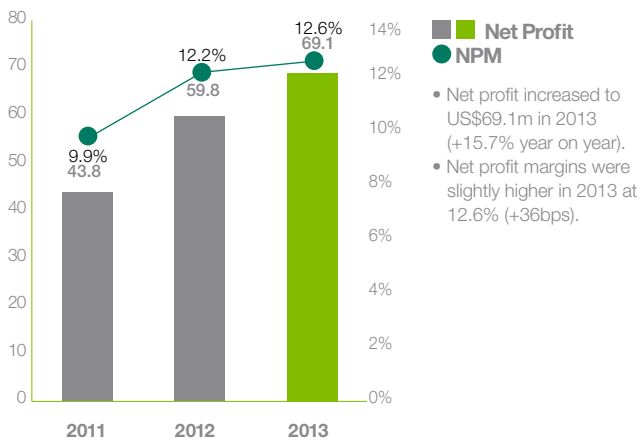
Revenue (US\$) and Annual Growth



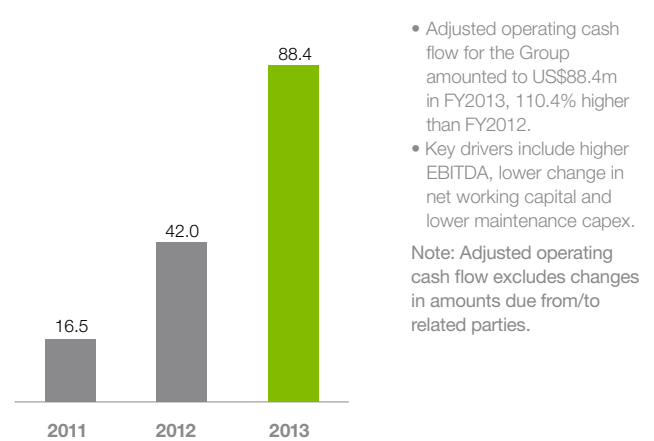
EBITDA (US\$m) and Margin



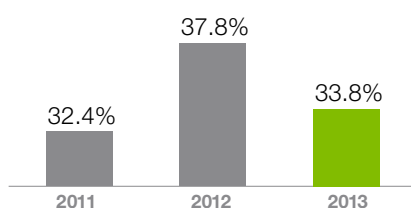
Net profit (US\$m) and Margin



Adjusted operating cash flow (US\$)

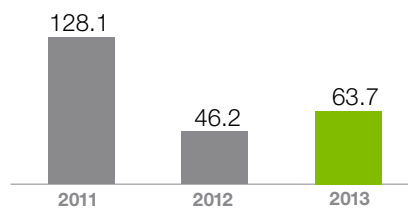


Net working capital as % of sales



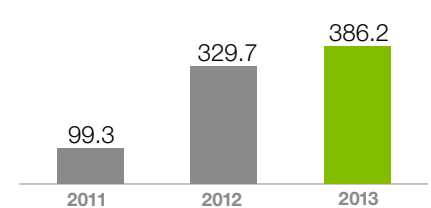
- More effective management of working capital reduced the net working capital to sales ratio by 396bps in FY2013.

Net debt (US\$m)



- Net debt reached US\$63.7m as the Group continued to advance its on-going healthcare projects
- US\$72.2m was spent as capital expenditure.

Shareholders equity (US\$m)



- Shareholders equity increased by 17.2% to US\$386.2m in FY2013.

Group Strategic Report

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CEO Review



Dr B. R. Shetty

Chief Executive Officer

“We expect the strong performance of the UAE economy to continue in 2014, with a positive effect on both our divisions.”

Since the very beginning of this business as a small pharmacy and two doctor clinic nearly forty years ago in Abu Dhabi, NMC has been a story of commit, evolve and grow. This commitment is towards our patients and their wellbeing, our quality and affordability, our staff and their performance and our country and its people. Yet without the vision and drive of the founders and leaders of the UAE, our successful journey would not have been possible.

In the second year following NMC Health's listing on the Premium Segment of the London Stock Exchange Main Market, as the first UAE company to successfully pursue this avenue, I am truly proud to report on our continued success – as a company, management and team encompassing all NMC staff on the ground here in the UAE.

This success is demonstrated through our double digit top-line growth and EBITDA margin appreciation in FY 2013. We delivered a 12.4% top-line growth year on year, nearly 200bps higher than 2012, as revenues reached US\$550.9m. We successfully opened the NMC Day Surgery Centre in Mohammed Bin Zayed City in July 2013, while the major additions to our healthcare portfolio will be introduced in 2014 and 2015.

EBITDA reached US\$ 92.9m in FY 2013 – equating to a 16.7% year on year growth, a rate expansion of 372bps compared to 2012. Group EBITDA margins increased by 62bps compared to 2012 and closed the year at 16.9%.

The devotion and hard work of management and employees at NMC achieved a new milestone in 2013, as NMC Healthcare crossed the 2m annual patient mark for the first time. We increased our operational bed capacity by 13.5% year on year to 261, nevertheless, Group hospital occupancy increased by 420bps to 64.7%. We continued to strengthen our human resources and added 83 new doctors during the year.

Similar efforts in the Distribution division yielded an increase in Stock Keeping Units (SKU's) of 8.7% in 2013, with the total number of products offered by NMC reaching 71,215. In this division we enhanced our sales, promotion and marketing capabilities by adding 132 new people in those specific areas.

We have continued to face some challenges in relation to the progression of our capital projects programme, but we are taking steps to mitigate similar problems arising in the future. We are also in the process of implementing two new major IT systems which will establish a suitable IT infrastructure for the Group in the future.

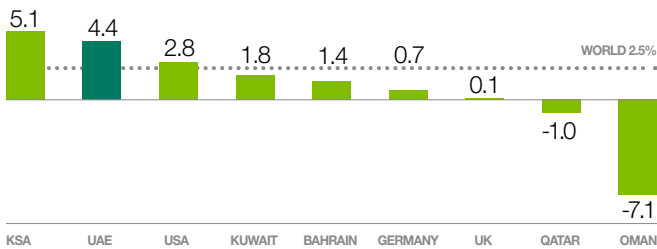
We expect the strong performance of the UAE economy to continue in 2014, with a positive effect on both our divisions. We are particularly excited about the Emirate of Dubai's decision in late 2013 to begin rolling-out mandatory healthcare insurance for all its residents this year. According to the Dubai Health Authority (DHA), around 66% of the Emirate's residents are without healthcare insurance. NMC Health already has two hospitals and a day surgery in Dubai. In addition we plan to open a 60 bed general hospital in Dubai Investment Park (DIP) in H1, 2014. In the Abu Dhabi market we plan to open Brightpoint Women's Hospital, the first private sector women's hospital, with a 100 bed capacity.

Finally, I would like to thank our shareholders and my fellow members of the Board of Directors for their continued support throughout the past year.

Dr B. R. Shetty

UAE Economy & Healthcare market

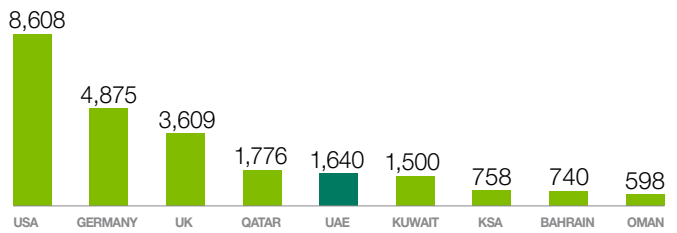
UAE GDP Growth (%)



- UAE has one of the fastest growing economies in a rapidly expanding region
- Pace of growth is nearly twice the global average
- High growth rate from high base GDP per capita.

Source: World Bank

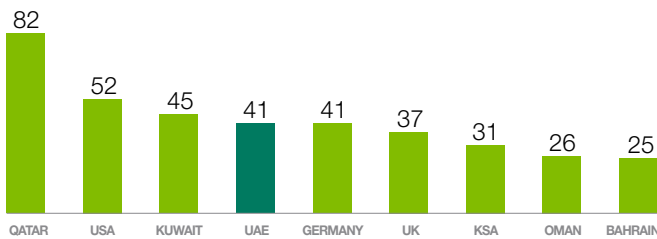
UAE health expenditure/capita (US\$)



- Considerable room for growth in health expenditure per capita in the UAE
- More mature economies with comparable GDP per capita, have significantly higher healthcare expenditure
- Expenditure likely to increase with mandatory healthcare insurance implementation in Dubai and potentially other emirates in the future. Implemented in Abu Dhabi since 2007.

Source: World Bank

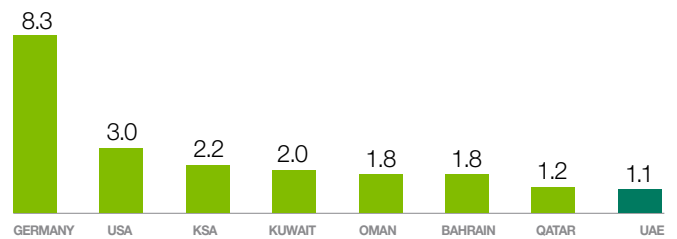
UAE GDP/Capita (US\$ '000)



- UAE GDP per capita is among the highest in the world.
- Exceeds several major developed world economies.

Source: World Bank

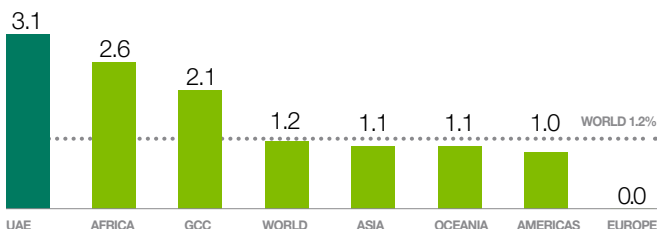
Comparatively low beds/1000 in UAE



- Despite considerable investments into the UAE's healthcare infrastructure, the extraordinarily high population growth rate has left a substantial opportunity for continued healthcare sector growth
- UAE has an estimated 1.1 beds per 1,000 in population, considerably below the global average of around three.

Source: World Bank, HAAD, DHA

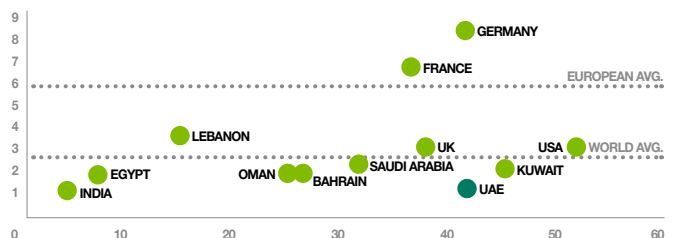
Comparatively high population growth in UAE (%)



- Growing economy, high living standards, ease of doing business and limited language barriers attract expatriates for work
- UAE population is one of the fastest growing in the world at 3.1% in 2012
- UAE population CAGR 1961-2012 is over 9%

Source: World Bank

Beds/GDP per Capita ('000)



- The UAE has one of the highest GDP per capita levels in world.
- Few countries with similar income levels have so few beds/1000.
- Recognizing the need for additional investments in healthcare, the UAE government continues to take initiatives to encourage private sector participation.

Source: World Bank, HAAD, DHA

Our Business Model

Established in 1975, NMC Health plc is now the leading private sector healthcare operator in the United Arab Emirates, with a nationwide network of hospitals and operations in the country. The group also operates a UAE wide distribution and wholesale business.



Health revenue

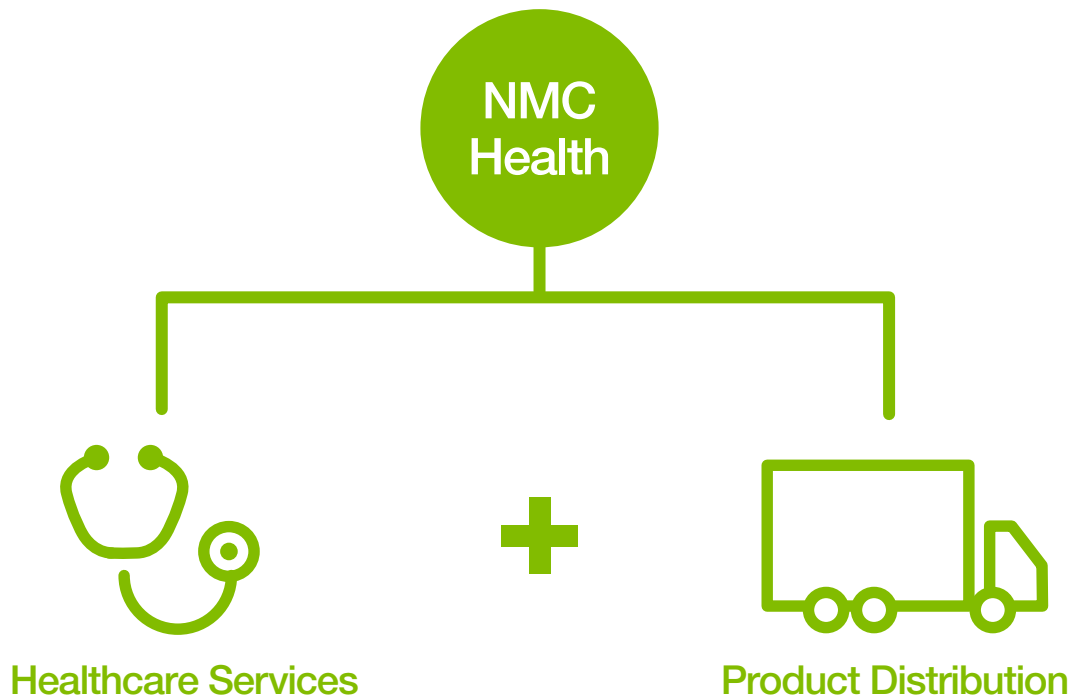
US\$289.3m

Distribution revenue

US\$300.2m

Group EBITDA

US\$92.9m



Through our healthcare services division we provide people in the UAE with a range of high quality outpatient and inpatient services across our facilities. Our facilities range from the larger specialty hospitals to medical centres. In addition, we have retail pharmacies mainly selling pharmaceuticals prescribed by our doctors to our patients either within, or in the immediate vicinity of, our healthcare services facilities. Our comprehensive care approach maximises patient convenience and increases revenue contribution to our business.

While we serve both insured and self-paying patients, the overwhelming majority of our healthcare division's revenue is generated through insured patients. In return for the services rendered to insured patients, we submit claims to insurance companies to collect the remainder of our fees (usually insured patients have some co-pay element, which is paid directly when services are delivered to them at our facilities).

Pricing of our healthcare services is typically negotiated on an annual basis with the insurance companies we work with and may differ between the various insurance plans offered in the market. In contrast, prices of the majority of pharmaceutical products sold in our pharmacies are regulated and set by the UAE Ministry of Health.

NMC Hospitals are currently covered by the majority of the approximately 40 insurance companies operating in the UAE, including the largest market participants. These companies have either a direct relationship with us or through the 13 Third Party Administrators (TPAs) who currently provide private medical insurance into the Abu Dhabi market.

Our Healthcare division also provides operational and management services to third party owned healthcare services assets. In return for our services, we receive a contracted management fee by the asset owner. Typically the fee received is partially tied to a set of pre-agreed performance metrics incorporating either qualitative and/or quantitative operational targets. We currently have one management contract with the UAE Ministry of Presidential Affairs pertaining to a general hospital in Umm al Quwain in the Northern Emirates.

NMC's Distribution Division is now one of the largest in the UAE and it offers products across several segments including FMCG⁵, Pharmaceuticals, Scientific Equipment and Food.

NMC counts among its clients UAE Government entities, the largest UAE retailers, pharmacies and hospital operators. We supply our customers with a portfolio of globally and locally established brands and products with end-user demand in the UAE. We ensure our customers receive quality products in a timely manner with the required support services. Our distribution capabilities are supported by a network of strategically located warehouses and a fleet of distribution vehicles ensuring timely delivery to our customers across the country. Products are overwhelmingly sold on credit, with payments collected based on agreed terms. Our pricing of these products includes a mark-up over the product cost to generate a profit and to cover import costs and duties, registration administration and fees, distribution expenses, credit costs and, in certain cases, marketing costs. Pharmaceuticals are the only segment where pricing is widely regulated by the UAE Ministry of Health.

Only registered domestic distributors, a locally established company like NMC, are entitled by customs authorities to import products into the country. Principals (suppliers) contract NMC as their distributor to gain access to the UAE market through a reputable partner with a long track-record, established distribution channels and infrastructure and strong financial standing. Every individual brand and product has to go through an approval and registration process with local authorities before being allowed to be sold in the country. NMC facilitates this process and ensures local requirements are met. The majority of agreements with our Principals are on exclusive basis. All agreements are registered with the government.

NMC procurement is on a principal basis. In the majority of cases, NMC takes the inventory and collection risk of the product that it buys and sells. Acting as a Principal rather than an agent enhances NMC's margins at the expense of increasing the Group's risk profile. Our agreements are almost exclusively operated on a credit basis, with the number credit days agreed with our Principals.

⁵ Fast moving consumer goods

Our Strategy

Through the utilization of our 2012 IPO proceeds, long-term loans and cash flows from operations, we aim to maximise our growth and market position at this historic inflection point in the UAE healthcare sector presented by the impact of mandatory insurance adoption.

Strategy: Historic opportunity drives focused healthcare expansion

The highly positive macro environment coupled with NMC's long-track record, experience and reputation for quality care drives our determined expansion in the UAE. Through the utilization of our 2012 IPO proceeds, long-term loans and cash flows from operations, we aim to maximise our growth and market position at this historic inflection point in the UAE healthcare sector presented by the impact of mandatory insurance adoption.

NMC's primary strategic objective is to extend the operational reach of its healthcare services through the development of a hub and spoke model in the key emirates of the UAE with mandatory medical insurance. This will be achieved by organic and inorganic means in what remains a highly fragmented private sector, thus bringing our services to thousands of new patients.

We also aim to continue expanding our Distribution division through organic means and with limited additional capital expenditures, focusing mainly on new product additions to our growing portfolio and increased market penetration.

Healthcare Division: Adding 410 beds in Abu Dhabi and Dubai

The initial growth plan post IPO, and the largest in NMC's history, is almost entirely organic, with nearly US\$330m deployed into developing three hospitals and an equal number of medical centres/day surgeries in the country's main population centres. With this expansion plan, we aim to take the total number of NMC's licensed hospital beds from 310⁶ as of 2013 to 720⁷ in 2015, a 132% growth. The addition of two medical centres and a day surgery is further strengthening our hub-and-spoke model.

We announced five development projects as part of our IPO and a further new facility in Al Ain in H1 2013.

To date we have completed the acquisition of BR Medical Suites in Dubai Healthcare City (DHCC) and the development of the NMC Day Surgery Centre in Mohammed bin Zayed City (MBZC) in Abu Dhabi. Apart from delays on Brightpoint womens' hospital and Dubai Investment Park general hospital, all other developments are in progress for opening on a phased basis in 2014 and 2015. Full details of the progress of the relevant projects is set out on page 19 of the Business Overview.

Post completion of this organic expansion plan, NMC will have 550 licensed beds in Abu Dhabi (including 100 in Al Ain City) and 170 in Dubai. Our 2012 development plan prioritised Abu Dhabi – as the only market at the time with mandatory healthcare insurance, a major catalyst for investment returns. However, we highlight that NMC's healthcare division is operationally present in four Emirates (Abu Dhabi [includes Al Ain City], Dubai, Sharjah and Umm Al Quwain), which account for around 85% of the UAE population.

We believe that the new healthcare facilities will extend NMC Health's lead as the largest private sector operator in the UAE with a nationwide hub-and-spoke model centred around the 250 bed Khalifa City Hospital and our specialty hospitals in the largest cities. As a result, NMC will be serving patients through an extended network of hospitals, day surgeries and medical centres on UAE regional level down to local and community levels.

⁶ NMC Health had 261 operational beds as of December 2013 out of 310 licensed bed capacity. Spare capacity was mainly in our most recent hospital addition, Al Ain City Specialty Hospital.

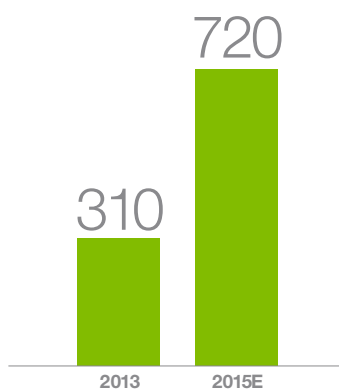
⁷ This refers to the total licensed capacity in all our facilities when the three new hospitals are completed and open. However, we will not commence operations with the full licensed capacity. NMC will adopt a phased introduction of the bed capacity in the new hospitals. The current plan is to start operation with 50 beds (out of 100) at Brightpoint Womens Hospital, 30 beds (out of 60) at DIP General Hospital and with 75 beds (out of 250) in Khalifa City Hospital.

NMC Health's UAE Expansion

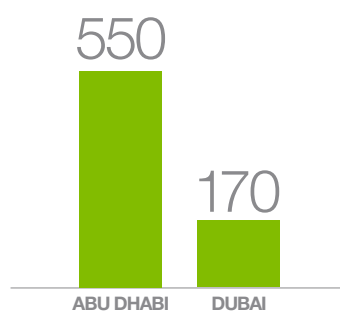
Project	Opening*	Licensed Bed Capacity	Starting Bed Capacity	City	Location	Total budgeted capital expenditure (US\$)
BR Medical Suites	July 2012	N/A	N/A	Dubai	DHCC ¹	9m
NMC Day Surgery Centre in Mohammed Bin Zayed City	July 2013	N/A	N/A	Abu Dhabi	MBZC ²	15m
Brightpoint Women's Hospital	Early H1 2014	100 beds	50	Abu Dhabi	City Centre	70m
Dubai Investment Park General Hospital	Early H1 2014	60 beds	30	Dubai	DIP ³	30m
Al Ain Medical Centre	H2 2014	N/A	N/A	Al Ain	Sanaiya	7m
Khalifa City Hospital	H1 2015	250 beds	75	Abu Dhabi	Khalifa City	200m
Total		410	155			331.0m

Notes: * = BR Medical Suites was acquired ¹ DHCC is Dubai Healthcare City ² MBZC is Mohammed Bin Zayed City ³ DIP is Dubai Investment Park

NMC Health's licensed hospital bed growth

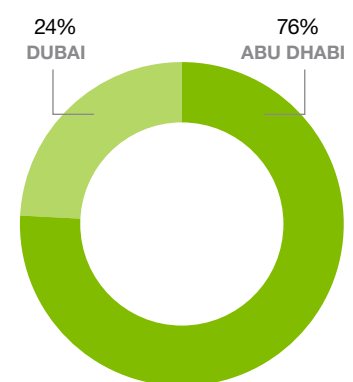


NMC Health's 720 licensed bed capacity 2015E



Bed capacity

Estimated to be available to the Group by end 2015



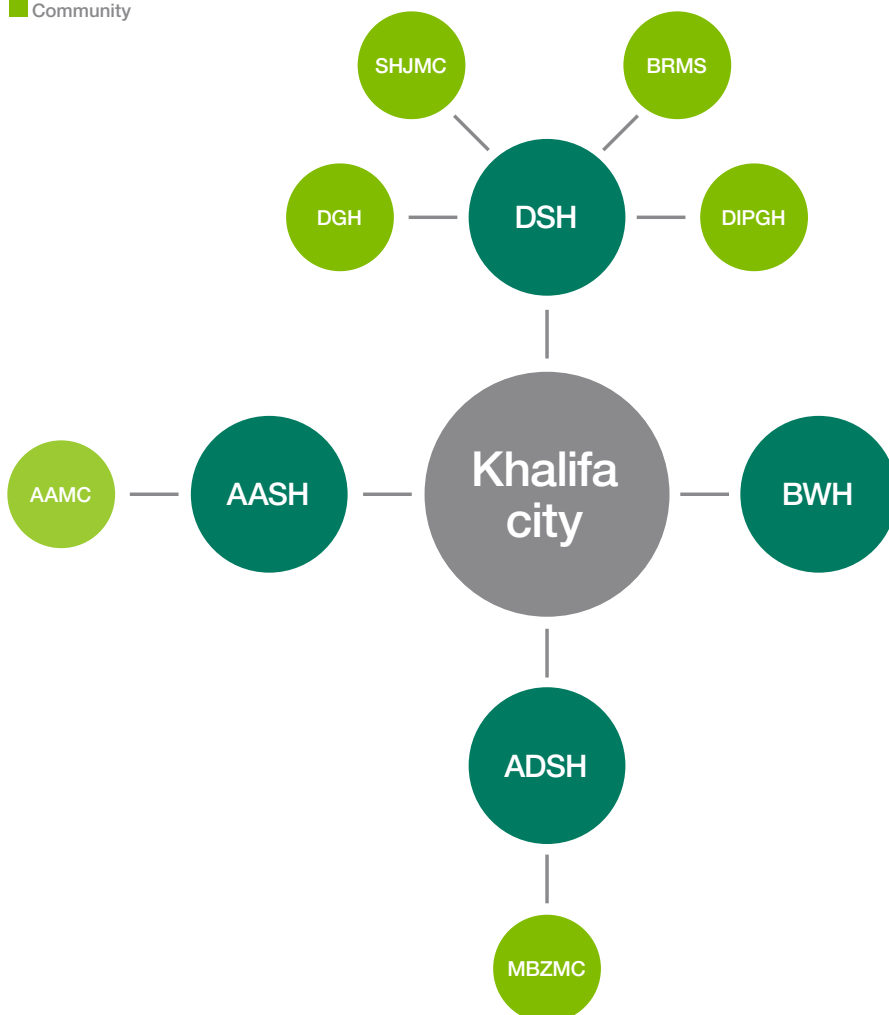
Note: E = Estimated. The above bed capacity is that estimated to be available to the Group by end 2015.

Our Strategy continued

NMC Health's Patient Service Network

- AASH** – Al Ain Specialty Hospital
- AAMC** – Al Ain Medical Centre
- ADSH** – Abu Dhabi Specialty Hospital
- BWH** – Brightpoint Women's Hospital
- BRMS** – BR Medical Suites
- DGH** – Dubai General Hospital
- DIPGH** – Dubai Investment Park General Hospital
- DSH** – Dubai Specialty Hospital
- MBZMC** – NMC Day Surgery Centre in Mohammed Bin Zayed City
- SHJMC** – Sharjah Medical Centre

- Regional (UAE)
- Local/City
- Community



Volumes raising specialisation

Our hospitals and medical facilities received over 2m patient visits in 2013, amongst the highest for any private healthcare group in the UAE. Higher volumes allow us to reinforce and elevate quality and diversity of services at NMC Health. We are able to support the introduction of more sub-specialties / higher complexity procedures through cross-referrals between our network – leading to higher value-added services and increasing our competitive advantages. Note that most of the private sector competition in the UAE are made up of single hospital operations, typically with limited volume flow beyond standard services, often rendering increased specialisation difficult, operationally demanding and financially unfeasible.

With increased volumes we have been able to expand our service offering, enhance our competitive advantages, reduce loss of patient spend (due to unavailability of services) and thus increase revenue per patient.

Strategic market segments

We seek to expand our addressable market through new facilities and geographic locations of our services and attracting all major insurance categories, rather than confine NMC's market to smaller but higher value per patient segments. We are keen not to price existing or future NMC medical facilities out of any major insurance category, albeit select future assets will have a more premium positioning, such as our highly specialized Brightpoint Women's Hospital. We view the Brightpoint Women's Hospital as an extension of our patient and service segment diversification strategy. The hospital is expected to benefit from substantial referrals through our growing Abu Dhabi network and, as part of our increased specialisation. We have signed a Memorandum of Understanding to create a joint-venture with the highly reputable British firm Oxford Fertility Unit to provide IVF services at the new hospital.



Hiring for growth

Recruitment and retention of clinical practitioners is undoubtedly one of the major challenges with such a sizeable expansion program, especially in a country with a shortage of medical staff and overwhelmingly reliant on an expatriate work force and in a global market where the availability of qualified clinicians is limited. We mitigate this risk through our HR capabilities and long-term experience in international hiring. We also have long-term partnerships with recruitment firms in several markets, including the Philippines, for nursing staff. UAE healthcare authorities have also established supervised exam and testing centres for the required licensing in key markets, such as India and the Philippines, for nurses.

For physicians the process is more demanding, with licensing and associated exams performed only in the UAE. It typically takes around six months to gain the right to practice medicine in the UAE. Some countries and medical boards are exempt from this process. We constantly evaluate and shortlist potential physician candidates to fill new openings and reduce recruitment lead time. Our priority is to add new capacity to the market by hiring externally, rather than deplete the limited domestic pool of predominantly expatriate staff and encourage extraordinary wage inflation. UAE has an estimated 1.1 doctors per 1,000 inhabitants, compared to a global average close to 3.

Our external hiring also emphasizes our NMC brand centric approach to our service, as opposed to the doctor-brand centric alternative. We focus on attracting patients to the quality of service synonymous with NMC as an institution. The vast majority of our clinical staff are compensated through a fixed salary model with elements of incentivisation and not revenue sharing – we strongly believe that puts quality of service first.

Our recruitment capabilities are best demonstrated through the recent Operation & Management contract awarded to us by the Ministry of Presidential Affairs to manage and operate the 205-bed Sheikh Khalifa General Hospital in Umm Al Quwain, UAE. We were awarded the contract in early Q4 2012, started outpatient services at the beginning of December of the same year. By December 2013 we had 517 staff operating the hospital.

Healthcare Management Services

The operation and management of third party hospitals is a new but attractive business for us. It is a very asset light model which we are keen to expand to complement our core operations. We are extremely proud of having been selected to perform this role by the UAE Ministry of Presidential Affairs for the 205 bed Hospital in Umm Al Quwain.

We view our selection as a testimony and recognition of our capabilities and the quality of our services. To date we have made very good progress at the Umm Al Quwain hospital and client feedback has been excellent.

In-hospital pharmacies: Win-Win strategy

With our pharmacies we complement our comprehensive care approach and, as a result, we capture the maximum proportion of revenue streams associated with patient visit to our hospitals. As a result, our pharmacies are located either within or in the immediate vicinity of our hospitals. Convenience and proximity, coupled with the fact that pharmaceutical prices are fixed by the Ministry of Health, means most patients visiting our hospitals would opt to purchase any pharmaceuticals required from our retail outlets.

The company has no plans to pursue the retail pharmacy business outside this context. We currently operate eight pharmacies and expect to open one in each of our new facilities.

Doctors

503

Patients

2.1m

Licensed beds

310

Our Strategy continued

Distribution – A rewarding legacy business

In addition to our healthcare services business, NMC Health is one of the top distributors and wholesalers in the country for leading international brands and products in the areas of Pharmaceuticals, FMCG, Food and Scientific equipment amongst others.

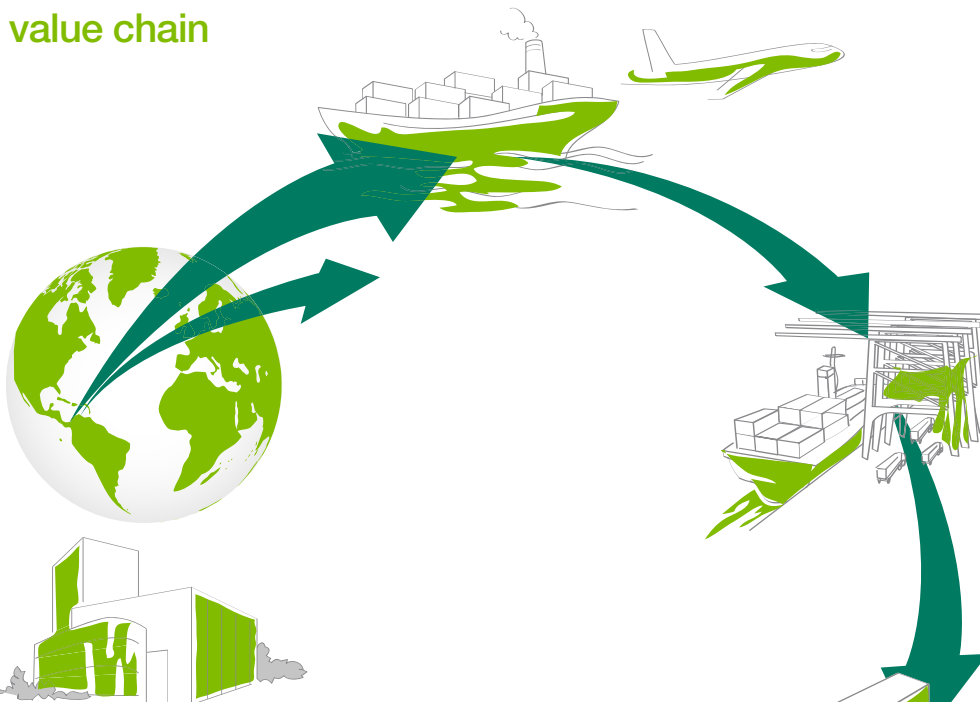
While we envisage minimal investments in this part of our business, we expect growth to continue to be driven by:

- Positive macro environment;
- Roll-out of mandatory medical insurance in Dubai with positive impact on pharmaceuticals and medical products;
- Sizeable expansion of retail space and tourism in the country affecting our non-pharmaceutical business;
- Entry of generics into the Pharmaceutical sector; and
- Our introduction of new products.

NMC's track-record, strong management, seamless integration of the distribution business, established supplier and customer networks, logistics infrastructure and the fact that it is a listed company with high-levels of disclosure allowing unparalleled insight for prospective partners to our strong financial standing – are all key factors in our capability to attract established global brands to the UAE via the exclusive distributor model prevalent in the country. Another competitive advantage of our distribution division is its access to over 500 doctors at NMC and its retail pharmacies providing a direct market for the supply of pharmaceutical and medical equipment products.

Distribution value chain

1
Import of products from around the world



4
Distribution to:
Groceries
Hypermarkets
Supermarkets
Pharmacies
Petrol stations

3
500,000sqft of warehouse space

2
Fleet of distribution vehicles covering the entire country

Business Overview

Healthcare Division

NMC Health's healthcare services operations span Abu Dhabi, Al Ain, Dubai, Sharjah and Umm Al Quwain. Together these Emirates and cities account for nearly 85% of UAE residents. We operate four hospitals, two day surgeries, a medical centre and eight in-hospital pharmacies. In addition, the Group operates a fifth hospital on behalf of the UAE Ministry of Presidential Affairs, the 205 bed Sheikh Khalifa General Hospital in Umm Al Quwain, under an operations and management contract initiated in Q4 2012.

The UAE's strong GDP growth, coupled with the increased population due to the continued influx of expatriates to the growing economy, had a positive effect on the performance of the healthcare division.

In addition we have sought to increase referrals from community clinics towards our specialty hospitals. Our marketing team launched several initiatives to engage with the residential community/corporates, including holding health awareness sessions and lectures. We have also worked to increase our engagement with the medical community to showcase our capabilities.

Keeping in mind that a large proportion of outpatients in the UAE visit stand-alone private sector clinics lacking inpatient capacity, we have sought to encourage these third-party operators to refer patients to our hospitals. Meanwhile, we have continued to invest in new equipment and technologies to complement our service offering and medical staff efforts.

In July 2013 we also supplemented our healthcare assets with the opening of the NMC Day Surgery Centre in Mohammed Bin Zayed City, one of the fastest growing suburbs of Abu Dhabi City. This facility began receiving its first patients in July 2013 and will act as a referral centre to our growing Abu Dhabi network, thus extending the operational reach and addressable market of Abu Dhabi Specialty Hospital initially, and eventually also Brightpoint Women's Hospital and Khalifa City Hospital.

Operational gearing, our continued drive to enhance our service offering with new higher value added sub-specialties, supported by our growing volumes, and the entry into third party hospital operation and management, are additional contributing factors to the strong performance of the Healthcare division in 2013.

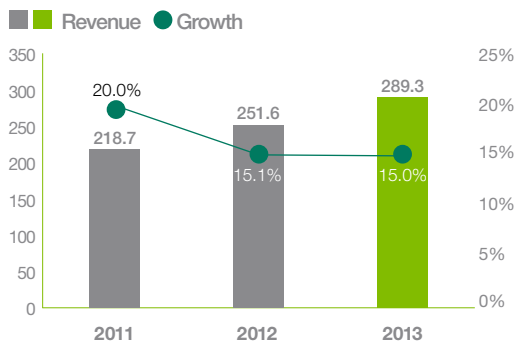
Healthcare division operations in 2013

Detail	NMC Abu Dhabi	NMC Sp. Dubai	NMC Al Ain	NMC Dubai	NMC Sharjah	BR Med.	MBZC	Total
Established	1975	2004	2008	1999	1996	2011	2013	N/A
Emirate	Abu Dhabi	Dubai	Abu Dhabi	Dubai	Sharjah	Dubai	Abu Dhabi	N/A
City	Abu Dhabi	Dubai	Al Ain	Dubai	Sharjah	Dubai	Abu Dhabi	N/A
Area	Downtown	Nahda	Downtown	Deira	Corniche	DHCC	MBZC	N/A
Owned/Leased	Leased	Owned	Leased	Leased	Leased	Leased	Leased	
Category	Specialty Hospital	Specialty Hospital	Specialty Hospital	General Hospital	Medical Centre	Day Surgery	Day surgery	N/A
Accreditation	JCI	JCI	JCI	-	-	-	-	
Revenue (USD '000)	100,837	55,947	48,097	12,225	10,290	2,577	906	230,879
Growth, YoY	12%	16%	21%	5%	16%	113%	N/A	16%
Revenue/patient	108	164	117	62	67	269	48	112
Growth, YoY	7%	4%	8%	6%	-8%	-17%	N/A	6%
Capacity								
Licensed beds	100	100	100	10	-	-	N/A	310
Operational beds	100	91	60	10	-	-	N/A	261
Growth, YoY	0%	21%	33%	0%	N/A	N/A	N/A	13%
Spare capacity	0%	9%	40%	0%	N/A	N/A	N/A	16%
Staff	1,345	709	603	262	173	35	95	3,222
Patients								
Inpatients	20,564	8,648	8,312	1,295	-	n/a	n/a	38,819
Outpatients	916,124	332,538	403,486	196,448	152,487	9,582	19,041	2,029,706
Total	936,688	341,186	411,798	197,743	152,487	9,582	19,041	2,068,525
Growth, YoY	5%	12%	12%	-2%	26%	480%	N/A	10%
Bed Occupancy	79%	54%	60%	44%	N/A	N/A	N/A	64.7%
Change, YoY	1060bps	-160bps	430bps	580bps	N/A	N/A	N/A	420bps

Business Overview

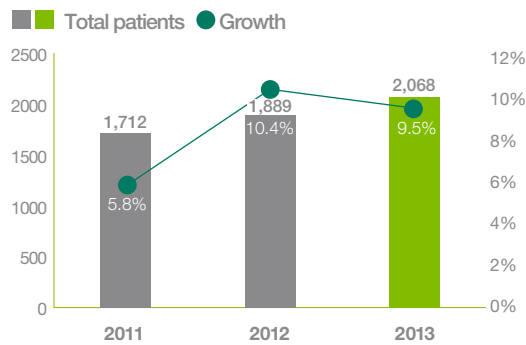
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Revenue (US\$m) and YoY Growth



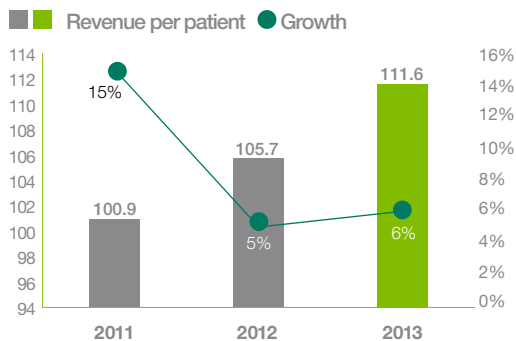
The Healthcare division reported US\$289.3m of revenues in 2013 (+15.0% year on year). Division EBITDA amounted to US\$81.7m (+19.8% year on year), with an EBITDA margin of 28.2% (+113bps year on year).

Patients ('000)

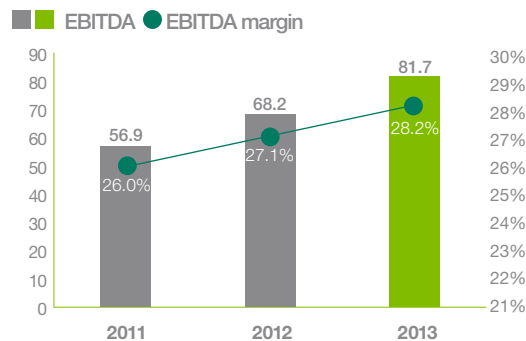


Average revenue per patient reached US\$112 (+6% year on year), supported by a combination of price increases and improved service mix effect, as we continue to enhance our offering of higher value added sub-specialties.

Revenue per patient (US\$) and YoY growth



EBITDA (US\$m) and margin



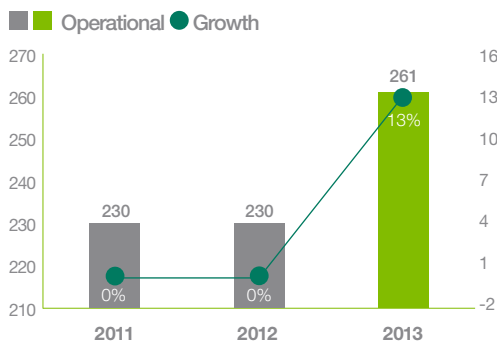
Note: Revenue per patient is based on contribution from our healthcare services, excluding the contribution from the operation & management contract on the Sheikh Khalifa Hospital in UAQ. It also excludes the contribution from five out of our eight pharmacies, specifically those located around the hospitals rather than within them.

Excluding the government hospital managed by NMC, the division had a total of 261 operational beds (+13.5%, year on year) out of an unchanged 310 licensed beds, as we continued to phase-in beds mainly in our Dubai Specialty and Al Ain Specialty Hospitals.

We have a 15.8% spare system capacity, measured in beds, which we expect to gradually phase into our operations in 2014 and 2015. Out of 49 beds yet to become operational, 40 are in our most recent hospital,

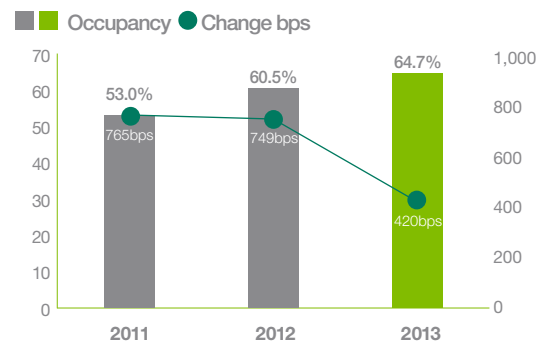
Al Ain Specialty Hospital, and nine are in Dubai Specialty Hospital. We expect the continued growth in Al Ain, as demonstrated by the hospital's performance to date, to absorb the remainder of our spare bed capacity in the next couple of years. Mandatory healthcare insurance adoption in Dubai this year, coupled with growing network referrals from our existing and new healthcare facilities in Dubai, should allow Dubai Specialty Hospital to increase its operational beds.

Operational beds and annual growth



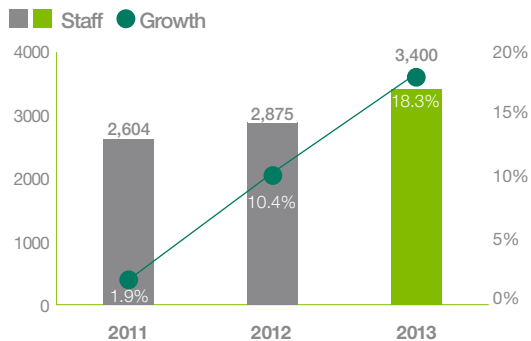
As our revenue continued to grow at rapid pace, we enhanced our service ability and revenue generating capacity through the increase in total Healthcare

Hospital bed occupancy rates and annual change



division staff by 18.3% in FY 2013 to 3,400. We increased the number of doctors to 503 by year end 2013 (+19.8% year on year).

Total staff and annual growth

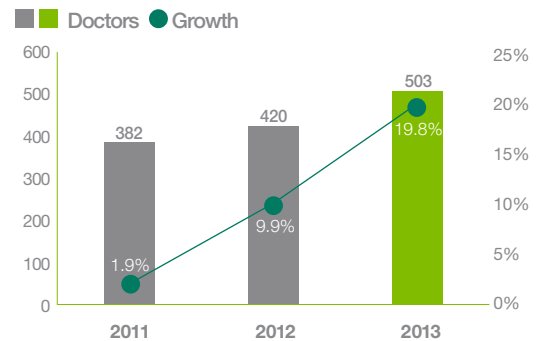


Division-wide bed occupancy reached 64.7% (+420bps year on year), despite the rise in operational beds during the year by 13.5%. The main reasons behind the improvement in occupancy rates at our hospitals include:

- patient count increase to almost 2.1m (+9.5% year on year);
- expansion in the proportion of our total patients who are Inpatients to 3.1% (+8bps, year on year); and
- higher average length of stay (ALOS).

A like for like comparison based on last year's deployed operational bed capacity and FY2013 utilisation, would have yielded an occupancy rate well above the 70% level compared to the 60.5% in FY2012.

Total doctors and annual growth



We continue to regard full bed occupancy for medical facilities in the UAE to be around 75%, as opposed to 90-95% often experienced in other countries. The population leveraged reality in the UAE, with around 85% of residents being expatriates, does create higher resident seasonal volatility. This is typically manifested through extended departures/holidays to home country for working expatriates (up to one month) and even longer for non-working family members particularly during the summer season. In addition, we highlight that our occupancy figures exclude day surgery patients, as the occupancy calculation we adopt only includes patients staying overnight. Consequently, we are rapidly approaching full occupancy, even before the effects from further roll-out of universal medical insurance beyond the emirate of Abu Dhabi, hence our investment in new capacity.

Business Overview

continued

Abu Dhabi Specialty Hospital

Abu Dhabi Specialty Hospital, the Group's first ever hospital, has evolved from being a very small building in the 1970's to a tower on the same land plot with adjacent buildings. It is located in the densely populated centre of Abu Dhabi City. This remains the largest patient recipient within the NMC network. The facility continues to provide a wide range of specialties and had its Joint Commission International (JCI) accreditation renewed in 2013. With nearly 40 years of service in the very same area of the city, this hospital has built a noteworthy reputation for quality amongst the Abu Dhabi population.

Reported revenues increased by 12% to US\$101m in 2013 compared to the preceding year. The total number of patients reached 937k (+5%, year on year) with an average revenue per patient amounting to US\$108 (+7%, year on year). Occupancy increased by 1,060bps year on year to reach 79% – the highest amongst all NMC healthcare assets.

Al Ain Specialty Hospital

NMC Health inaugurated the Al Ain Specialty Hospital in the second largest city within the emirate of Abu Dhabi in 2009. This expansion was encouraged by the adoption of mandatory healthcare insurance in Abu Dhabi in the immediately preceding years. Al Ain Specialty Hospital had the JCI accreditation of its quality and service levels renewed for a further three year period in 2012.

Being our most recent hospital addition, we have been gradually introducing this facility's capacity – starting with 12 operational beds, moving up to 45 in 2012 and with 60 beds as of year-end 2013. As part of our organic expansion and capital projects programme, we are also in the process of developing a medical centre in Al Ain's Sanaiya area, which holds a high concentration of industrial establishments. We believe this will further expand the operational reach and market of the hospital by bringing NMC closer to high population areas and increasing referrals to the specialty hospital.

Al Ain Specialty Hospital's performance has been continuously improving with revenues reaching US\$48m in 2013 (+21% year on year), revenue per patient increased to

US\$117 (+8% year on year) and occupancy rose to 60% (+430bps year on year) despite the 33% increase during the year in operational beds.

Dubai Specialty Hospital

Opened in 2004, the Dubai Specialty Hospital is well situated in the growing residential area of Al Nahda on the Dubai-Sharjah border, which enables the hospital to take advantage of referrals, not only from both the Dubai General Hospital and Sharjah Medical Centre, but also from certain targeted sections of the population of the northern emirates. This location has helped the hospital grow significantly since opening. The facility continues to provide a wide range of specialties. Dubai Specialty Hospital had its JCI accreditation for its quality and service levels renewed for a further three year period in 2012.

The recent decision by Dubai authorities to initiate the roll out of mandatory healthcare insurance, starting early 2014, is expected to further support the growth of this facility in the coming years. Dubai Health Authority (DHA) has reported that nearly two thirds of Dubai residents are uninsured, suggesting a potential phased growth of up to 200% in insured residents over the coming years. Dubai Specialty Hospital will soon see further support from the NMC DIP General Hospital located on the other side of Dubai.

Dubai Specialty Hospital's performance has been continuously improving with revenues reaching US\$56m in 2013 (+16% year on year), revenue per patient increased to US\$164 (+4% year on year) and occupancy declined to 54% (-160bps year on year) slightly effected by the increase in operational beds at the facility from 75 to 91 beds (+21% year on year).

Dubai General Hospital

Dubai General Hospital was established in 1999, this 10 bed facility is located in the highly populated area of Deira. The hospital acts as a referral centre to the NMC Dubai Specialty Hospital which is a short distance away.

Dubai General Hospital's revenues reached US\$12.2m in 2013 (+5% year on year), revenue per patient increased to US\$62 (+6% year on year) and occupancy reached 44% (+580bps year on year).

Sharjah Medical Centre

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

This medical centre saw a 26% year on year increase in patients, with revenues reaching US\$ 10.3m (+16% year on year). Meanwhile revenue per patient declined to US\$67.0 (-8% year on year) as we expanded our services by offering lower fee procedures.

BR Medical Suites

BR Medical Suites is a high-end specialty day surgery, located in Dubai Healthcare City. It is specifically designed to attract highly experienced doctors from around the world to carry out minimally invasive surgery and other procedures within its modern international standard facility. The Group acquired BR Medical Suites for a consideration of US\$9m paid in cash on 1 July 2012.

During FY 2013 the facility generated revenues of US\$ 2.6m and received 9,582 patients (+480% year on year). Revenue per patient was around US\$ 269. While the facility's total revenues increased, revenue per patient declined by 17%, mainly due to the introduction of new services. Historically, this day surgery has been focused on high-complexity and high value procedures. As we widened the service offering, the revenue per patient has declined.

Unlike our other healthcare assets, this day surgery is overwhelmingly focused on utilisation by external doctors. Consequently, its revenues were accounted for net of the external doctor's share.

NMC Day Surgery Centre in Mohammed Bin Zayed City

This facility in the rapidly growing Abu Dhabi suburb known as Mohammed Bin Zayed City (MBZC) began receiving its first outpatients in July 2013. NMC Day Surgery Centre in Mohammed Bin Zayed City will act as a referral centre to our growing Abu Dhabi hospital network, thus extending the operational reach and addressable market



of Abu Dhabi Specialty Hospital initially and eventually also Brightpoint Women's Hospital and Khalifa City Hospital

The facility has seen strong monthly growth in patient numbers since opening and, we expect this trend to continue as we open new sections of the day surgery centre. In addition, we expect to open a pharmacy in the same building in 2014 which should support revenue growth.

Revenue amounted to just under US\$1m with over 19,000 patients and US\$48 in revenue per patient.

Third party hospital operations & management

NMC Health provides operation and management services to third party healthcare asset owners and developers. Our management service contract to date is for the 205 bed Sheikh Khalifa General Hospital in Umm Al Quwain, which we are managing on behalf of the UAE Ministry of Presidential Affairs since Q4 2012. This is a five year contract in return for an annual management fee based on qualitative as opposed to financial metrics. We believe this is the first such contract to manage a large

Government healthcare facility awarded by a Government Department to a local UAE business. This demonstrates the confidence in NMC's significant healthcare experience and capabilities.

Capital projects

NMC Health's expansion plans, as announced during the IPO in 2012, included five new healthcare assets. Three of the assets, which included the lease, redesign and equipping of existing buildings are:

- Brightpoint Women's Hospital (100 bed) in Abu Dhabi;
- NMC Day Surgery Centre in the Mohammed Bin Zayed City Suburb of Abu Dhabi (opened in July 2013); and
- Dubai Investment Park (DIP) General Hospital (60 bed).

In addition, a fourth medical facility is being developed the 250 bed Hospital in the Khalifa City suburb of Abu Dhabi. However, in this case the building is an entirely new development, owned and contracted by NMC Health. Finally, the plans also included the acquisition of BR Medical Suites

(completed in 2012), a specialist day surgery centre in Dubai Health Care City (DHCC).

The Group faced significant challenges in 2013 to progress the construction of certain of its new facilities, particularly those requiring the re-design and fit-out of existing buildings.

The Brightpoint Women's Hospital, which was originally planned to open in August 2012, has been particularly complex refit and construction slower than expected. Following a number of delays we are now expecting the facility to open in H1, 2014. Similarly the DIP General Hospital, construction has been delayed on several occasions and we have also had licensing delays. We are now expecting the facility to open in H1, 2014.

As a result of the delays experienced, we have introduced new processes for future projects including:

- appointment of an external project manager for our larger future projects; and
- enhanced our tendering process, to ensure that appropriately experienced contractors are appointed in the future.

We are also reviewing our internal project management structure and will be making changes to further enhance quality in this area.

The construction of Khalifa City Hospital is progressing well, with the concrete structure of the building now complete. We continue to target receiving the first patients at this facility starting H1 2015. The Sanaiya Day Surgery Centre in Al Ain is on track to open in H2, 2014, in-line with our previous guidance on this project. The building is being adapted internally and equipped for healthcare services with good progress so far.

As a result of the delays in the opening of certain facilities, additional costs in respect of loan interest and leases have been capitalised. Had these facilities opened in line with original plan these costs would have been expensed. Other than these items the delays have not resulted in an increase in budgeted capital costs.

Business Overview

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Distribution Division

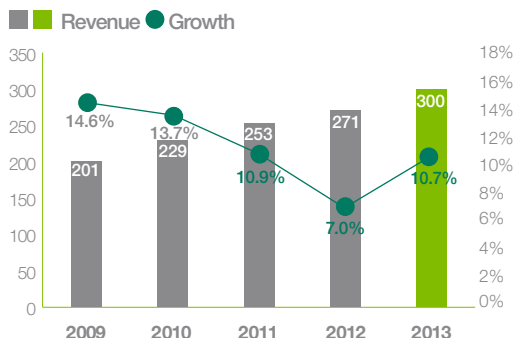
Top-line growth in the Distribution division accelerated to 10.7% year on year in 2013, compared to 7% year on year growth between 2011 and 2012, demonstrating the positive impact by the:

- expansion of the UAE economy;
- growing population;
- rise in tourism;
- substantial increase in retail space;
- addition of new products to our offering; and
- positive efforts of the Distribution division team in growing product sales.

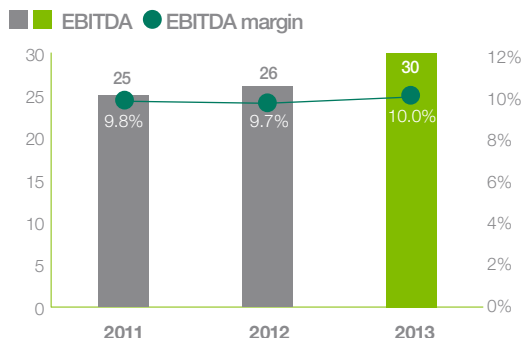
The division generated revenues of US\$ 300.2m (+10.7% year on year) in FY2013 with 71,215 SKU's⁸ (+8.7% year on year). EBITDA margins continued to expand on operational gearing, increased efficiencies and economies of scale. EBITDA reached US\$ 29.9m in 2013 (+14.1% year on year) with EBITDA margins exceeding last year by 30bps to reach 10.0% as of year-end 2013.

⁸ Stock keeping unit

Revenue (US\$m) and annual growth



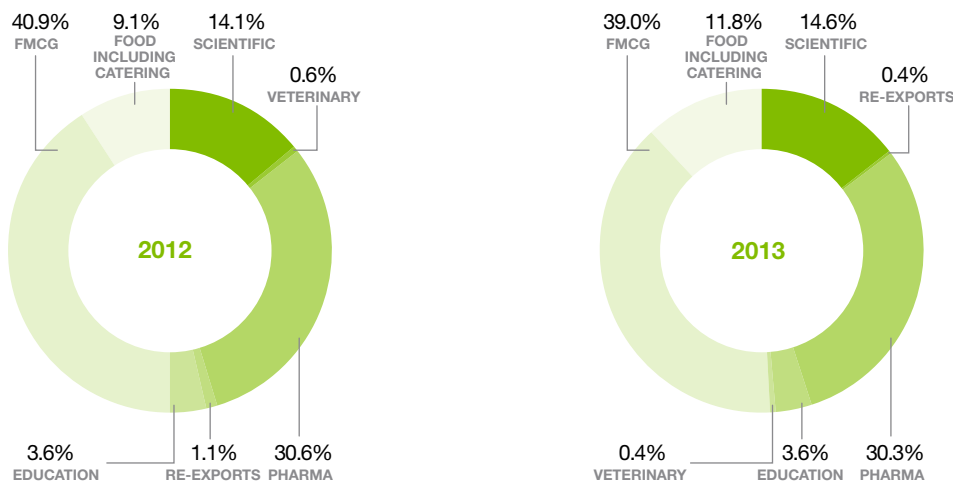
EBITDA (US\$m) and margin



FMCG remained the largest segment with 39% of the distribution division's 2013 revenues, a two percentage point reduction in proportional contribution compared to 2012. Food & Catering delivered the strongest

segmental growth and increased its proportional contribution to 11.8% of the division's revenues, almost three percentage points higher than in 2012.

Distribution Division's Segment Contribution for FY2012 and 2013



IT

The Group has operated in recent years with legacy IT systems which, as a smaller private company, were appropriate for the needs of the Group. Following a review of the Group's IT requirements, the Board agreed capital investment in two new primary Group systems:

a. Hospital Information System (HIS)

The current HIS system operating within NMC is a home-grown system which has been operating successfully over many years. Continuing developments in the regulatory framework in the UAE healthcare system, as well as additional monitoring and reporting requirements which the Group feels that it requires as the business grows, has resulted in a decision to implement a new HIS.

The Group has chosen to implement a third party system which is already

operating successfully within the UAE regulatory structure. The implementation will commence in 2014 and is expected to be completed by 2015. The Company feels that the new system will be robust enough to deal with the demands of significant growth of the business.

b. Enterprise Resources Planning (ERP) financial system

It was reported in the 2012 Annual Report that the Company planned to implement a new financial IT system during 2013. Implementation of the new system commenced in 2013, but completion will now be delayed following management's decision to switch from instant "Go-live" to a phased roll out of the new IT system, to enable full testing and the integration of the new Oracle version. We anticipate the implementation of the new ERP system will be completed in the first half of 2014.

Initial indications from the implementation programme have been encouraging.

The Company has been aware of the need to improve its IT infrastructure and is on track to deliver new IT systems across the Group. The implementation of new IT systems always presents organisations with a significant challenge, and implementing two new primary systems within the Group will be no exception. However, the management team and the Board feels that now is an opportune time to be implementing a new IT infrastructure as the Group prepares for significant growth in the coming years. This investment in new technology will help to reduce an element of manual intervention and improve reporting and therefore the company's internal control environment.

Healthcare

- 1 NMC Specialty Hospital**
Abu Dhabi

- 2 NMC Day Surgery**
Mohammed Bin Zayed City

- 3 Brightpoint Womens Hospital**
Abu Dhabi (Early H1, 2014)

- 4 NMC Specialty Hospital**
Khalifa City (H1, 2015)

- 5 NMC General Hospital**
Dubai Investments Park (Early H1, 2014)

- 6 B R Medical Suites**
DHCC

- 7 NMC General Hospital**
Deira, Dubai

- 8 NMC Specialty Hospital**
Dubai

- 9 NMC Medical Centre**
Sharjah

- 10 Sheikh Khalifa General Hospital (Operator)**
Umm al Quwain

- 11 NMC Specialty Hospital**
Al Ain

- 12 NMC Medical Centre**
Al Ain (H2, 2014)

Distribution

- A NMC Warehouse**
Mina, Abu Dhabi

- B NMC Sales and Marketing office**
Abu Dhabi

- C NMC Warehouse**
Al Ain

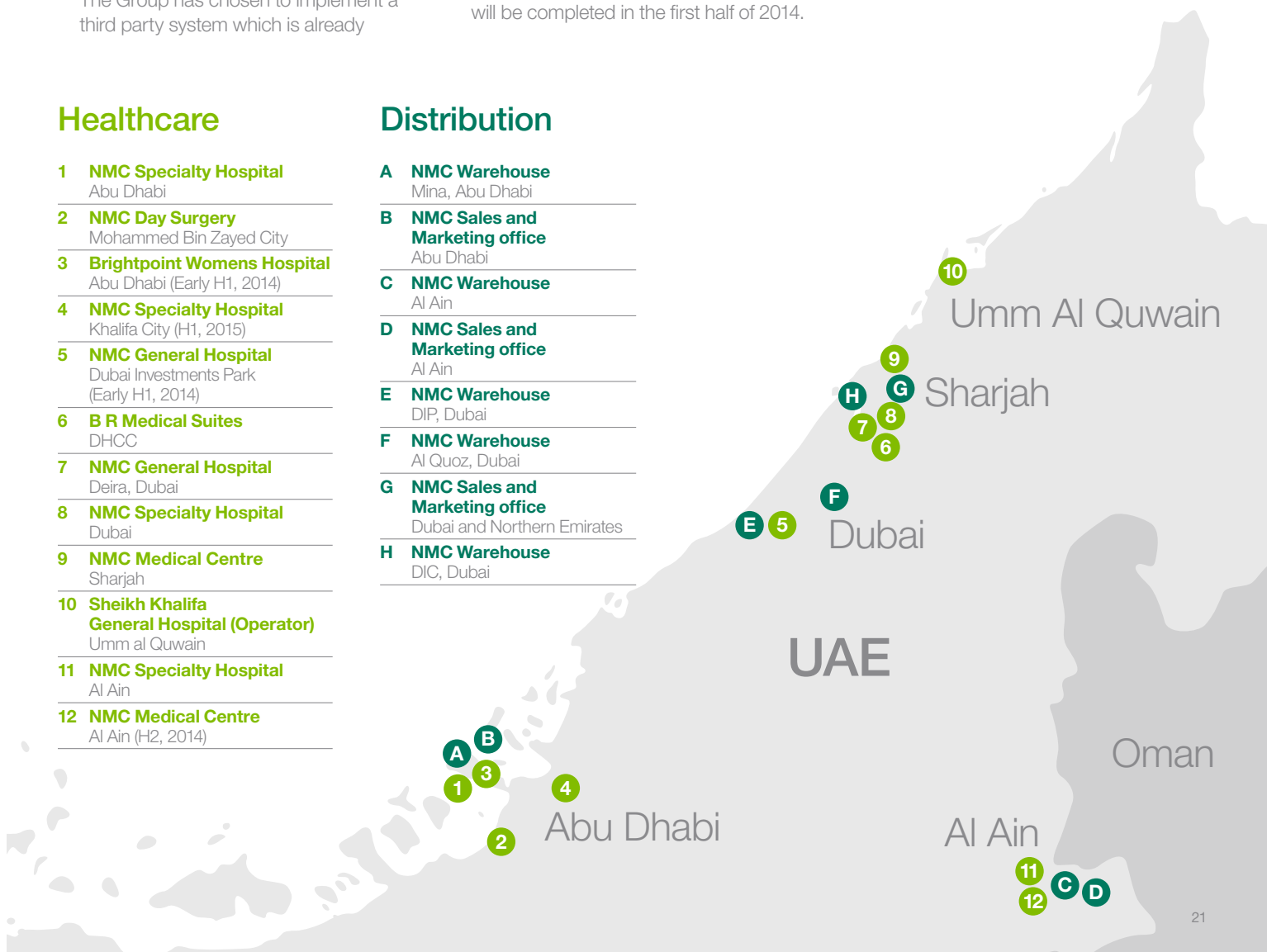
- D NMC Sales and Marketing office**
Al Ain

- E NMC Warehouse**
DIP, Dubai

- F NMC Warehouse**
Al Quoz, Dubai

- G NMC Sales and Marketing office**
Dubai and Northern Emirates

- H NMC Warehouse**
DIC, Dubai



Financial Review

NMC Health delivered a strong performance in 2013 at both the Group and divisional level. Consolidated Group Revenues increased from US\$490.1m in FY2012 to US\$550.9m in FY2013, a growth of 12.4%. After elimination of US\$38.6m of intra-group trading revenue, Consolidated Group EBITDA improved from US\$79.6m in FY2012 to US\$92.9m in FY2013, a growth of 16.7%.

Group Net profit reached US\$69.1m in FY2013, yielding Earnings per share (EPS) of US\$0.367 compared to US\$0.343 for the same period in 2012. Excluding the effects of one-off items; IPO costs of US\$3.4m in 2012 and write off of unamortised finance fees of US\$3.4m in 2013, the increase in EPS would have been US\$0.390 in 2013, representing an adjusted increase of 13.7%.

Healthcare division

Revenue in the Healthcare division increased from US\$251.6m in FY2012 to US\$289.3m in FY2013, a growth of 15.0%. EBITDA increased from US\$ 68.2m in FY2012 to US\$81.7m in FY2013, a growth of 19.8%. EBITDA margin improved from 27.1% in FY2012 to 28.2% in FY2013.

Distribution division

Within the Distribution division, revenues increased from US\$271.1m in FY2012 to US\$ 300.2m in FY2013, a growth of 10.7%. EBITDA increased from US\$26.2m in FY2012 to US\$29.9m in FY2013, a growth of 14.1%. EBITDA margin improved from 9.7% in FY2012 to 10.0% in FY2013.

Capital Expenditure

Capital expenditure incurred for the year was US\$82.7m (FY2012: US\$118.9m). This encompassed US\$72.2m on the Group's capital projects. The Group also incurred US\$7.3m on equipment required across the existing operations.

The Company was able to capitalise certain expenses, in accordance with IFRS and the Company's accounting policies. We expect this to continue in relation to costs (for example lease costs) arising during the construction of future projects. Although pre-operating expenses were nil in the year to 31 December 2013, we expect a small level of pre-operating costs which will be expensed in the 2014 financial year as a result of the opening of new facilities.

As a result of the delays in the opening of certain facilities discussed in "Business overview", additional costs in respect of loan interest and leases have been capitalised. Had these facilities opened in line with original plan these costs would have been expensed. Other than these items the delays have not resulted in an increase in budgeted capital costs.

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

The Company has reviewed all significant capital expenditure projects including the

delayed projects for impairments and have concluded that the projects have sufficient headroom and that none of the assets are impaired.

Cash

Net cash inflow from operating activities for the 2013 financial year was US\$85.1m, compared with US\$35.3m for the comparative period in 2012. This was mainly due to:

- improved performance of the Group; and
- effective management of working capital.

Including funds held on deposit, cash as at 31 December 2013 was at US\$268.7m compared to US\$257.5m at the end of FY 2012. The Company had allocated the funds raised through the IPO as well as through the JP Morgan syndicated loan against the capital cost of the five expansion projects announced during the IPO. As a result, together with positive operating cash flow, the Company is well financed to complete its capital expenditure program.

As expected, the Group had a net debt position of US\$63.7m at 31 December 2013 compared with US\$46.1m at 31 December 2012. As the Group continues with its capital project development program, and the Company's cash is committed to such projects, the level of net debt is expected to increase during FY 2014.

(All US\$m)	Budget		Actuals		
	Budgeted Capital Costs	Capital Costs	Capitalised Expenses	Accounting adjustment for lease rentals	Total Capital Costs
Brightpoint women's Hospital	70	69.8	5.3	19.3	94.4
Khalifa City Specialty Hospital	200	46.5	3.2	0	49.7
NMC Day Surgery Centre LLC	15	9.2	1.0	2.4	12.6
NMC Dubai Investment Park LLC	30	10.4	1.2	4.0	15.6
Total	315	135.9	10.7	25.7	172.3

Notes:

1. Prior to commencement of development of the existing four capital projects, management had an expectation that there would be an element of expense incurred before the new facilities were opened which would be written off through the Income Statement. Following a review certain of these costs have been capitalised in line with the Company's accounting policies (for example lease rent paid and finance costs). The Group expects such costs will continue to be capitalised on these projects during the construction phase.
2. The lease in respect of Brightpoint contains a rent free period as well as specified rent increases. In line with IFRS and the Company's accounting policies, the rental cost of the lease has been adjusted to appropriately account for these items over the length of the lease. Accounting policies stipulate that the total lease value for the full lease period is divided evenly over the years.
3. Apart from the projects mentioned above, the Group had spent US\$9m on the acquisition of BR Medical Suites during the last financial year as part of the projects announced during the IPO.
4. The Group has not spent any amount towards the development of the Al Ain Medical Centre as at 31 December 2013.

Principal Risks and Uncertainties

The Board consider the identification and mitigation of material risks and uncertainties faced by the Group as a key issue to be monitored at all levels of the organisation. The senior management team ensure that operational management consider risk as part of their day to day activities. This is considered to be particularly key for NMC as a Group working in a regulated environment.

In order to monitor the Group's business and strategic plans on a more formal basis, the management team has, with the assistance of the Group's Internal Auditors, Crowe Horwath, reviewed and re-assessed the strategic and key risks faced by the Group. These risks, the potential effect of these risks on the Group and the mitigation of those risks is analysed in the following table. It should be noted that the order that these risks are expressed in the table do not reflect an order of magnitude as regards their potential impact on the Group.

Risks and uncertainties

Economic and Political risk

A change in the political and regulatory environment.

Working capital

Insufficient free cash flow, borrowings headroom or material changes to supplier payment terms

Management succession and depth

The lack of depth of experienced senior management coupled with the lack of sufficient succession capabilities where the business has traditionally been reliant on a few individuals

External interests

Potential conflicts of interest and time conflicts in relation to the other significant business interests of senior management

Capital projects risk

Failure to deliver key projects on time or on budget

Competitor environment

New significant entrants into the UAE healthcare market given government focus on healthcare in UAE

Recruitment

Loss of specialist medical professionals as a result of wage inflation and increased healthcare provision in the UAE

Clinical risk

Unforeseen significant clinical negligence leading to significant damages, loss of patient confidence and potential criminal proceedings

Potential impact

Mitigation

<ul style="list-style-type: none"> • Reduction in population resulting from departure of expats from the country • Loss of customers and revenue streams • Disruption to delivery of service or inability to provide products and services 	<ul style="list-style-type: none"> • Diverse multi-cultural population with significant percentage of expats providing local services • Each division is diverse in nature • Traditional stability in UAE
<ul style="list-style-type: none"> • Reduced liquidity and access to working capital funds • Inability to complete capital projects • Disruption to revenue streams and loss of supplier base 	<ul style="list-style-type: none"> • Management continually monitor cash headroom and borrowings • All capital expenditure for key capital projects is fully financed • Five year debt facilities and working capital facilities available from a number of international banks • Working capital facilities not fully utilised and the Group's low leverage levels provide additional borrowing capability if required • Strong banking and supplier relationships
<ul style="list-style-type: none"> • Inability to complete announced capital projects • Loss of key business and regulatory relationships • Inability to manage the businesses effectively affecting the long term future of the Group 	<ul style="list-style-type: none"> • The Group has an established succession planning framework within the business beneath senior management level • Senior management have a long track record and shown ability to manage change • NMC Board comprises highly experienced members with a proven track record
<ul style="list-style-type: none"> • Loss of focus on the NMC business • Potential for operational inefficiencies • Potential for inter-company contractual arrangements not being operated on an arms-length basis 	<ul style="list-style-type: none"> • The Company has a professional management team whose primary focus and commitment is on the Company's activities • Senior management involvement in other business interests are as investors or board oversight only and not as part of management within those third party businesses • The Company has a process in place to record all related party transactions which arise and these are detailed in the notes to the financial statements
<ul style="list-style-type: none"> • Revenue growth less than expected • Failure to deliver return on investment • Delayed lead time to new facility profitability and positive cash flow affecting the Group's financial position • Potential for impairment of assets 	<ul style="list-style-type: none"> • Capital projects fully monitored by the management team and the project team • Board review progress on capital projects and revised financial projections on a regular basis
<ul style="list-style-type: none"> • Loss of market share resulting in a loss of revenue and lower margins • Access to future expected growth in UAE healthcare expenditure reduced 	<ul style="list-style-type: none"> • The regulatory environment in the UAE is a significant barrier to entry and limits competitor expansion across different emirates • NMC has first mover advantage in the healthcare sector and is listed as a public company creating greater visibility and acceptance of standards
<ul style="list-style-type: none"> • Increased operational costs • May reduce the ability of the Group to provide certain services to patients • Potential loss of reputation 	<ul style="list-style-type: none"> • We have a good recruitment process with wide international connections and have attracted doctors from 21 different countries • Management team have a proven track record of operating within an environment of high wage inflation previously • Our doctor attrition rate remains very low which we believe indicates the level of dedication our doctors have for the success of the business
<ul style="list-style-type: none"> • Significant reputational damage • Financial losses as a result of fines and/or financial awards made against the Group • Risk of loss of operating licenses and quality standard accreditations 	<ul style="list-style-type: none"> • The business and our doctors have a continuous focus on delivering high levels of service • All doctors are monitored by virtue of rigorous licensing procedures which operate in the UAE • The Healthcare division is a regulated business and the Group's three principal hospitals have international quality standards accreditation • We have a series of Ethical and Standards Committees for monitoring clinical governance with the business • We have medical malpractice insurance to cover any awards of financial damages

Principal Risks and Uncertainties

continued

Risks and uncertainties

Legal and Regulatory risk

Failure to comply with applicable health authority regulatory requirements and unanticipated regulatory changes and working within a changing and developing legal environment different to what shareholders would be used to in other parts of the world.

Cultural

A very small entrepreneurial management team which has faced significant changes in business process as a result of the Company's IPO

Material contracts

Cancellation of the management services contract for Umm Al Quwain due to contracted obligations, non-performance or legal changes in UAE

Potential impact

Mitigation

<ul style="list-style-type: none"> • Risk of loss of operating licenses and quality standard accreditations • Risk of extended legal processes in a legal system where an element of proof is not required before a legal claim is pursued within the Court • Reduced revenue or operating efficiency as a result of regulatory changes 	<ul style="list-style-type: none"> • We have a good relationship with all of our regulators and quality standard accrediting bodies • Our regulators and quality standard accrediting bodies review and visit our facilities periodically to ensure compliance with regulations • The management team ensures that the business is operated in an ethically appropriate way and that all employees are aware of the Group's Code of Business Ethics with which they must comply
<ul style="list-style-type: none"> • Significant increase in financial and operational process and reporting required internally and externally stretching management bandwidth • Management inexperience in the listed company environment may affect both the team's focus on operational matters or lead to Company valuation erosion as a result of poor investor relations 	<ul style="list-style-type: none"> • The Company has a very experienced board of directors who monitor financial and operational matters regularly and advise on listed company and strategic matters • The Company has a team of very experienced external advisers who assist and provide advice to the management team in external reporting matters • The Company has a Company Secretary with significant UK plc experience to assist with the process of change management required following IPO
<ul style="list-style-type: none"> • Reputational damage within the UAE • Financial impact as a result of loss of Revenue and EBITDA as a result of any loss of the contract 	<ul style="list-style-type: none"> • Senior Management continually monitor performance at the facility and under the terms of its management contract • We have a good relationship with the Ministry of Presidential Affairs and our regulators and continue to meet key quality standards required under our management contract • There is a regular reporting review mechanism and meetings to monitor progress under the terms of our contract

Corporate Social Responsibility

The right to medical assistance and treatment is the basic right of each human and this is the ideology that each person at NMC abides by and follows.

Human Rights responsibilities

The NMC Group is committed to being a responsible corporate citizen. This mission is headed by our CEO, Dr B R Shetty, who is one of the pioneers in the private healthcare sector in the UAE and founded NMC with the philosophy of 'affordable quality healthcare for all'. The right to medical assistance and treatment is the basic right of each human and this is the ideology that each person at NMC abides by and follows. This is in line with the United Nations' Universal Declaration of Human Rights 1948, which states that "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services." We take forward this mission by following ethical human rights practices at all levels of our business including our employees, our patients and our stakeholders.

Since our inception in 1975, NMC has continually provided affordable quality health care to its patrons and, as we enter the 40th year of our operations in the UAE, we intend that our endeavours to serve the community will grow stronger and better. NMC encounters over 2 million patients annually across all its facilities, which are spread throughout the UAE and we are dedicated to making a positive difference in the lives of each person who walks in through NMC doors. To be able to touch thousands of lives each day, increases our responsibility towards our patients as well as our employees who serve as the lifeline of our organisation.

Patients

Over the last four decades, NMC Health has believed in the philosophy of 'healthcare for everyone' – irrespective of nationality, income level or socio-economic demographic. NMC is one of the few large hospital chains in the UAE that accepts patients from virtually all health insurance plans, from the top end plans for higher income groups to the lowest end plans meant for blue collar workers.

NMC's patient base mirrors the demographic make-up of the UAE. We are now touching the lives of nearly 6,000 patients a day, from all walks of life who represent the many nationalities that reside in the UAE and whose families have been NMC patrons for more than a generation.

NMC Healthcare operates or manages hospitals and medical centres in the largest cities and across four of the emirates of the UAE. In terms of locations, our facilities are accessible to over 85% of the country's population. We are the only private healthcare provider in the country that has such a broad presence across the country.

Quality of Care for our patients is of utmost importance.

We have 3 priorities which are:

- Safe Facilities;
- Clinical Excellence; and
- Patient Experience.

We follow the International Patient Safety Goals and have Joint Commission International accreditation in each of our three Specialty Hospitals. Our medical practitioners and staff are dedicated to maintaining the high level of patient safety and quality of medical care that we promise.

NMC Health's distribution business, NMC Trading, has a number of pharmaceutical medical representatives and medical equipment salespersons who remain in close contact with the doctors and bio-medical and administrative teams in hospitals, medical centres and pharmacies across the UAE. The business imports and distributes essential pharmaceuticals, medical equipment and consumables of high quality and ensures they are readily available to healthcare institutions.

Employees

At NMC Health, we consider our human resources as our biggest assets. Our employees not only serve as our partners in serving the community, but are also our brand ambassadors who take forward and enhance our mission and vision for a better tomorrow.



Approximate daily patients

6,000

Employees

5,356

Diversity

As at 31 December 2013, the Group had grown its employee base across all its business operations to 5,356 employees. We employ individuals of 49 different nationalities and offer an approach of employment without discrimination.

A comparison of the split of employees by gender within the different business groups and different levels within the NMC Group is set out in the following table:

Gender Comparison Study

Facilities	Categories	Total	Gender		Percentage	
			Male	Female	Male	Female
	NMC Board of Directors	7	6	1	86%	14%
	Senior Management Team	5	4	1	80%	20%
	Grand Total*	5,356	3,297	2,059	62%	38%
Corporate Office	Total – Corporate Office	149	110	39	74%	26%
	Corporate Management	35	32	3	91%	9%
	Corporate Staff	114	78	36	68%	32%
Reliance infotech	Total – Reliance Infotec	47	42	5	89%	11%
	Reliance Management	5	4	1	80%	20%
	Reliance Staffs	42	38	4	90%	10%
Healthcare	Total – Healthcare	3,400	1,648	1,752	48%	52%
	Healthcare Management	37	30	7	81%	19%
	Doctors	503	333	170	66%	34%
	Staff Nurses	996	191	805	19%	81%
	Technicians & Pharmacist	439	238	201	54%	46%
	Healthcare – Others	1,425	856	569	60%	40%
Distribution	Total – Distribution	1,760	1,497	263	85%	15%
	Distribution Management	127	115	12	91%	9%
	Distribution Staffs	1,633	1,382	251	85%	15%

* Includes two Executive Directors and five senior management personnel but excluding Non-Executive Directors.

Corporate Social Responsibility continued

In our efforts to offer a work-life balance, all our staff members are provided with the option of free company accommodation or an accommodation allowance. This allows them to stay close to their place of work and to cut the time spent in commuting to and from work. This also contributes to providing better care to our patients since on-call doctors can be at the patient's side from their home within minutes in case of an emergency.

NMC Health also extends additional benefits to its employees including offering all its female employees over the age of 40, free mammogram screening at all our hospitals during the breast cancer awareness month. NMC runs a number of fitness events and sports clubs including cricket and volleyball teams.

NMC Health employees are eligible for discounted rates for most services within our medical facilities, and can also take advantage of discounted prices for the FMCG and food products that are distributed by NMC Trading. NMC Health celebrates events and conducts cultural and social gatherings for its employees, such as the cultural programs conducted every year on the occasion of International Nurses' Day, NMC Annual Day and UAE National Day among many other such occasions. These events serve as a great platform for our employees to bring forth their creative side as well as interact with their colleagues in an informal environment.

Community

NMC Health believes that community outreach programmes are an ideal way to contribute towards enhancing the health of the society and the nation. Along with providing medical assistance and treatment to our patients, NMC undertakes hundreds of community initiatives over the year

including blood donation camps, health awareness programs, free health screenings and hygiene workshops among others. The following section will provide a few examples of our Community Health Awareness program:

NMC's Give Blood Give Life Initiative (July 2013)

Continuing with its endeavour to provide compassionate and quality healthcare, NMC Specialty Hospital, Abu Dhabi organised a Blood Donation Drive in collaboration with the Abu Dhabi Blood Bank. The Give Blood Give Life themed Voluntary Blood Donation Drive was organised to raise awareness for the need of safe blood and blood products. This was the second drive in 2013 to generate awareness amongst our staff and to help prevent blood shortage issues in the country.

World Heart Day (September 2013)

- NMC Healthcare conducted one of the largest public awareness and education drives in the UAE on heart diseases and cardiac care where almost 10,000 people received free health check-ups comprising of Blood Pressure, Body Mass Index (BMI), Blood glucose and cholesterol measurements. The week-long initiative that ran from 23 – 29 September 2013 was carried out at all NMC centres across Abu Dhabi, Dubai, Al Ain and Sharjah as well as high – footfall areas such as shopping malls;
- NMC Cardiologists provided vital information on heart health through interviews and health tips on popular radio (Arabic, Hindi, Malayalam and Tamil) channels;
- Apart from our own facilities, our health teams also visited private companies as



well as government ministries and public entities to conduct these check-ups for their employees; and

- As a result of this campaign a large number of people became more aware of cardiovascular risks and understood the importance of regular check-ups, genetic anomalies, available treatments and ways to better their heart health.

NMC Breast Cancer Awareness Drive (October 2013)

NMC Healthcare organised a breast cancer awareness drive for the employees of companies, where NMC's Gynaecologists conducted interactive sessions including tips for self-examination to generate awareness regarding breast cancer, its early warning signs, self-detection, and treatment and battling the stigma against the disease.

Diabetes Retinopathy Campaign (November 2013)

- Keeping in mind the significance of World Diabetes Day on 14 November 2013, NMC Specialty Hospital in Dubai and Abu Dhabi conducted a two day Diabetes Retinopathy Screening camp, where over 500 diabetics underwent screening; and



- NMC Healthcare has been routinely conducting such diabetic retinopathy screening camps. This socially responsible event serves as an avenue for diabetics to come forward for a free screening and thus helps spread awareness of eye complications related to diabetes.

ADNIC Yas Run (December 2013)

NMC Healthcare supported the ADNIC Yas Run in December 2013, as health partners. Almost 2,600 runners of all ages took part in the third annual ADNIC Yas Run 2013. NMC Healthcare as 'Health Partners' not only offered medical and ambulance support for the runners but also offered free medical tests and health screening programs including blood, glucose, blood pressure, body mass index and random cholesterol tests, as well as interactive sessions.

MamaCare

NMC Healthcare conducts free counselling and pre-natal classes for expectant parents each week in all its specialty hospitals. This program, called MamaCare, involves education talks from gynaecologists, neonatologists and paediatricians, diet planning by our dieticians and pregnancy

and post natal exercises with exercise physiotherapists. This program is open to anyone and is conducted pro-bono by NMC Healthcare.

NMC Health Index (December 2013)

Being the UAE's trusted healthcare partner since 1975, NMC took it upon itself to commission a research document that would give a deeper insight of the health conditions of the residents of UAE and to raise awareness about the country's health issues. With this intention in mind, NMC launched the NMC Health Index to:

- evaluate the importance of healthcare in the country;
- be an indicator of the physical, social and emotional well-being of UAE society;
- help people be more informed on factors that can enhance well-being in daily life and make healthier choices; and
- engage in the public health debate and develop solutions to tackle health issues in the UAE.

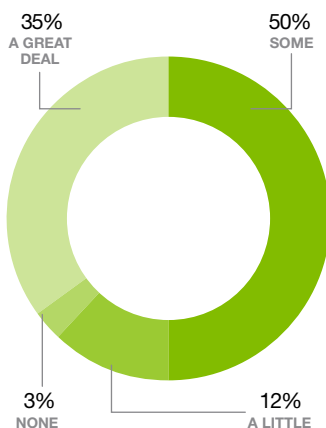
Corporate Social Responsibility

continued

For the NMC Health Index, we surveyed 1,054 adults (aged 18+) in the UAE exploring perceptions of health and wellness, where mixed modes – online and computer-assisted personal interviewing (CAPI) were used for data collection. The survey which was available in English and Arabic included a set of questions to evaluate the physical, social and emotional health score of the respondents. Quotas based on UAE government statistics were assigned for age, gender and nationality to reflect the population.

A few interesting findings resulted from the survey:

- The majority of respondents (65%) feel that having a healthy lifestyle is not wholly within their control;



- Overall, three in ten (31%) either smoke some form of tobacco or drink alcohol weekly;
- 21% Smoke tobacco;
- Men (32%) are five times more likely than women (6%) to smoke tobacco; and
- One in ten (9%) has never visited a doctor for any medical reason, while three in four (76%) say the healthcare system in the UAE is better than other countries.

This is the first health index of its kind in the UAE with NMC providing market leading benchmarking for future research in the healthcare sector. We plan to make this index a continuous effort to contribute towards improving the overall health, not only physical, but also the happiness quotient as well as social wellness of the residents of UAE.

Environment

NMC understands the significance of healthy living and takes great care in creating and maintaining a sustainable environment for generations to come. Some of the initiatives made by NMC to contribute to the cause of a healthier environment are:

- NMC Health supported the Clean-up UAE campaign organised by The Emirates Environmental Group, an environmental programme devoted to environmental conservation and sustainability. Through the years, the campaign has grown in

- strength and popularity; garnering support from the government and private organisations NMC proudly supported the campaign this year with 22 volunteers from the hospital participating in the environmental programme. We firmly believe in a cleaner, greener and more sustainable environment – not just for a healthier today, but a happier tomorrow as well;

- NMC Health, in its efforts to being an eco-friendly organisation, practices safe disposal of medical waste to maintain a less infection prone environment in its facilities and offices. Complementing these efforts is developing Environment, Health and Safety (EHS) policies and procedures, conducting audits, inspections and incident investigations and, ensuring continuous improvement of the NMC EHS management system and processes. Our aim remains to remove or reduce the susceptibility of risk of fatalities, occupational diseases and disorders, disabling and other injuries, healthcare associated infections, spread of antimicrobial resistance and significant environmental incidents; and

- The introduction of e-claims for health insurance has significantly reduced the amount of printed paper submitted in our monthly invoices to insurance paying companies. We also encourage recycling of paper used internally to reduce consumption of paper.



Business ethics

The Group is proud of the values with which it conducts its business activities and encourages all of its employees to uphold these values and the highest levels of business ethics and personal integrity in all types of transactions and interactions. In this respect the Group has the following policies in place which all employees of the Group are subject to:

Code of Business Conduct and Ethics

This Code sets out how employees should act in a range of different areas including

- potential conflicts of interest;
- dealing with matters fairly as regards competitors, suppliers, customers and colleagues;
- maintaining confidentiality in all areas of the business;
- compliance with all laws and regulations; and
- the protection and proper use of Group assets.

Anti-Bribery, Anti-Corruption, Gifts and Entertainment Policy

This Policy sets out the rules and obligations of employees in relation to:

- the offer or acceptance, or the engagement in any activity that gives the appearance of accepting or accepting, a bribe;
- the offer or acceptance of gifts or entertainment;
- prohibition of facilitation payments
- any payment of charitable contributions or political donations; and
- the procedure for engaging any third parties.

The Board also operates a Gifts and Entertainment Policy applicable to the Directors of the Company.

All employees have been provided with a copy of these policies, as well as guidelines relating to them, and are aware of the significance of these policies to the Group. The Company also ran a series of workshops to explain these policies to employees in more detail in 2012. New employees receive training on all company policies and procedures as part of their induction program. A copy of the policies is included on the Company's employee intranet.

Given the principal activities of the Group, NMC Healthcare employees are issued with specific guidance in relation to attendance at Pharmaceutical conferences and clinical training events. Employees of NMC Trading are also specifically made aware, as part of their training activities, of the potential issues which may arise ethically in their dealings with our Distribution division's Principals and Customers.

The Group also has in place a Whistleblowing procedure which is made aware to all employees of the Group and is available on the Company's website www.nmc.ae.

The Group Strategic Report set out on pages 5 to 33 has been approved by the Board and is signed on its behalf by:

Dr B R Shetty
CEO

Governance

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The Board is responsible for, and committed to, ensuring that procedures are in place so that good standards of corporate governance are operated at all levels in the Group in accordance with the guidance and principles set out in the UK Corporate Governance Code published by the Financial Reporting Council in September 2012 (the “Code”). The Code can be found on the Financial Reporting Council website, frc.org.uk.

In the 2012 Annual Report, the Group stated that good progress had been

made on the governance environment during the period since the Company’s IPO and that this would continue into the new financial year. This has indeed been the case. The management team and the Board, supported by the Audit Committee, have continued to review the governance and control environment ensuring that governance processes are documented and implemented and, where appropriate, continue to improve. This Corporate Governance report describes how the

Board has applied Corporate Governance principles during the 2013 financial year.

Both the Board and the senior management team encourages appropriate levels of governance for a Company listed on the Premium Segment of the London Stock Exchange, whilst respecting where possible business processes acceptable in the Group’s country of operation. The Board believes that progress has been made in relation to the governance structure during the year.

Compliance with the UK Corporate Governance Code

The Board has reviewed the Company’s compliance against the provisions of the Code.

Since the Company’s IPO in April 2012, the Board has continued to seek to ensure that Board and Governance processes evolve appropriately and in a manner which protects the interests of the Company and all of its shareholders. There are a number of provisions of the Code that the Company has not complied with during the year. These provisions are stated and an explanation of non-compliance provided either below or within this Governance Section.

- Provision A.4.1 of the Code. The Company did not have a Senior Independent Director from 27 June 2013 for the remainder of the 2013 financial year after Mr Justin Jewitt ceased to be a Director of the Company. This was a result of the appointment of a new Non-Executive Director, Jonathan Bomford, to the Board and a preference to allow Mr Bomford to transition into his new role prior to choosing the most appropriate candidate to become Senior Independent Director. The Board have subsequently appointed Jonathan Bomford as the Senior Independent Non-Executive Director with effect from 21 January 2014 and the Company is therefore now compliant with this Code Provision.
- Appraisals and evaluation processes. The Board has not to date undertaken a formal and rigorous annual evaluation of its own performance and that of its committees

and individual directors. This was due to the relatively short period of time that the Board has been constituted. The Company therefore did not comply with provisions B.6, B.6.1 and B.6.3 of the Code during 2013. The Board is currently assessing its preferred process for proceeding with such an evaluation which it intends to undertake in the first half of 2014. Similarly, the Non-Executive Directors did not meet during 2013 to appraise the Chairman’s performance. Therefore the Company also did not comply with provision A.4.2 of the Code. The Independent Non-Executive Directors did however meet in January 2014 to appraise the Chairman’s performance, which is the start of the formal Board and Directors appraisal process which is currently being implemented. The Board intends to comply with Provisions A.4.2, B.6, B.6.1 and B.6.3 of the Code by the end of the first half 2014 financial year.

- Provision B.2.1, B.2.2 and B.2.4 of the Code. Mr Jonathan Bomford was appointed by the Board with effect from 27 June 2013. The decision to appoint Mr Bomford was considered by the Board as a whole and the Nominations Committee did not operate a formal process in relation to his appointment; the Company therefore did not comply with the provisions of B.2.1, B.2.2 and B.2.4 of the Code. Further details are provided on page 44. Furthermore, during the year to 31 December 2013, whilst the Board have reviewed proposals for, and discussed the implementation of a senior management

succession plan, although this process has not been finalised as a result of the Board’s primary focus on the Group’s Governance and overall control environment processes. A formal senior management succession plan is expected to be implemented in 2014 and the Nominations Committee will meet to consider the effectiveness of such plan thereafter. The Company was therefore not compliant with part of Provision B.2 of the Code during the period under review

- Provision B.4.2 of the Code. The Chairman did not meet with each Director to consider their training and development needs during 2013. However, a formal process has commenced in early 2014 in this respect. It was considered appropriate that the implementation of this process be introduced in conjunction with new Board and Director evaluation processes which are currently being implemented as outlined above.
- Provision C.3.1 of the Code. The Chairman was a member of the Audit Committee during the year but resigned from the Committee in December 2013. The reasons for his membership of the Audit Committee are set out on page 48. The Company intends to be compliant with this provision for the 2014 financial year onwards.

Unless otherwise stated above or in the Corporate Governance Report, the Board believes that it has been compliant with the remaining provisions of the Code for the 2013 Financial Year.

Board of Directors



Mr H.J. Mark Tompkins
Independent Non-Executive Chairman
Aged 73 (RC, CGC, NC)

Mr H.J. Mark Tompkins was appointed to the Board of NMC Health plc in March 2012 and is the Chairman of the Board and of the Nominations Committee. Mr Tompkins has significant public company experience having previously served on a total of 11 publicly listed company boards, including five on NYSE, NASDAQ or junior market U.S. exchange boards and four London Stock Exchange Primary Market or AIM boards. A number of these listed companies operated in various aspects of the Healthcare sector.

Mr Tompkins was Non-Executive Chairman of Allied Healthcare International Inc. one of the UK's leading providers of domiciliary care and healthcare staffing services, from 2007 to 2009, serving as a Director from 2005 to 2009. From 2005 to 2008 he also served as Non-Executive Chairman of Healthcare Enterprise Group Plc, an international healthcare products company which was listed on the AIM market in London. Mr Tompkins served as Conseiller Special aupres du Conseil D'Administration of Sodexo S.A. from November 2010 to August 2012 after serving as a Non-Executive Director from 2002 to 2010 and a member of its Audit Committee for

six of those eight years. Other previous directorships have included Abbey Healthcare Group Inc., and Apria Healthcare Group Inc. Prior to his non-executive director roles, Mr Tompkins served as the Chief Executive Officer of Compagnie Financiere Haussmann, a publicly listed company in France involved in property development, investment and management.

Mr Tompkins began his career in investment banking in 1964 with Samuel Montagu & Company (now HSBC). From 1965 to 1971, he was a Management Consultant with Booz Allen Hamilton, Inc., working on assignments in the UK, continental Europe and the U.S. Mr Tompkins returned to investment banking joining Slater Walker Securities group from 1972 to 1974. He subsequently entered into international real-estate development from 1974 to 1987 investing in both residential and commercial assets across the Middle East, the United States and Europe.

Since 1987, he has been focussed on financing small and medium sized enterprises whilst also contributing at board level of a number of listed companies.



Mr Khalifa Bin Butti
Executive Vice-Chairman,
aged 34

Mr Bin Butti was appointed to the Board of NMC Health plc in July 2011. Mr Bin Butti has significant financial and investment experience in the Middle East and Europe.

Born in 1979, Khalifa Bin Butti Bin Omeir is the first son of Butti Bin Omeir whose father, Omeir Bin Yousef, was one of the first prominent businessmen in Abu Dhabi. Khalifa Bin Butti completed his secondary education in England and graduated with a concentration in finance from Suffolk University in Boston.

He joined the Abu Dhabi National Oil Corporation (ADNOC) in 2003, working in the financial department, where his educational background uniquely positioned him to succeed and gain further insight into the financial industry of Abu Dhabi.

In 2006 Khalifa Butti was appointed to the position of Chairman & CEO of Brokerage House Securities LLC, bringing extensive financial and business experience. He is also the major shareholder of Brokerage House Securities LLC.

His financial acumen and years of experience in the international and MENA public and private equity markets led him to establish another addition to his consortium which is Khalifa Butti Bin Omeir (KBBO) Group. This includes One Financial which is registered under the FSA regulation in the UK with operations in the UK, China, UAE, Saudi Arabia, Kuwait, Jordan and other areas in the Middle East. Despite the global financial crisis, the entity has registered profits from day one which enabled the company to distribute dividends from their first financial quarter. Khalifa Bin Butti is also the single largest individual Shareholder of One Financial.

Khalifa Bin Butti holds several roles in well established firms including the role of Chairman for KBBO Group, Bin Butti International Holding, Infinite Investment, BHS LLC and One Financial DMCC (London). He is also a Board Member of Centurion Investment.



Dr B.R. Shetty

Chief Executive Officer,
aged 71

Dr Shetty was appointed to the Board of NMC Health plc in July 2011. Dr Shetty has been involved in the private healthcare and pharmaceutical sectors since these were established in the UAE nearly 40 years ago.

Dr B.R. Shetty is the founding partner of NMC. He received the Order of Abu Dhabi in 2005, the highest civilian award, for contribution to the development of the community and the cause of the emirate, as well as the Padma Shri Award from the government of India in January 2009. He is a member of the Advisory Board of the Financial Sector of the Dubai Economic Department, the Chairman of the Abu Dhabi Indian School, the Founder and Vice President of the Swiss Business Council, the Founder of the Australian Business Council, the Canadian Business Council, the Netherlands Business Group and the Philippines Business Council. He is also a member of the Executive Panel of Dubai's Pharmaceutical and Health Equipment Trading Business Group under the Dubai Chamber of Commerce and Industry, the ex-President of the Abu Dhabi Cricket

Council and was the Managing Director of the Abu Dhabi Cricket Club since its inception in 1989 until 2006.

Dr Shetty trained as a Pharmacist. He received a Doctorate degree from Georgia State University, Atlanta, USA and was invited by the Harvard Business School to attend its Owner/ President Management programme. He holds a controlling interest in the Alexandria New Medical Centre in Egypt.



Mrs Heather Lawrence OBE

Independent Non-Executive Director,
aged 64 (AC, RC, CGC, NC)

Mrs Lawrence OBE was appointed to the Board of NMC Health plc in March 2012 and is the Chairman of the Clinical Governance Committee. Mrs Lawrence has significant operational experience in the healthcare sector as well as operating on a number of UK Governmental Boards.

Mrs Lawrence has over 20 years' experience as a Chief Executive Officer in the hospital and healthcare sector. From 2000 to July 2012 she served as CEO of the Chelsea and Westminster Hospital, which gained NHS Foundation Trust status in 2006. Prior to 2000 she served as CEO of North Hertfordshire NHS trust from 1996 to 2000 and Hounslow and Spelthorne Community and Mental Health Trust from 1989 to 1996.

Mrs Lawrence chaired the UK-wide negotiations for the Staff and Associate Specialists (SAS) Doctors contract during 2004 to 2006 and chaired the "Agenda for Change" three-year pay deal for non-medical staff on behalf of NHS employers during 2006 to 2009. She has

also served as a Commissioner for the UK Prime Minister's Commission for the Future of Nursing and Midwifery and was a Founding Member of the Dr Foster Global Comparators Founders Board, which is an initiative to share comparative health data with other leading medical institutions in various countries to improve clinical quality.

Mrs Lawrence originally trained as a nurse at St Mary's Hospital Paddington and is a Chartered Fellow of the Institute of Personnel Management.

She was appointed, by Secretary of State for Health, as a Non-Executive Director of Monitor, the NHS Regulator, in July 2012.

Mrs Lawrence was awarded an OBE in the 2010 New Year Honours List for her services to healthcare.

Board of Directors

continued



Lord Clanwilliam

Independent Non-Executive Director
Aged 53 (AC, RC, CGC, NC)

Lord Clanwilliam was appointed to the Board of NMC Health plc in March 2012 and is the Chairman of the Remuneration Committee. He has significant business experience in the Middle East and on the Boards of overseas companies listed on the London Stock Exchange.

Lord Clanwilliam is an international businessman and high-level government and financial communications specialist possessing over 30 years of business and political experience across a broad range of sectors, including mining, drilling, oilfield services and operational management and consultancy. During his career, Lord Clanwilliam has established an extensive network of senior level governmental and institutional contacts across the Middle East, the United Kingdom and Eastern Europe. He is currently

Chairman of Eurasia Drilling Company, a drilling and work-over company operating in Eurasia and listed on the Premium Segment of the London Stock Exchange. He is also a Non-Executive Director of Polyus Gold OJSC, a Russian gold mining company listed on the Premium Segment of the London Stock Exchange. Lord Clanwilliam is the Founding Partner and Chairman of Gardant Communications Limited, a political, strategic, financial and litigation communications company based in London and Senior Advisor to Milio International Limited, a British owned and operated commodities and logistics company.

Lord Clanwilliam graduated from Eton College in 1978 and from The Royal Military Academy, Sandhurst in 1979 after which he served for four years with the 1st Battalion Coldstream Guards.



Mr Jonathan Bomford FCA

Independent Non-Executive Director,
aged 65 (AC, RC, CGC, NC)

Mr Bomford was appointed to the Board of NMC Health plc in June 2013 and is the Chairman of the Audit Committee. He is a Chartered Accountant and has significant accounting, financial and audit experience gained principally in the Middle East and East Africa.

Mr Bomford is a qualified Chartered Accountant who spent 24 years with Ernst & Young in a number of roles in the Middle East and East Africa including Abu Dhabi, Riyadh, Dubai and Jeddah. For his last 15 years with Ernst & Young, he was a partner with a number of international clients across a range of sectors including healthcare, oil, banking and construction.

In 2000, Mr Bomford retired from Ernst & Young and since then has undertaken a number of roles including a Board Member of an Agricultural Trust funding agricultural projects and an Official Mentor providing Business Advice and Services to clients of the Prince's Trust.

Given his strong financial expertise, Mr Bomford was appointed as Chairman of the Audit Committee upon his appointment to the Board.



Mr Abdulrahman Basaddiq

Non-Executive Director,
aged 65

Mr Basaddiq is a fellow of the Institute of Chartered Accountants in England & Wales (FCA) and a licensed auditor and consultant in the UAE. He trained and qualified as a chartered accountant with Ernst & Young, London and spent over 25 years with Ernst & Young in the UK and the GCC, 15 of those as an equity partner. During his period at EY, Abdulrahman served as the Managing Partner of their Riyadh and Abu Dhabi offices, in addition to responsibilities as UAE Country partner in charge.

During his tenure in Riyadh, he oversaw the development and implementation of the only Saudisation program within the profession in the Kingdom at the time. He also served as an elected member of the firm's executive committee for some eight years, in addition to serving on the

human resources committee for a number of years.

Mr Basaddiq spent over 12 years with a number of Gulf based diversified groups across multiple jurisdictions and sectors including healthcare, global public and private equities, venture capital, real estate investment, development and construction, steel trading and fabrication, in addition to food manufacturing, retail and packaging. He also spent over five years serving on two audit committees, chairing one of them, in addition to oversight responsibilities in the development of audit committees and the related internal audit functions of other entities, which have grown in size and complexity, to comply with the ever increasing governance and other regulatory demands.

Senior Management



1 Mr Binay Shetty Chief Operating Officer

Since 2010, Mr Binay Shetty has been overseeing operations of NMC Health's healthcare and distribution divisions. He is also closely involved with the HR, Marketing, IT and Projects units of the organisation.

Prior to his current role, he was an Executive Director of NMC Healthcare LLC with responsibility for strategic planning and governance and the management of new projects.

He holds a Bachelor of Science in Business Administration with specialisations in Finance and Entrepreneurship from Boston University, Massachusetts, USA.

He is always challenging himself and his team to work towards better healthcare delivery and to support the team of highly trained medical professionals at NMC Health in providing the best outcomes for their patients. Born and raised in Abu Dhabi, Binay is well accustomed to the culture of the UAE as well as India.

2 Dr C.R. Shetty Group Medical Director

Dr Chandrakumari Raghuram Shetty is the Group Medical Director of NMC Health. Along with her husband, Dr B.R. Shetty, she has been a pioneer in establishing and developing the private healthcare sector in the UAE.

Dr Shetty has been instrumental in establishing Centers of Excellence in various units of NMC Healthcare. She has been actively involved in the conception, planning, design, execution and management of various healthcare facilities besides driving critical healthcare initiatives. Under her leadership, NMC Specialty Hospitals in Abu Dhabi, Dubai and Al Ain have received accreditation from the Joint Commission International (JCI).

Dr Shetty supervises a diversified multi-cultural workforce within NMC Health comprising of over 500 doctors and 3,000 medical staff. In her present role, Dr Shetty chairs various committees including

Governance, Infection Control, Patient Rights, Care of Patients, Quality and Facility Management.

Despite of her wide ranging responsibilities, Dr Shetty remains rooted to the basic ethos of the healthcare profession of providing quality care with a human touch to all patients by continuing to remain as a practicing Physician for over three decades.

3 Mr Prasanth Manghat Chief Financial Officer

Mr Prasanth Manghat has 14 years of experience in management of treasury and banking functions, corporate finance, accounting and financial reporting activities.

Prasanth has been a part of the NMC Health Group for 11 years and spearheaded NMC Healthcare's successful listing on the Premium Segment of the London Stock Exchange in April 2012, the first company so to do, raising US\$ 187 Million.

Prior to joining NMC Health, he has worked as Credit & Operations Head with Kotak Mahindra Finance, one of the leading non-banking financial institutions in India.

Prasanth is a Fellow member of the Institute of Chartered Accountants of India (FCA) and a member of the Association of Chartered Certified Accountants in the UK. He is a Bachelor of Science (1995) from MG University, Kerala, India.

Prasanth was honored with the "CFO of the Year" award in 2012 by ICAEW, Middle-East. He was also conferred with the prestigious award for "Excellence in Finance" by the Institute of Chartered Accountants of India, Abu Dhabi Chapter in Nov, 2012 and "Professional Excellence Award in the Healthcare Sector" by ICAI UAE (Dubai) Chapter in May 2013.

4 Mr Roy Cherry

Head of Strategy & Investor Relations

Mr Roy Cherry works closely with the CEO and the Executive Vice Chairman on NMC Health's strategy. He also leads the investor relations efforts.

Roy's career includes PwC Transaction Services where he advised on feasibilities and M&A transactions with a combined transaction value exceeding USD10bn across a variety of sectors including healthcare. He previously headed the Equity Research Department at SHUAA Capital in Dubai, one of the region's first and most acclaimed equity research teams. Roy played an important role on several regional IPOs including, Saudi Catering, NMC Health, Deyaar, DP World and Royal Jordanian Airlines.

Immediately prior to joining NMC Health, Roy was with Saudi Fransi Capital, where he was the Head of Research & Advisory Department. He holds a BSc in Management from the University of London. In addition to English, he is a fluent speaker of both Arabic and Swedish.

5 Mr Simon Watkins Group Company Secretary

Mr Simon Watkins is Group Company Secretary of NMC Health plc. Simon joined NMC Health in May 2012 shortly after the Group's IPO and is responsible to the Board for the Group's listing obligations, all Governance matters affecting the Group and, with the Chairman, for ensuring that the Board operates effectively.

Simon has over 20 years' experience as a Company Secretary, principally within UK companies having a London Stock Exchange Listing on either the Main Market or on AIM. Previous experience includes Deputy Group Secretary of Rank Group plc and four years as Group Company Secretary of lastminute.com plc. Simon's primary experience in the last 14 years has been within businesses focussed on strategic and acquisitive growth

Simon is an Associate Member of the UK Institute of Chartered Secretaries and Administrators.

Directors' Report

The Directors of NMC Health plc (the "Group" or the "Company") are pleased to submit their Annual Report and audited financial statements of the Group and the Company for the financial year ended 31 December 2013.

Information in the Group Strategic Report on pages 5 to 33, which constitutes a fair review of the business required by the Companies Act 2006, and in the Corporate Governance Report on pages 43 to 55, is

incorporated into this Directors' Report by reference.

The details of salaries, bonuses, benefits and share interests of directors are shown in the Remuneration Report on pages 56 to 72.

Results and Dividends

The Group results are shown in the Consolidated Statement of Comprehensive Income on page 76. Profit after taxation for the year was US\$69.1m (2012: US\$59.8m). Factors influencing the results are discussed

in the Business Overview and Financial review on pages 15 to 23.

No interim dividend was declared during the period. Subject to shareholder approval, a final dividend of 4.4p per share (2012: 4.1p) is proposed, to be paid on 3 July 2014 to shareholders on the Company's share register on 30 May 2014.

Future Developments

The Group's strategy and potential future development are outlined in the Group Strategic Report on pages 5 to 33.

Composition of the Board

The following have served as directors of the Company during the 2013 financial year:

Director	Position	Date of appointment	Date ceased to be a director (if applicable)
Mr H. J. Mark Tompkins	Non-Executive Chairman	7 March 2012	–
His Excellency Saeed Bin Butti	Non-Executive Director	20 July 2011	24 February 2014
Mr Khalifa Bin Butti	Executive Vice Chairman	20 July 2011	–
Dr B. R. Shetty	Chief Executive Officer	20 July 2011	–
Mr Jonathan Bomford	Non-Executive Director	27 June 2013	–
Lord Clanwilliam	Non-Executive Director	7 March 2012	–
Mrs Heather Lawrence	Non-Executive Director	19 March 2012	–
Mr Justin Jewitt	Non-Executive Director	7 March 2012	27 June 2013

Mr. Abdulrahman Basaddiq was appointed as a Director of the company on 24 February 2014. No other directors have been appointed to serve during the period from 1 January 2013 to 31 December 2013 or subsequently.

Share Capital

There have been no changes to the issued share capital of the Company during the year. The issued share capital as at 1 January 2013 and at 31 December 2013 is £18,571,428 divided into 185,714,286 shares of 10p each. As at the date of this report, the Company has not issued any options over the Company's share capital.

At the annual general meeting held in 2013, shareholders approved an authority for the Board to be permitted, in certain circumstances, to purchase its own shares. This authority has not been used.

Under the articles of association of the Company, all Ordinary shares have equal rights to dividends and capital and to vote at

general meetings of the Company. There are no restrictions on the size of holding nor on the transfer of shares, which are both governed under the terms of the articles of association and relevant legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or in voting rights.

Principal shareholders

As at 24 February 2014, the Company is aware of the following significant shareholdings in the Ordinary shares of the Company:

Shareholder	Number of shares	% of issued share capital held	Nature of holding
H.E. Saeed Bin Butti	53,466,559	28.8	Direct
Dr B. R. Shetty	37,742,409	20.3	Direct
Mr Khalifa Bin Butti	19,059,842	10.3	Direct
Infinite Investment LLC	14,072,024	7.6	Direct

Political donations

Neither the Company nor any subsidiary company in the Group made any Political donations during the year ended 31 December 2013.

Whilst the Company has no intention of making formal political donations in the future, the Board acknowledge that given

the wide interpretation of such donations, certain business events in which the Company or any of its subsidiaries, or the Board, may wish to participate may be caught under the formal definition of political donations. The Company will therefore again be seeking approval from shareholders at this year's annual general

meeting, for a small approved limit for "political donations", for use in such circumstances. If this is approved by shareholders, the Board will provide full details of any such payments made in the next annual report.

Contracts of significance with directors

Under UAE law and regulations, with the exception of certain specific areas designated by the Government as such, all land must be held legally by a UAE National. In addition, all healthcare facility and pharmacy operating licences may only be held legally by a UAE National, and not a body corporate. As a result, some of the property owned beneficially by the Group and all the Group's medical facility and pharmacy licences, are held legally in the name of either H.E. Saeed Bin Butti previously a Director of the Company or Mr Khalifa Bin Butti, a Director of the Company.

Related Party Transactions

Details of related party transactions are included in note 28 of the financial statements on pages 101 to 102.

Post Balance Sheet Events

The Company's subsidiary, NMC Healthcare LLC, entered into a renewed lease of 27 years with Municipality of Abu Dhabi for the site on which the Group's new Khalifa City Specialty Hospital is being constructed. There were no other events which would have a material effect on the Consolidated Statement of Financial Position between 31 December 2013 and the date of this report.

Going Concern

The Group has two diverse operating divisions, both of which operate in a growing market. The Board 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 Board has considered:

Operating risk: The Board receives monthly management reports covering key operational matters, monthly comparison to budget and updated forecasts on a half yearly basis for the full financial year to ensure that the business is trading in line with its expectations. The management team prepare a Group budget for each financial year and a cash flow forecast for the following 18 months which allows the Board to monitor the financial position of the Group and to consider appropriate risks which the business may face from a financial perspective.

Financing risk: The Company has worked to structure its debts for the medium and long term as well as utilising short term facilities to meet the Group's working capital requirements. The funds raised as a result of the share issue undertaken at IPO in April 2012 and the US\$300m five year syndicated term debt facility, of which US\$225m has been drawn down to date, are more than sufficient to fund the Group's material capital projects. The Group has banking arrangements through a spread of local and international banking groups. 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 the improved debt facility terms agreed during 2013 mitigates the financing risks that the Group faces from both its capital expenditure program and in relation to working capital requirements.

Customer and Supplier risk: Both the Healthcare and Distribution divisions have continued their positive growth trends. All major financial and non-financial KPIs showed good improvement during 2013. In the Healthcare division, trade receivables are monitored regularly, provisions made where necessary and the Group has no history of significant bad debts. In the Distribution division, the increase in revenue and product flow has an adverse effect on the Group's working capital position. Trade receivables are monitored regularly and management maintain a close working relationship with all major suppliers to monitor performance as well as signs of financial risk. The Board has reviewed the business plan for 2014 as well as considered growth forecasts for the healthcare sector in UAE, and considers the Group's future forecasts to be reasonable.

Impairment risk: The Board has considered the carrying value of inventories, accounts receivable and property and equipment and concluded that there are no indicators of material impairment of these items and therefore no material cash flow impact associated with any loss in those areas.

In its review, the Board considered other areas of potential risk, including regulatory risk, insurance and legal risks and potential areas of contingent liability and found no

matters which are likely to affect the viability of the Group in the medium term.

The Directors therefore continue to adopt the going concern basis in the preparation of the financial statements.

Financial risk management objectives

The financial risk management objectives and policies of the Group are included in note 29 to the financial statements on pages 102 to 105.

Greenhouse gas emissions

The Group has not collected data as required under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013 in relation to its greenhouse gas emissions during 2013.

The Company is aware of its responsibilities to the environment. The Company is aware that the climate in which its businesses operates is extremely hot when compared with other parts of the world. The Group's medical facilities are particularly reliant on cooling to ensure a safe environment for our patients and employees.

The measuring of greenhouse gas emissions or other environmental indicators is largely not prevalent within businesses in the UAE. The Group has therefore not had experience of having to consider environmental matters or its gas emissions previously. The Company considers that its primary areas for review in relation to the effect that the Group has on the environment is as follows:

- The Group's electricity usage which, given the focus on healthcare operations, is significant;
- The use of air conditioning, and in particular the use of gases within cooling systems, which given the location of the businesses in an extremely hot climate, will be higher than other countries in the world; and
- The use of vehicle fuels, particularly with regards to the vehicle fleet used in the Distribution division, in an environment where the distribution of product throughout the UAE can only be made via the country's road network.

Directors' Report

continued

The Company has commenced a project to ensure that data in relation to the Group's consumption of greenhouse gases is collected for 2014 onwards, but it hasn't been practical for the Group to collect and publish historical data in relation to the 2013 financial year.

Annual General Meeting

The annual general meeting of NMC Health plc will be held at Allen & Overy LLP, One Bishops Square, London E1 6AD on Thursday, 26 June 2014 at 2.00 p.m.

Further details of the resolutions to be proposed at the annual general meeting are set out in the separate Notice of Meeting circular which accompanies this Annual Report and audited financial statements.

Auditors

Directors' statement as to disclosure of information to auditors:

The Directors who were members of the Board at the time of approving the Directors' Report are set out on page 40. Having made enquiries of fellow directors and of the Company's Auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the group's Auditor in connection with preparing their report) of which the Company's Auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

Ernst & Young LLP have confirmed that they are willing to be reappointed as auditor for the financial year ending 31 December 2014. As reported in the 2012 Annual Report, the Company agreed a basis for audit fees for a three year period 2014 and agreed, subject to their annual re-appointment by shareholders, that Ernst & Young LLP would remain as auditor to the Group for that period. The Audit Committee now expect that Ernst & Young LLP will

remain as auditor to the Group for 2015, after which an audit tender process is proposed.

Statement of Directors responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

The Directors are required by Company Law to prepare financial statements for the Group and the Company in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements are required to present fairly for each financial period the Company's financial position, financial performance and cash flows. In preparing the Group and parent company financial statements the Directors are also required to:

- Properly select and consistently apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the company's ability to continue as a going concern.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors also confirm that they consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for keeping proper accounting records that are sufficient

to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

We confirm to the best of our knowledge:

- The financial statements, prepared in accordance with the International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The Directors' Report was approved by the Board on 24 February 2014 and are signed on behalf of the Board by:

Simon Watkins

Group Company Secretary

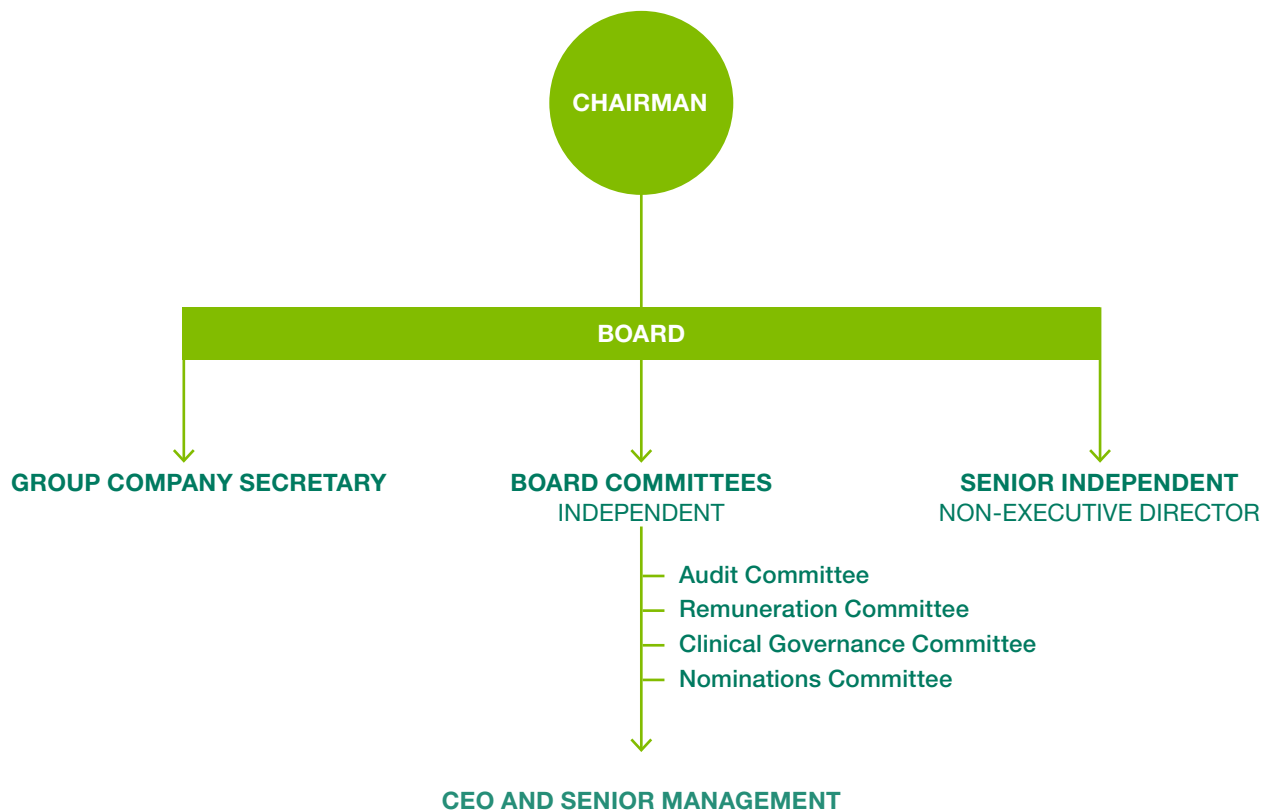
NMC Health plc (registered in England and Wales, number 7712220)

23 Hanover Square, London W1S 1JB

Corporate Governance Report

Governance framework

The Company operates within a traditional governance framework.



The roles and responsibilities of each of the individuals and groups above, and their role in the overall governance framework, are set out in the remainder of this Governance section.

Corporate Governance Report

continued

How the Board Operates

The role of the Board

The Board is responsible to shareholders for the overall conduct of the Group's business and the performance of management and of the Group. The Board has the powers and duties as set out in the Company's articles of association and the relevant regulations applicable to the Company as a registered public listed company registered in England and Wales.

The Board is primarily responsible for:

- determining the strategic direction of the Group;
- approving major capital projects, acquisitions and divestments;
- setting the annual budget;
- monitoring the financial performance of the Group against its targets;
- approving annual and half-year results and monitoring shareholder communications;
- promoting good governance within the Group, and seeking to ensure that the Company meets its responsibilities towards all stakeholders; and
- demonstrating leadership and focussing on matters that affect shareholder value.

The Board seeks at all times to ensure that there is an appropriate balance between short term and long term considerations and objectives of the Group.

The Company has an agreed formal schedule of matters reserved for the Board which includes approval of strategic plans, financial statements, budgets, material investment decisions, acquisitions and divestments. The Board has overall responsibility for the effectiveness of the Group's systems of internal control and is assisted by the Audit Committee in this respect.

As part of the terms of their appointment, each director agreed that they will act collectively with the rest of the Board to ensure the success of the Group. The Board delegates authority in relation to matters which it has not reserved to the CEO who is responsible for delivering the Company's strategic objectives.

Board composition

The names of the directors and their biographical details are set out on pages 36 to 38.

The Board of the Company comprises seven directors, six of whom have served throughout the year:

- the Non-Executive Chairman;
- two Executive Directors;
- one Non-Independent Non-Executive Director; and
- three Independent Non-Executive Directors, one of whom was appointed during the year.

The Non-Executive Chairman and the three independent Non-Executive Directors are all UK based. The two Executive Directors and the Non-Independent Non-Executive Director are based in Abu Dhabi. The Senior Independent Director with effect from 21 January 2014 is Jonathan Bomford, who is available to shareholders should they have any concerns that they do not wish to raise with the Company or the Chairman directly. The Senior Independent Director can be contacted through the registered office of the Company at 23 Hanover Square, London W1S 1JB.

The Board considers that the extensive and diverse business, cultural and operational experience of the Independent Non-Executive Directors, and their UK listed company experience, ensures that appropriate corporate governance procedures are considered in all aspects of Group decision making and control. These attributes also enable them to bring independent judgement to bear on issues of:

- strategy, including constructively challenging the strategic direction of the Group;
- scrutinising and challenging the performance of the Group;
- assessing risk and controls operating within the Group and in its decision making; and

- standards of conduct and governance and other matters presented to the Board.

Process for Board changes during the year and diversity

Mr Jonathan Bomford was appointed by the Board on 27 June 2013. The decision to appoint Mr Bomford was considered by the Board as a whole and the Nominations Committee did not operate a formal process in relation to his appointment; the Company did therefore not comply with the provisions of B.2.1, B.2.2 and B.2.4 of the Code. Mr Bomford is a Chartered Accountant having previous significant financial experience as a senior partner with Ernst & Young in the Middle East region, including the UAE. Given the lack of formal financial expertise on the Audit Committee prior to June 2013, and Mr Bomford's financial and culturally aware background in the region, the Board considered it appropriate to appoint him to the Board and as Chairman of the Audit Committee notwithstanding that a Nominations Committee process was not undertaken. Mr Bomford met various members of the Board prior to the consideration of his appointment as a Director. As a result, given his particular experience, no external search was undertaken. As a result of Mr Bomford's appointment, the Board considers that the Company now more fully complies with the requirement of provision C.3.1 of the Code in relation to financial expertise on the Audit Committee.

The constitution of the current Board is diverse in terms of gender and in relation to its cultural and racial mix. The Board will consider both gender and cultural balance when reviewing whether the future make-up of the Board is appropriate to ensure the Group is managed appropriately on behalf of shareholders. However, neither the Board, nor the Group businesses, have formal diversity policies in place in relation to board and employee appointments. The Board considers that in addition to considering gender and race in relation to future Board appointments, it is important to consider the appropriate skills and character of potential new Directors to ensure that the Board acts effectively on behalf of shareholders.

The UAE does not have legislation in relation to gender or racial equality, but is a culturally and racially diverse country with many different nationalities working across all sectors of the country's workforce. Given local practice, the Group does not believe that it is appropriate to have a formal diversity policy in the region within which it operates. However its recruitment processes ensure that the most appropriate candidate is appointed to each available role having consideration of his or her experience, skills and with consideration as to how the new employee would fit culturally into the team into which they are recruited.

Board independence

For the purposes of the Code, the Board considers Mr Mark Tompkins, Mr Jonathan Bomford, Lord Clanwilliam and Mrs Heather Lawrence to be independent.

The Independent Non-Executive Directors met separately to the other directors on five occasions, as well as having a number of other ad-hoc meetings and discussions, during the year. During their meetings the Independent Non-Executive Directors discussed various board related matters and other matters which, given their position as Independent Directors, they considered were of interest to them.

The Board did not classify His Excellency Saeed Bin Butti who served during the 2013 financial year as an Independent Director for the purposes of the Code because of his significant shareholding in the Company. However, His Excellency has a detailed knowledge of the UAE and its culture, as well as having good connections within Abu Dhabi, both of which were of significant value to the Group and the Board.

Tenure of independent non-executive directors

Provision B.1.1 of the Code suggests that length of tenure is a factor in determining the independence of non-executive directors. The table below therefore shows how long each of the Independent Non-Executive Directors have been members of the Board.

	Date of appointment	Full Term years to 2014 AGM	Considered to be independent by the Board
H J Mark Tompkins	7 March 2012	2	Yes
Jonathan Bomford	27 June 2013	1	Yes
Lord Clanwilliam	7 March 2012	2	Yes
Heather Lawrence	19 March 2012	2	Yes

Key roles and responsibilities in the governance structure

The roles of the Chairman and Chief Executive Officer ("CEO") are separate.

Chairman

The Chairman was appointed to the Board in March 2012 in anticipation of the Company's IPO. The Chairman is responsible for the proper functioning of the Company's Board of directors who oversee the strategic direction of the Group including:

- the effective operation and governance of the Board;
- setting the agenda and coordinating the style and tone of Board discussions; and
- ensuring the directors receive accurate and timely information.

Chief Executive Officer

The Chief Executive Officer is responsible for identifying, with the senior management team, opportunities that are deemed appropriate and in line with the Board's strategic objectives. He is also responsible for delivering the key strategic objectives set by the Board. The Chief Executive Officer is

assisted in this task by the senior management team who meet regularly to review the performance of the business, the progress of key capital projects, new development opportunities as well as other material matters arising within the business. Members of senior management attend Board meetings, as appropriate, to highlight and debate, with the Board, developments within their areas of responsibility.

Senior Independent Director

The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors as required. The Senior Independent Director is available to shareholders if they have concerns which they have not managed to resolve through the normal channels of the Chairman or the Executive Directors, or who feel that such contact is inappropriate for the concerns that they may have.

Group Company Secretary

The Group Company Secretary acts as Secretary to the Board and to the Board Committees. He assists the Chairman in ensuring that all Directors have full and timely access to all relevant information and

in organising induction programmes for new Directors. The Group Company Secretary is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole.

The biographical details of the Chairman, CEO and Senior Independent Director can be found on page 36-38. The biographical details of the Group Company Secretary can be found on page 39.

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Conflicts of interest

Given the history of the Group as a private business, the Board is aware of the interest that the Executive Directors have in other businesses in which they have invested. Any conflicts of interest that may arise are monitored by:

- The list of the other interests of each Executive Director being circulated to the Board at each of its Board Meetings;
- Each of the Directors are asked to confirm that they have no other interests which would conflict them for the purposes of any item to be discussed at the meeting; where such conflict is reported, the respective Director is not permitted to take part in the consideration of that matter by the Board; and
- Each Director discloses to the Board any related party transactions in which they are connected, and such transactions are reported in the Group's financial statements.

Whilst Directors on the Board have other business interests, the Board do not consider that these, nor the time commitment that they require, materially affects the ability of such Directors to undertake their role or comply with their statutory obligations, directly or through their designated nominees.

Board meetings

The Company Secretary supports the Chairman in finalising the agenda for each Board meeting and ensuring that appropriate papers are provided from the management team in a timely manner for circulation in advance of Board and committee meetings. This is to ensure that fully informed decisions can be reached.

The Board considers the following standard matters at each of its Board meetings:

- Operational performance through the CEO's report;
- Financial performance, including monitoring current and forecast trading, cash and debt levels against its expectations presented through the CFO report;
- Progress being made on the Group's key capital development projects;

- Legal and regulatory matters; and
- Investor relations, including an update in relation to activity in the Company's shares and principal movements of its shareholders.

During the course of the 2013 financial year the Board has also considered, as appropriate:

- the Group's half-year and full-year results;
- interim management statements;
- updates from the Chair of discussions held at each of the Board Committees;
- the proposed budget for the following financial year;
- the Group's future strategy;
- monitoring the progress of succession planning procedures which are in the process of being implemented in relation to senior management of the Group;
- the changes made in the Corporate Governance environment;
- the replacement of the Group's Term Debt Facility;
- changes in the way in which the Group's capital development projects are managed; and
- changes proposed by management to the Group's IT environment, including a new Hospital Information System and a new financial system, the implementation of which are both underway.

Board effectiveness

Director Induction

On appointment, directors have the benefit of a personalised induction programme which is undertaken during the first few months of their tenure as a director. Each induction programme covers a number of different areas including:

- briefings and presentations from management to understand the business operations and financial drivers;
- their legal and regulatory responsibilities as directors;
- opportunities to visit the Group's key facilities and new capital development project locations;

- meeting privately with the Company's key advisors; and

Board information and professional development.

The Directors maintain an appropriate dialogue amongst themselves and with senior management, which ensures that Non-Executive Directors are kept up to date with major developments in the Group's business.

Following an initial induction process, it is important that the Non-Executive Directors meet with management and undertake visits to operational facilities each year in order to further understand the way the business operates and any change within the business. Each of the NEDs have visited the UAE a number of times in 2013, with particular emphasis on monitoring progress in relation to the Company's key capital projects and to oversee the implementation of improving controls and governance within the Group.

As part of their overall training and development needs, all of the non-executive directors have attended externally provided seminars and discussion forums relating to their areas of Board responsibility during the period and also met individually with a number of industry specialists to increase their current knowledge of key investment issues in the healthcare sector. Given the significant changes in the governance framework and reporting requirements for companies listed on the Premium Segment of the London Stock Exchange, all of the Directors have either attended specific seminars or received presentations and documentation covering all aspects of corporate governance.

All Directors also received a comprehensive file of documents towards the end of 2013 designed to increase their specific knowledge of the implementation of new governance requirements for London Stock Exchange Premium listed companies.

In early 2014, a formal process of reviewing each Directors' training and development needs has commenced. This review, undertaken by the Chairman with individual Directors, will set the framework for each Directors' professional development in any particular financial year.

Performance evaluation

As mentioned above, the Board did not undertake an evaluation of its own performance during the year to 31 December 2013. It is the Board's intention to formally evaluate the performance of directors individually and collectively during the first half of the 2014 financial year and to advise shareholders of the findings of that review in the 2014 Annual Report and audited financial statements.

Re-election of directors

All of the directors of the Company submit themselves for re-election at the annual general meeting of the Company to be held on 26 June 2014, with the exception of Jonathan Bomford who will seek election at his first annual general meeting as required by the Company's articles of association. Each resolution for re-election of a retiring

director, or the election of a new director, will be proposed as a separate resolution. Whilst a formal performance evaluation has not taken place, the Board have confirmed that the contributions made by each director to board deliberations continues to be effective and that the shareholders of the Company should support their re-election or election.

Independent advice

Each of the directors is permitted to obtain independent legal advice at the Company's expense in the performance of their duties as directors. This would normally be managed through the Group Company Secretary.

All directors, and the Board as a whole, also have access to the advice and services of the Group Company Secretary who, under the Chairman's direction, is

responsible for ensuring that good Board procedures are followed.

Indemnification of directors

The Company has put in place a Directors and Officers Liability Insurance policy which provides all Board members with insurance cover in respect of liabilities that may arise against the Directors collectively or individually. The Directors do not benefit from any form of qualifying third party indemnities made by the Company.

Board Committees

The Board has established an Audit Committee, a Remuneration Committee, a Clinical Governance Committee and a Nominations Committee. Further details in relation to these Committees are set out on pages 48 to 56. The terms of reference of each committee are available on our website at www.nmc.ae/ir.

Board and Board Committee attendance in the 2013 financial year

During the period under review, the Board met on nine occasions; six of these meetings were scheduled as full periodic board meetings and three meetings were either brief meetings on matters requiring board approval or ad-hoc matters which arise. Scheduled periodic Board Meetings are planned in each financial year to be split, where possible, evenly between London and Abu Dhabi.

The attendance of the Directors at each of the Board and Committee meetings during the period was as follows:

Director	Board meetings (*note)	Audit Committee	Remuneration Committee	Clinical Governance Committee
Mr H. J. Mark Tompkins	8(9)	3(3)	3(3)	2(2)
H.E. Saeed Bin Butti	0(9)	–	–	–
Mr Khalifa Bin Butti	6(9)	–	–	–
Dr B. R. Shetty	9(9)	–	–	–
Mr Jonathan Bomford	4(4)	2(2)	1(1)	1(1)
Lord Clanwilliam	9(9)	4(4)	3(3)	1(2)
Mrs Heather Lawrence	9(9)	4(4)	3(3)	2(2)
Mr Justin Jewitt	5(5)	2(2)	2(2)	1(1)
Mr Keyur Nagori (Alternate Director to H.E. Saeed Bin Butti)	3(5)	–	–	–

*Note: The number of meetings that each director could have attended during the period under review is noted in brackets. The Nominations Committee did not meet during the year.

During 2013, given his other commitments, H.E. Saeed Bin Butti was not able to attend any of the board meetings held. His Excellency kept up to date with key matters relating to the Group outside of the formal Board Meeting environment through meetings with other board directors. His valuable time commitment to the Board and the Group, and fulfilment of his duties as a Director of the Company, were provided in

this way. Given his other commitments, during the year His Excellency decided to appoint an alternate, Mr Keyur Nagori, who attended the majority of the Board Meetings held since his appointment in June 2013. Mr Nagori also attended a number of Board Meetings as an invited attendee before his formal appointment as an alternate director. His Excellency contributed to the Board process and to the effectiveness of the

formal Board process, through his alternate. On 24 February 2014, H.E. Saeed resigned as a Director of the Company and nominated Mr. Abdulrahman Basaddiq to be appointed as a Director. The Board approved his nomination on 24 February 2014.

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Audit Committee report

Audit Committee Chairman foreword

This is the first Audit Committee report since my appointment as Audit Committee Chairman. Following my appointment in June 2013, my induction process included elements specifically connected to financial and key risks matters, which are increasingly important in the Governance environment.

2013 has seen significant changes in various aspects of UK listed company reporting requirements, and I am pleased to report that both management and the audit committee have been committed to ensuring that they have a good understanding of these new requirements. This report sets out the work of the Committee, significant matters addressed by the Committee during the year and the responsibilities of, and work undertaken by, the external and internal auditors.

The Audit Committee

Membership

The Audit Committee has consisted entirely of independent non-executive directors during the year under review. The Audit Committee members who have served during the year are:

Audit Committee Member	Position	Period of membership during 2013
Jonathan Bomford	Audit Committee Chairman and financial expert	Member and Chairman of Audit Committee from 27 June 2013 until end of the year
Lord Clanwilliam	Independent Non-Executive Director	Member of Audit Committee throughout the year
Heather Lawrence	Independent Non-Executive Director	Member of Audit Committee throughout the year
H.J. Mark Tompkins	Independent Non-Executive Chairman	Member of Audit Committee from beginning of the year until 14 December 2013
Justin Jewitt	Previous Audit Committee Chairman	Member and Chairman of Audit Committee from beginning of the year until 27 June 2013

During the 2013 financial year until 27 June 2013, there were no Chartered Accountants on the Audit Committee. During this period, the Chairman of the Audit Committee, Mr Jewitt, and its members had general financial experience gained through their previous employment and board experience.

From 27 June 2013 to the date of this report, the new Chairman of the Committee and the Committee's financial expert is Mr Jonathan Bomford. Mr Bomford is a Chartered Accountant and his biographical details and experience are set out on page 38 of the annual report.

On 14 December 2013, Mr Tompkins resigned as a member of the Audit Committee. Code provision C.3.1 of the UK Corporate Governance states that the Chairman of the Company should not be a member of the Audit Committee. Following the Company's IPO in 2012, it was decided that it would be appropriate for all the Independent Non-Executive Directors to be members of the Audit Committee as the Group implemented new policies and procedures and enhanced its Corporate Governance environment. Following the change of Audit Committee Chairman in June 2013, Mr Tompkins remained on the Committee to assist the new Committee Chairman during the transition period

following his appointment, but in compliance with best practice as determined by the Code, Mr Tompkins has now resigned as a member of the Committee.

Key role and responsibilities

The key role of the Committee is to ensure that the integrity of published financial information by the Company, and the effectiveness of both external and internal audit processes, are appropriate to ensure that the interests of all shareholders are protected.

The Audit Committee assists the Board in:

- discharging its responsibilities with regard to financial reporting, external and internal audits and controls;
- reviewing the Company's financial results announcements, Annual Report and audited financial statements;
- monitoring the independence and extent of the non-audit work undertaken by the external auditors;
- making recommendations to the Board on the appointment of external auditors and the level of their remuneration;
- reviewing the effectiveness of the Company's internal audit activities and internal policies;

- Overseeing the Group's compliance processes; and
- Undertaking reviews of the Group's internal controls and risk management systems.

The Audit Committee is required to report regularly to the Board of Directors in relation to its findings on the above. The ultimate responsibility for reviewing and approving the Company's Annual Report and audited financial statements and the half yearly reports remains with the Directors of the Company.

Committee meetings

The Audit Committee met formally four times during the year, which will be the normal frequency in a given financial year unless otherwise as requested by any member of the Committee. The Meetings are scheduled to align with the Group's reporting timetable with planning meetings in advance of both the half-year review and full-year audit, and approving meetings shortly in advance of the announcement of the Group's half-year and full-year results.

Meetings are normally attended by the Chairman of the Company, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Head of Strategy and Investor Relations. The Group Company Secretary acts as

Secretary to the Committee. The Committee also meets separately with the external auditors, the internal auditors and management with the other parties not present.

Main activities of the Committee during the year

During the year, the Committee has focussed significantly on areas of corporate governance and management of risk. The listing of the Company on the London Stock Exchange has required significant change management in the Group, in particular in the way that formal reporting is undertaken to the Board and the formal documented policies and procedures within the businesses.

The significant items which the Audit Committee focussed on and discussed during the year included:

- The implementation plan for the new ERP financial accounting system. The Group is in the process of implementing a new accounting IT system which is designed to ensure a less manual working environment than has previously been in existence when the Group was in private ownership. Implementation of the new system commenced in 2013, but completion will now be delayed following management's decision to switch from instant "Go-live" to a phased roll-out of the new IT system, to enable full testing and the integration of the new Oracle version. The revised implementation plan for the roll-out of the new system was reviewed by Internal Audit who found that there are no material concerns in relation to the implementation of the new system. The new financial system is in the process of being rolled out into the Group's operations and will be fully functional by the end of H1, 2014.
- Revenue recognition
The Group has a number of revenue streams across both its Healthcare and Distribution businesses. Whilst the Group ordinarily acts as principal in relation to its sales, there are a number of areas within both businesses where the recognition of revenue has been reviewed to ensure that the correct treatment of principal versus agency revenue has been adopted in all business areas. There is a risk that incorrect accounting treatment could be

adopted within a particularly business unit, for example agency revenue being treated as principal revenue. Any error of this nature would affect the Revenue and not the EBITDA of the Group. The Audit Committee has reviewed the different treatment adopted by management in each relevant business unit and is comfortable with the accounting for revenue across the Group.

- Trade receivables and other receivables
The time taken for payers to settle invoices in the UAE is generally longer than would normally be expected in other parts of the world. In addition, within the Healthcare division, the vast majority of healthcare customers settle their invoices through medical insurance claims. The Group therefore experiences delays in payment as a result of the time taken to process claims through insurance companies and to arrange settlement of the claim. In the distribution business, payment delays are experienced from bulk retail sales customers and delays in processing bulk discounts and rebates achieved from key customers have an additional effect on receivables and working capital. The level of both trade and other receivables has been improving following a number of actions undertaken by management, but this will continue to be a key focus for the audit committee particularly to ensure that adequate bad debt provisioning is made.
- The internal audit programme – this was designed to review areas of the business which the Committee determined to be of the highest risk to the Group's operations, and the mitigation of those risks. The internal audit programme is working well and importantly, has been helpful to both the Committee and to management. Due to the Group's stage of development, the internal audit plan has to date been partly transaction based, rather than wholly strategic based. From 2014 onwards the internal audit plan will be strategic risk based to ensure that those areas of key and strategic risks are more closely and independently monitored. This transition of methodology will be closely monitored during 2014.
- The implementation of new reporting and additional corporate governance requirements. Having prepared the

Company's inaugural annual report as a listed company for the 2012 financial year, the implementation of so many new regulations and governance provisions after just one year as a listed company, and after a period of significant governance change throughout the Group, has been a challenge which the Audit Committee and the Board wished to prepare for. Members of the Audit Committee, the CFO and the Group Company Secretary have all attended seminars and met with advisers to consider to effect of the new environment on the Group's governance environment and on the 2013 annual report. The Board have also received a comprehensive pack of all documents making up the governance framework with which the Group should comply, as well as attended a presentation on the same from the external auditors.

During the 2014 financial year, the Audit Committee is intending to continue to closely monitor the roll-out of the Group's new financial system, which the Committee sees as the one key element of the Group's future internal control environment.

Internal control

The Committee has reviewed the process by which the Group evaluates its control environment. The CFO provides a report each year to the Audit Committee on the effectiveness of internal controls and confirms to the Committee whether or not he is aware of any significant fraud that may have occurred within the business. The internal auditors also undertake a review across a wide range of control areas to give the Audit Committee and the Board assurance on the internal control environment.

Risk Management

The risk management process is primarily driven by scrutiny of the register of significant risks which is retained and reviewed by management and the Internal Auditors. This risk register, which is produced in discussions with the Group's operating facilities, is the basis for the list of principal risks and uncertainties which are set out on pages 24 to 27. Whilst the Internal Auditors already focus on areas of key risks identified by the business, the risk management of the Group, and the

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maintenance of the register of significant risks, will be enhanced further by the change in methodology of the Internal Audit Programme which, as outlined above, will be a more strategic risk based approach from 2014.

Internal audit

A review of the work undertaken by the Group's internal auditors is an agenda item for each Audit Committee meeting. The internal auditors report to the Committee their findings together with action plans to resolve any matters which they believe require to be addressed. The action plans are graded with key high risk matters taking priority to be resolved.

External audit and auditor independence

The Committee believes that the effectiveness of the external audit is dependent on the identification of key risks during the financial year under review. Ernst & Young LLP (hereinafter referred to as EY) produces and discusses with the Committee a detailed audit plan identifying these key risks and the work to be done to test management's assumptions and accounting treatment in these areas.

The Committee meets separately with the External Auditors to ensure that an independent dialogue is maintained in relation to monitoring key business and financial risks and to ensure that management have not restricted the scope of their audit. The Audit Committee Chairman also meets with the lead audit partner on a number of occasions during the year outside the formality of Audit Committee meetings.

The Committee discusses separately with management matters arising from the audit process and also to assess their view of the effectiveness of the audit work being undertaken.

The Committee has not undertaken a formal review of the effectiveness of the external audit, although discussions were held at the June 2013 Audit Committee meeting where a review of any FY2012 audit recommendations was undertaken. The audit in relation to the 2012 financial year was the Company's first as a listed company and management and the external auditors discussed the audit process, including matters which had

worked well and areas of improvement in audit process for FY2013.

The Committee believes that it will be appropriate to undertake a formal review of the effectiveness of the external audit following the Company's second audit as a listed Company, which has just completed. This review will be undertaken in advance of the interim review for FY2014.

Auditor fees and appointment

EY were appointed as auditor to the Company at the time of the Company's IPO in April 2012. As reported in the 2012 Corporate Governance Report, the Company agreed a basis for audit fees for the three year period of 2012, 2013 and 2014 and agreed that, subject to their annual re-appointment by shareholders, EY would remain as Auditors to the Group for those financial years. The level of audit fees paid in relation to the 2013 financial year is set out in note 11 to the Consolidated Financial Statements.

The Committee has considered further its intentions in relation to the tender of the provision of external audit services following a review of new guidance in the year. Having considered this guidance the Committee believes that the earliest that a tender for the provision of external audit service is likely to be undertaken will be subsequent to the 2015 financial year end audit.

Non-Audit fees

During FY2013, the level of non-audit fees, excluding the fees for the half-year review, amounted to a total of US\$ 0.1m. This figure is much reduced from FY2012, as the amount in that year included US\$4.9m paid to EY, or its associate firm in the UAE, in relation to fees for their role as Reporting Accountants in relation to the Company's IPO. The FY2013 non-audit fees were paid to EY, or its associate firm in the UAE, in relation to a number of one-off projects in assisting the NMC finance team with a number of business process related matters and for tax compliance services. The Audit Committee believe that the level of non-audit fees in 2013 were acceptable in the first full financial year following the Company's IPO.

The Audit Committee has adopted a non-audit fees policy whereby it will only permit such fees in circumstances where

they feel that use of the Auditor firm is necessary, appropriate or efficient, and has delegated authority to the CFO to agree such projects subject to a strict cap on fees in relation to each financial year.

Auditor Independence

The Audit Committee formally reviewed the independence of the Company's auditor, EY, during the period under review. The review took account of the relationship between management and the audit team, the processes that EY have in place internally to ensure objectivity and independence and also the level of non-audit fees incurred during the year.

As part of this review the Committee reviewed the potential threats to auditor independence as a result of:

- auditor self-interests, being those areas where the auditor may have a financial or other interest in the Company;
- auditor self-review, being areas where the results of non-audit services are reflected in the amounts included or disclosed in the financial statements;
- management threats, which may occur if partners or employees of the auditor take decision on behalf of management; and
- Other threats, such as familiarity and intimidation.

The Audit Committee is satisfied that in all areas sufficient safeguards were adopted by the auditor and that the independence of EY and of the audit engagement partner had not been compromised. There is no limitation of liability in the terms of appointment of the Auditor for the audit of the Company's financial statements.

Jonathan Bomford, FCA

On behalf of the Audit Committee

Clinical Governance Committee

The Clinical Governance Committee was established by the Board in June 2013 to provide assurance to shareholders that the key operational risks of the business are considered by a Committee of the Board and to ensure that the key risk of clinical care and quality associated with the Group's healthcare business is independently monitored.

The Committee has consisted entirely of independent non-executive directors during the period under review. The Clinical Governance Committee members who have served during the year are:

Clinical Governance Committee Member	Position	Period of membership during 2013
Heather Lawrence	Clinical Governance Committee Chair	Member and Chair of Clinical Governance Committee since its establishment
Lord Clanwilliam	Independent Non-Executive Director	Member of Clinical Governance Committee since its establishment
H.J. Mark Tompkins	Independent Non-Executive Chairman	Member of Clinical Governance Committee since its establishment
Jonathan Bomford	Independent Non-Executive Director	Member of Clinical Governance Committee from 27 June 2013 until the end of the year
Justin Jewitt	Previous Independent Non-Executive Director	Member of Clinical Governance Committee from its establishment until 27 June 2013

Meetings of the Committee will be scheduled for three times per financial year. In addition to the Clinical Governance Committee members, the Group Medical Director, Chief Operating Officer and Vice President – Quality and Standards attend each meeting. The Group Company Secretary is Secretary to the Committee.

Key role and responsibilities

The key role of the Committee is to oversee governance structures, processes and controls in place within the Group healthcare operations. This is to ensure that the risks associated with clinical care are mitigated in the interests of the Company and its stakeholders, including shareholders.

Specific responsibilities of the Committee include:

- Ensuring processes and controls are in place across the NMC Healthcare hospitals to promote safety and excellence in patient care and manage risks arising from clinical care on a continuing basis;
- Review the systems of clinical governance, monitoring that they operate effectively and that action is being taken to address any areas of concern;
- Review clinical performance indicators quarterly to gain assurance; and
- Review compliance to local Health Authority requirements and standards.

The establishment of the Clinical Governance Committee was undertaken as a result of an appreciation of the clinical risks faced by the Group. As a result the Committee is a key aspect of the Group's internal control environment.

The Chair of each of the Audit Committee and the Clinical Governance Committee therefore intend during 2014 to consider the ways in which the two committees interact providing an overall control and governance framework to manage the Group's key risks.

Heather Lawrence, OBE

For and on behalf of the Clinical Governance Committee

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Remuneration Committee

The Remuneration Committee consists entirely of independent non-executive directors. Further details of the Remuneration Committee, its membership and its role and responsibilities, is set out in the Remuneration Report on pages 56 to 72.

Nominations Committee

The Nominations Committee has consisted entirely of independent non-executive directors during the year under review. The Nominations Committee members who have served during the year are:

Nominations Committee Member	Position	Period of membership during 2013
H.J. Mark Tompkins	Nominations Committee Chairman	Member and Chairman of Nominations throughout the year
Lord Clanwilliam	Independent Non-Executive Director	Member of Nominations Committee throughout the year
Heather Lawrence	Independent Non-Executive Director	Member of Nominations Committee throughout the year
Jonathan Bomford	Independent Non-Executive Director	Member of Nominations Committee from 27 June 2013 until the end of the year
Justin Jewitt	Previous Audit Committee Chairman	Member of Nominations Committee from beginning of the year until 27 June 2013

The Nominations Committee has a role to assist the Board in:

- reviewing and making recommendations to the Board in relation to its structure, size and composition;
- reviewing succession planning in place for senior management;
- determining the appropriate skills and characteristics required of directors; identifying individuals qualified to become Board members and recommending such individuals to the Board;
- recommending individuals to be considered for election as Directors at the next Annual General Meeting of the Company or to fill vacancies; and
- preparing a description of the role and capabilities required for a particular appointment.

The Committee will also undertake annual reviews of the composition of the Board and assess various attributes of each Board member, including reviewing annually the time required from a non-executive director and assesses whether he or she contributes effectively and demonstrates commitment to the role.

The Nominations Committee did not meet during 2013 but did meet early in 2014. A full senior management succession planning process is underway and the Committee met to consider this process and to ensure that a rigorous succession plan is being implemented. The Committee will meet further in 2014 to review progress on the

succession planning implementation as well as the results of a board appraisal and any effect the results of that appraisal has on the structure of the Board.

Other than in relation to specific matters which the Nominations Committee will be required to discuss, it is expected that the Nominations Committee will meet at least once in each financial year, or otherwise as requested by any member of the Committee. The Committee would expect to meet to consider appropriate candidates to fill any vacancy created on the Board should such a vacancy arise or be considered appropriate given other skills and experience on the Board. The duties and activities of the Committee during the year will be disclosed in the Company's Annual Report and audited financial statements each year.

Shareholder engagement

The Company is committed to communicating with shareholders and stakeholders and to be available to meet with shareholders who require additional explanation of any matter which is of concern to them.

The Chairman and Senior Independent Non-Executive Director are also available, either through contacting the Company Secretary or at the Company's Annual General Meeting, to discuss any matters within their areas of responsibility or where individuals do not feel it is possible to discuss these matters with management.

During 2013, the Company has increased its formal program of investor interaction including one-to-one meetings with institutional investors, investor days and attendance at investor conferences. As part of this increasing shareholder interaction, the Company appointed a full time executive during 2013, Mr Roy Cherry as Head of strategy and Investor Relations.

In relation to the year ended 31 December 2013, the Company issued its half year unaudited results, two interim management statements and a pre-close trading update prior to entering the close period at the end of each of the half year and full year periods.

Aside from direct shareholder meetings, the principal ongoing communication with shareholders will be through the publication of the Company's Annual report and audited financial statements, Interim Results and Interim Management Statements, together with the opportunity to question the Board and Committees at the AGM. Financial Results presentations are made available on the Company's Investor Relations website. Shareholders are encouraged to attend the AGM and if unable to do so are encouraged to vote by proxy. The Chairman and other board members meet regularly with the Company's brokers and/or other healthcare sector specialists to remain up to date with shareholder views and sector developments. The Chairman has also met with, or spoken to, a number of the Company's principal shareholders and discussed with them their views on the Company.

The Company has an investor relations section on its corporate website, www.nmc.ae. This has been, and will continue to be, updated regularly with information that the Company considers relevant to its investors. Additionally, the Company continues to communicate with the market in respect of the Group's performance and prospects through the release of appropriate press announcements and other updates.

Internal Control and risk management *Financial and operational reporting*

The Group has for nearly 40 years grown into a substantial business and a leader in the provision of private healthcare, as well as operating a substantial distribution business, in the United Arab Emirates. The Group is a regulated business operating many clinical and quality controls processes. Not unusually for a Group which was until recently a private business, whilst the financial and operational performance was monitored closely by the senior management team prior to IPO, formal written policies and governance procedures were not what might have been expected of a Company listed on the premium segment of the London Stock Exchange.

As reported in the 2012 Corporate Governance report, the management team, with the support of the Audit Committee, has been progressively incorporating additional key internal controls into its financial and operational processes as part of an overall process to improve the Governance structure within the Group and to improve the Group's formal internal control processes.

The internal control environment has improved further in the year with:

- The implementation of new policies and procedures covering all aspects of the Group's accounting policies and controls; and
- The Group's internal audit function being in place for a full financial year.

Other than items connected with the implementation of the Group's new financial accounting system which is now due to be implemented in H1, 2014, all financial reporting procedures recommendations made at the time of the Company's IPO have been implemented.

The key elements of the Groups' internal controls are as follows:

- An annual budget and updated long-term forecasts for the Group that identifies risks and opportunities which are reviewed and approved by the Board.
- A monthly executive meeting at which the senior management team review Group financial and operational performance, progress on capital projects and other principal functional areas of the business.
- A system of internal monthly operational and financial reporting which includes monthly comparison of results and against budget and forecast, a review of KPIs, each discussed with additional management commentary and the reporting of key matters arising within the business during the month under review. The Group has a very flat organisational hierarchy resulting in an easy flow of information throughout the organisation structure. Communication of exceptional items happens naturally.
- A defined process for controlling capital expenditure, including appropriate authorisation levels, which is monitored and approved by the Board as appropriate.
- Medical Directors' meetings to monitor clinical governance procedures.
- The establishment of the Clinical Governance Committee at which the Committee, on behalf of the Board, independently review performance against a range of key KPIs based on clinical quality and safety metrics, and thus acts as mitigation against clinical risks.
- An effective independent internal audit program which independently assists management in identifying key risks to the Group and monitors those risks through a program agreed with both management and the Audit Committee.

- An appropriate approach to decentralisation within the Group. Each healthcare facility has a Medical Director and Head of Administration who are accountable for the operation of the facility. Both Healthcare and Distribution divisions are managed through fundamental activities of planning, executing and checking. The strategic direction of all operations is governed by the corporate office. All banking, treasury and payment processing is centralised in the Group finance function but accounting for payments is decentralised. The management team believes that these divisions of responsibility provide a natural check and balance across all internal control areas.
- The delegation of authority provides that very few individuals within the organisation have payment approval authority. Access to cash is also restricted to very few individuals. All material payments are restricted to the senior management team.

Risk appetite

The Senior Management Team and the Board have considered their business approach to risk. The Board acknowledges that elements of risk are inherent within all business operations and that the Group's approach should be to encourage the exploitation by management of appropriate profitable business opportunities but through controlled and disciplined business and financial activities.

The Healthcare division operates a zero tolerance policy to the taking of risk in relation to clinical and safety matters. The Group operates in an emerging market which means that, by definition, the natural risk profile of the Group's business and financial operations is moderate to high. The Board's approach in reviewing the Group's operations is to ensure that this natural risk profile is not increased above this level. The Board's governance and risk mitigation processes are set and operated accordingly.

Corporate Governance Report

continued

Approach to risk mitigation

As a regulated business, the Group operates within a framework of managing all elements of risk which arise within the Group. As a result there are a number of ways in which the Company monitors its keys risks.

In 2012, the Company appointed Crowe Horwath as Internal Auditors to the Group. The Internal Auditors report directly to the Chairman of the Audit Committee but work in conjunction with the CFO. Their initial reports to the Audit Committee are received and discussed at Audit Committee meetings twice a year, in June and December.

The significant risks faced by the Group were reviewed prior to the Company's IPO and again by the Internal Auditors in conjunction with management towards the end of 2013.

The work undertaken by the Internal Auditors, alongside the improvements undertaken in the formal documenting of policies and procedures and the current implementation of new IT systems, are the main focus of the Audit Committee as it seeks to improve the mitigation of risks associated with the Group's internal control environment.

The key strategic and business risks faced by the Group, the potential effect and the mitigation of those risks, are set out on pages 24 to 27. The consideration by the management team of the key risks faced by the Group is crucial to the work which will be undertaken by the Internal Auditors during 2014. The internal auditors have discussed with management, and have obtained agreement of the Audit Committee, their planned areas of focus during the coming financial year.

Following the completion of each review, the internal auditors identify areas for remedial action and the required action plans are discussed and agreed with management. The internal auditors present the reviews and the agreed management plans for any remedies to the Audit Committee and then monitor the implementation of any required changes on behalf of the Audit Committee. The Audit Committee reports to the Board on internal audit matters.

During the year, the Clinical Governance Committee was established. Aside of financial risks, the Board is aware that as a significant healthcare business it is subject to a range of risks related to clinical care and quality. The work of the Clinical Governance Committee, and how it fits into the Group's overall control environment and risk mitigation, is set out on page 51.

Effectiveness of Internal Controls

The Board has overall responsibility for the Group's systems of internal control, and on behalf of the Board, the Audit Committee has been engaged in the process of ensuring that management have established continuous processes for identifying, evaluating and managing the risks the Group faces. These processes include the reporting from the finance department on Group performance, the work of the internal auditors and issues identified by the external auditors to the extent covered by their audit work. The Board is responsible for monitoring the ongoing effectiveness of these systems and for conducting a formal annual review of the effectiveness of the Group's internal controls.

A system of internal controls is designed to manage, rather than eliminate, the risk of failure to meet business objectives and is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

In reviewing the effectiveness of the internal controls in place during the year, the Audit Committee considered, amongst other matters, manual controls in place, the independence of the separate operating units, the delegation of authority, the balance of centralised and decentralised systems and the reporting process in relation to exceptional items.

The Audit Committee has noted that the Group does not operate under a fully integrated high end IT environment and therefore an element of manual intervention is prevalent within the Group. The Board has approved the implementation of a new Hospital Management System which, together with the implementation of the new ERP financial system in the first half of 2014, will result in a new integrated IT system becoming fully functional during the 2014 financial year.

The Group continues to enhance its Internal Control practices and environment and as part of that progression have also implemented formal policies and procedures in relation to accounting policies and controls in 2013.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's systems of internal controls for the 2013 financial year, in light of the key elements of the Group's internal controls outlined above. Given the additional internal controls that have been incorporated into the Group's financial and operational reporting process, such that sufficient internal controls were in place to monitor the Group's key risks, the Board believes, having evaluated the effectiveness of the disclosure controls and procedures, that these were effective during the period covered by this report. The Board also believes that the process undertaken by the Board and the Audit Committee to monitor the internal control environment, accords with the guidance provided in Internal Control: Revised Guidance for Directors on the Combined Code.

Other governance matters

Whistleblowing Policy

A confidential whistleblowing procedure is in operation allow employees to raise concerns of possible improprieties in relation to either operational or financial conduct.

Employees have been provided with a copy of this policy and are aware of the significance of it. New employees receive training on all company policies and procedures as part of their induction program. A copy of the policy is included on the Company's employee intranet.

Bribery Act 2010

The Group has an Anti-Bribery and Anti-Corruption Policy which applies to all directors and employees of all Group Companies. The Policy, which has been communicated to all employees, includes clear statements setting out the Group's Anti-Bribery measures and Anti-Corruption culture. Practical guidance has been issued in relation to specific circumstances considered to be most relevant to Group employees. These include guidance notes for clinical staff attending pharmaceutical and training and development conferences in relation to entertainment and other possible inducements, as well as guidance notes in relation to the receipt of free products and equipment and how such products and incentives may affect clinical judgement. Specific guidance has also been provided in relation to the provision of sales incentives to senior sales and marketing staff within our Distribution division.

New employees receive training on all company policies and procedures as part of their induction program. A copy of the policy is included on the Company's employee intranet.

The Corporate Governance Report set out on pages 43 to 55 has been approved by the Board and is signed on its behalf by:

H. J. Mark Tompkins

Chairman

Directors' Remuneration Report 2013

Letter from the Remuneration Committee Chairman

Dear Shareholder,

I am pleased to present to you our Directors' Remuneration Report for the 2013 financial year.

As shareholders may be aware, listed companies are now required to provide more detailed disclosures in relation to Directors' remuneration and present such information in a different format. There is a requirement to set out not only the remuneration which Directors have received during the financial year under review, but also the Remuneration Policy which the Remuneration Committee ("the Committee") will be applying in relation to future financial years. This has resulted in a change in format for the Directors' Remuneration Report this year which I hope shareholders will find provides clarity and transparency in the way that our senior team is remunerated.

Changes in Remuneration Policy

The new disclosure requirements are very timely in relation to the work undertaken by the Committee in 2013 in relation to the implementation of the Group's remuneration policies applicable for Executive Directors and Senior Management of NMC ("executives"). In the main body of this report, the Committee sets out its remuneration policy for executives, including the incentive plans which have been implemented to ensure that executives are aligned with the interests of shareholders in seeking to improve performance and enhance shareholder value.

The principal changes which the Committee have discussed and agreed in relation to executive remuneration, and which are set out in the Remuneration Policy Report, are:

- The implementation of a short term incentive plan (STIP) for the Executive Directors and other senior management for 2013.

- The grant of awards under the long term incentive plan (LTIP) to Executive Directors and other senior management. The rules of the LTIP were approved as part of the Company's IPO in 2012. The Committee intends to make awards under this plan for this first time in 2014.

Further details of the STIP and LTIP are provided in the main part of the report.

Rewarding good performance

The introduction of short and long-term incentives into the executive remuneration structure reflects our remuneration philosophy which is to provide competitive remuneration packages which reward strong performance in line with the Company's strategic objectives.

The use of performance based incentives, part of which is delivered in shares, seeks to align the interests of management with those of our shareholders and reflects market practice in the listed environment in which we now operate.

Alignment of base pay

No base pay increases were awarded to any of the Executive Directors during the 2013 financial year. The base pay of members of the senior management team was increased in May 2013 following a benchmarking exercise undertaken by the Committee during the year in conjunction with our remuneration consultants, Deloitte LLP. Whilst the percentage increases awarded were above the levels awarded more widely across the NMC group, this reflected several years of pay freeze at senior management level and a reflection of the increased responsibilities and complexity of roles undertaken by the senior management team following the Company's IPO.

Consultation with shareholders

In addition to consulting our principal shareholders on the implementation of the new executive remuneration structure, I also met or spoke with several of our external shareholders to discuss the Committee's new arrangements with them. I thank them for their positive support and contribution.

Our first Directors' Remuneration Report last year received a 99.99% vote in favour (and 0.01% voting against) for those votes validly cast, which were from 92.36% of the Company's issued share capital; votes were withheld on the resolution from shareholders holding 2,275,476 Ordinary shares of the Company (1.23%).

The Committee were delighted with both the level of shareholder voting on the report and the significant level of support from shareholders for our remuneration arrangements. The Committee sincerely hopes to receive your support for our new incentive arrangements at the AGM being held on 26 June 2014.

Finally, I would like to express my appreciation for the input of my fellow Remuneration Committee members during the year for their support and work to implement our new remuneration structure.

Lord Clanwilliam

Chairman of the Remuneration Committee

Introduction

This remuneration report for the year ended 31 December 2013 complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the UK Corporate Governance Code and the Listing Rules.

This report is drafted in two sections:

- The Directors' remuneration policy section will be put to a binding shareholder vote at the 2014 AGM. This section contains details of the remuneration policy that will apply from the 2014 AGM subject to obtaining shareholder approval.
- The Directors' annual remuneration report. This section sets out details of how our remuneration policy was implemented for the year ended 31 December 2013 and how we intend for the policy to apply for the year ended 31 December 2014. This report will be subject to an advisory shareholder vote at the 2014 AGM.

Directors' Remuneration Policy Report

The information contained in the Directors' Remuneration Policy report is not subject to audit.

This section describes the future remuneration policy for our Executive and Non-Executive Directors.

Executive Director Remuneration policy table

The table below summarises the remuneration package provided to our Executive Directors.

Remuneration element	Purpose and link to remuneration strategy	Operation	Maximum opportunity	Performance measures
Base salary	To attract and retain management of the calibre required to deliver the Group's strategy without paying more than is necessary. To reward executives for the performance of their role.	Salaries are reviewed annually, with changes generally taking effect from 1 June. Salaries may be reviewed at different intervals if the Committee considers that this is appropriate. When setting base salaries, consideration is given to the following: <ul style="list-style-type: none"> • Remuneration levels at companies of a similar size and complexity in the FTSE, other UAE companies of a similar size and other international healthcare companies. • Salary increases elsewhere in the Group. • Business and individual performance. • The experience of the individual. • The external economic climate and market conditions. • Local market practice. The Committee has also taken into account the tax treatment of salaries for UAE based management in setting base salary levels.	While there is no maximum salary level, ordinarily, salary increases will be in line with increases awarded to other employees of the Group. However increases may be made above this level at the Committee's discretion to take account of individual circumstances, such as: <ul style="list-style-type: none"> • An increase in scope/responsibilities. • To reflect the individual's development in the role (e.g. for a new appointment where the salary may be increased over time rather than set directly at the level of the previous incumbent/market). • Alignment to market level. 	None, although an individual's performance in the role will be considered when reviewing base salary levels.

Directors' Remuneration Report

Continued

Remuneration element	Purpose and link to remuneration strategy	Operation	Maximum opportunity	Performance measures
Benefits	To provide benefits that are competitive relative to the employee's local market.	<p>Benefits are set at a level which the Committee considers is appropriate taking into account:</p> <ul style="list-style-type: none"> • Local market practice. • Practice at companies of a similar size and complexity, other UAE companies and other international healthcare companies. • The role and the individual's circumstances. <p>The Group provides a range of benefits which reflect typical benefits offered in the UAE including:</p> <ul style="list-style-type: none"> • Employee/family accommodation. • Private Medical Insurance (including family cover). • Life and Permanent Health Insurance cover. • Company provided transport facility (including free air travel up to three times a year). • Annual family return flight to home country. • 30 days' holiday. • End of service benefit. • Reimbursement of reasonable personal accommodation and travel costs. <p>In the event that an Executive is required to re-locate to undertake their role, the Committee may provide an additional reasonable level of benefits to reflect the relevant circumstances (on a one off or on-going basis). Other benefits may be offered if considered appropriate and reasonable by the Committee.</p>	The cost of benefit provision will depend on the cost to the Company of providing individual items and the individual's circumstances and therefore there is no maximum value.	None.
Retirement benefits	To provide a market competitive retirement benefit.	<p>At the Committee's discretion, executives may be eligible to participate in a local pension arrangement or receive a cash allowance (or a combination of cash allowance and pension contribution).</p> <p>The Company currently does not operate any pension arrangements, but an end of service benefit, payable to the employee when he leaves the Group, is accrued annually in accordance with local UAE laws. The Committee retains discretion to operate pension arrangements in the future</p>	<p>Whilst the Committee has not set an absolute maximum opportunity, the Committee will determine the level of benefit based on what is appropriate taking into account:</p> <ul style="list-style-type: none"> • Local market practice, • Practice at companies of a similar size and complexity, other UAE companies and other international healthcare companies • The role and the individual's circumstances. 	None.

Remuneration element	Purpose and link to remuneration strategy	Operation	Maximum opportunity	Performance measures
<p>Short Term Incentive Plan ("Bonus Plan")</p>	<p>To provide a structure to attract, retain and motivate senior executives of the calibre required to manage the business.</p> <p>To align the interests of senior executives with those of shareholders by linking a significant proportion of the potential remuneration to performance and delivery of strategic objectives.</p> <p>To provide a bonus arrangement which is clearly structured and transparent for senior executives and shareholders</p>	<p>Bonus measures and performance targets are set annually dependent on the deemed strategic priorities for that year.</p> <p>Performance is determined by the Committee after the year-end based on performance against targets.</p> <p>The Remuneration Committee has the discretion to amend the bonus pay-out should the formulaic output not produce a result which in the view of the Committee fairly reflects overall performance or individual contribution.</p> <p>Any annual bonus achieved for a financial year is normally paid 50% in cash and 50% is deferred into Company shares which vest three years from award subject to continued employment. There are no further performance conditions or other conditions which will apply to any deferred shares awarded (with the exception of continued employment).</p> <p>The Committee shall have the discretion to determine that a different balance of cash and shares applies.</p> <p>Deferred awards may receive an amount (paid in cash or shares, although it is intended that such amount will be paid in shares) equal to the dividends paid or payable between the date of grant and the vesting of the award on the number of shares vested. This amount may be calculated assuming the reinvestment of these dividends into shares.</p> <p>Payment of the cash element of any bonus is generally made shortly after the announcement of audited results for that year.</p> <p>Malus provisions apply. Awards may be reduced, cancelled or have further conditions applied in certain circumstances, these include but are not limited to mis-statement of financial results, a material failure of risk management or serious reputational damage to the Company.</p> <p>The Committee may adjust or amend the terms of the deferred bonus awards in accordance with the plan rules.</p>	<p>The maximum bonus opportunity is 100% of base salary.</p> <p>Up to 50% of the award pays out for target performance.</p>	<p>Performance is based on a mix of key financial, operational/strategic metrics and individual KPIs measured over one financial year.</p> <p>At least 50% of the bonus is based on financial metrics. Payout against the operational/strategic measures and individual KPIs is subject to a gateway hurdle in relation to the level of EBITDA achieved.</p> <p>The measures that will apply for the financial year 2014 are described in the Directors' annual remuneration report.</p>

Directors' Remuneration Report

Continued

Remuneration element	Purpose and link to remuneration strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan ("LTIP")	To incentivise long-term value creation and exceptional business performance through the achievement of stretching Group financial targets.	<p>Awards vest based on performance measured over a three year period. The Committee may determine that a longer performance period may apply.</p> <p>Executives may receive an amount (paid in cash or shares) equal to the dividends paid or payable between the date of grant and the vesting of the award on the number of shares vested. This amount may be calculated assuming the reinvestment of these dividends into shares.</p> <p>Awards may be made in the form of conditional share awards, forfeitable shares, nil-cost options or a right to a cash payment.</p> <p>Awards in the form of options may be exercised until the 10th anniversary of the date of grant.</p> <p>Awards are subject to malus provisions. Awards may be reduced, cancelled or have further conditions applied in certain circumstances, these include but are not limited to mis-statement of results, a material failure of risk management or serious reputational damage to the Company.</p> <p>The Committee may adjust the term of awards in accordance with the plan rules.</p>	<p>Maximum award is 150% of base salary. In exceptional circumstances the Committee may grant awards of up to 200% of base salary.</p> <p>It is currently intended that LTIP awards will be limited to 100% of base salary but the Committee retains discretion to grant awards up to the plan limit if it considers that this is appropriate.</p> <p>Up to 25% of the award pays out for target performance.</p> <p>Awards vest on a straight-line basis between target and maximum performance.</p>	<p>The Committee shall determine appropriate performance measures and their weightings for LTIP awards to be granted. Such measures would normally be financial or linked to share price performance and would be aligned with the long-term strategy of the business.</p> <p>The Committee has not yet determined the specific performance measures for LTIP awards to be granted in 2014. It is anticipated however that the principle measures used will be Earnings per Share and Total Shareholder Return metrics.</p> <p>The performance measures and targets that will apply for each financial year and will be described in the Directors' annual remuneration report.</p>
Share option plan ("SOP")	To incentivise executive directors to increase the share price and deliver value for shareholders.	<p>It is intended that awards would only be made under this plan in exceptional circumstances.</p> <p>Awards are granted in the form of market value options. Awards vest based on performance measured over a three year period. Options may be exercised until the 10th anniversary of the date of grant.</p> <p>Executives may receive an amount (paid in cash or shares) equal to the dividends paid or payable between the date of grant and the vesting of the award on the number of shares vested. This amount may be calculated assuming the reinvestment of these dividends into shares.</p> <p>Awards are subject to malus provisions. Awards may be reduced, cancelled or have further conditions applied in certain circumstances, these include but are not limited to mis-statement of results, a material failure of risk management or serious reputational damage to the Company.</p> <p>The Committee may adjust the term of awards in accordance with the plan rules.</p>	<p>Maximum award is 150% of base salary. In exceptional circumstances the Committee may grant awards of up to 200% of base salary.</p>	<p>In the event that an award was to be granted under this plan in exceptional circumstances the Committee would determine appropriate performance conditions at that time.</p>

The Company also operates a shareholding guideline for Executive Directors and Senior Management – details of this policy can be found on page 68 of the Annual Remuneration Report.

Committee discretion

The Committee reserves the right to make any remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes “payments” includes (but is not limited to) the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are “agreed” at the time the award is granted.

For share awards, in the event of a variation of the Company’s share capital or a demerger, delisting, special dividend, rights issue or other event the number of shares subject to an award and/or any performance condition attached to awards, may be adjusted.

The Committee may amend any performance conditions applicable to the LTIP or SOP awards if an event occurs which causes the Committee to consider an amended performance condition would be more appropriate and not materially less difficult to satisfy.

The Committee retains the discretion to make any payment which is not explicitly provided in this policy which is it obliged to make under UAE or relevant local laws.

The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Selection of performance measures

The performance measures for the STIP have been selected, and for the LTIP will be selected, to support the delivery of short and long term performance of the business and shareholder value creation. Targets are set each year based on stretching internal budgets as well as those financial and operational areas which the Committee feel are key to business performance; achieving or exceeding these targets will both return value to shareholders and reward the executive team for delivery.

The performance measures selected by the Committee may change from time to time to reflect any shift in Group Strategy, for example from a growth strategy to a consolidation strategy.

Remuneration arrangements throughout the Group

Remuneration philosophy is the same throughout NMC – that individuals should be remunerated based on their role, responsibilities, experiences and local market practice. NMC has a variety of different roles from senior executives, to doctors to administrators and therefore remuneration levels and structures vary to reflect the different requirements and expectations of these roles.

The Committee does consider that it is important, however, that senior executives are all remunerated in a similar way to ensure that they are incentivised to collectively deliver the Group’s strategy and

create value for shareholders. Executive Directors and senior managers will therefore all participate in the annual bonus plan and LTIP on principally the same basis for 2014.

The Committee has retained the existing benefits structure which applied to UAE based Executive Directors and Senior Management before the Company’s IPO in April 2012. A similar benefit structure is operated throughout the organisation. The benefits included reflect the expatriate nature of senior management in the UAE and are similar in nature to the types of benefits which are available to other expatriate employees in the Group. The benefits include private medical insurance, which is mandatory for employees in Abu Dhabi, where the Group is based.

Remuneration outcomes in different performance scenarios

The Committee has set a remuneration structure which ensures that a high proportion of the potential total reward available for Executive Directors and senior management is related to the performance of the Company.

To demonstrate this three scenarios have been illustrated below for each Executive Director. These are based on STIP and LTIP awards of 75% of base salary.

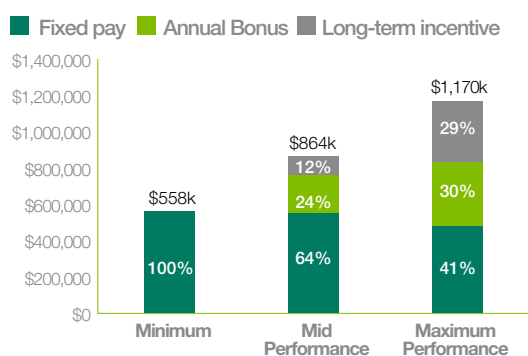
Minimum	<ul style="list-style-type: none"> Fixed pay No STIP pay out No vesting under the LTIP
Mid performance	<ul style="list-style-type: none"> Fixed pay 50% of maximum STIP opportunity 25% of LTIP shares vest at threshold performance.
Maximum performance	<ul style="list-style-type: none"> Fixed pay 75% of STIP pays out. 75% of LTIP shares vest.

	Fixed Pay	Salary	Benefits	Pension	Annual Bonus	Long-term incentive	Total compensation
Maximum performance	245,000	245,000	0	0	183,750	183,750	612,500
Mid performance	245,000	245,000	0	0	122,500	61,250	428,750
Minimum	245,000	245,000	0	0	0	0	245,000

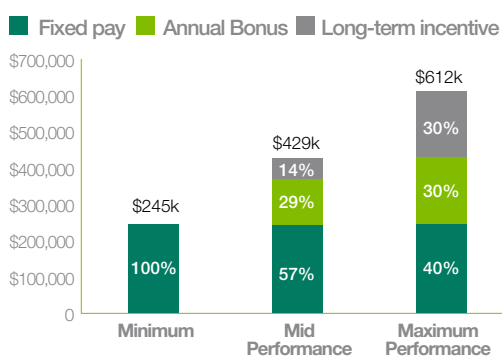
Directors' Remuneration Report

Continued

CEO – Dr BR Shetty



Executive vice chairman – Mr Khalifa Bin Butti



Fixed pay is comprised of the following:

	Salary (Salary with effect from 1 January 2014)	Benefits (Paid in 2013)	Pension	Total Fixed Pay
CEO (Dr BR Shetty)	\$408,400	\$149,300	\$0	\$557,700
Executive vice chairman (Mr Khalifa Bin Butti)	\$245,000	\$0	\$0	\$245,000

The scenarios illustrated above do not take into account share price appreciation or dividends

Remuneration policy on recruitment

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- The package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
- The structure of the on-going remuneration package would normally include the components set out in the policy table for Executive Directors.
- In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific commercial circumstances, and subject to the limit on variable remuneration set out below. The key terms and rationale for any such component would be appropriately disclosed.

- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining such 'buy-out' the guiding principle would be that awards would generally be on a 'like for like' basis to those forfeited, unless this was not considered appropriate in the particular circumstances, and that the 'buy-out' package would be an appropriate reflection of the value forfeited.
- The maximum level of variable remuneration which may be awarded (excluding any compensatory payments or awards referred to above) is 200% of salary.
- Where an Executive Director is required to re-locate to take-up their role the Committee may provide reasonable assistance with re-location (either via one-off or on-going payments or benefits).

- In the event that an internal candidate was promoted to the Board legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

To facilitate awards outlined above, the Committee may make awards under company incentive plans or other available structures as appropriate, including using listing rule 9.4.2 for the purpose of making "buy-out" awards.

The remuneration package for a newly appointed non-executive director would normally be in line with the structure set out in the policy table for Non-Executive Directors. Remuneration for new hires may be paid in the form of cash or shares.

Executive Director service contracts

	Date of service agreement
Dr B R Shetty	19 March 2012
Mr Khalifa Bin Butti	19 March 2012

Dr B R Shetty is employed by NMC Healthcare LLC pursuant to a service agreement dated 19 March 2012. The service agreement provides for an indefinite term of employment unless terminated earlier in accordance with the terms of the service agreement. The service agreement may be terminated on twelve months' prior written notice given by either Dr B R Shetty or NMC Healthcare LLC.

Mr Khalifa Bin Butti is employed by NMC Healthcare LLC pursuant to a service agreement dated 19 March 2012. The service agreement provides for an indefinite term of employment unless terminated earlier in accordance with the terms of the service agreement. The service agreement may be terminated on twelve months' prior written notice given by either Mr Khalifa Bin Butti or NMC Healthcare LLC.

Copies of the above Service Agreements are available for inspection during normal business hours at the Company's Registered Office, and are available for inspection at the Company's annual general meeting.

For future executives the Committee policy is that notice periods will not exceed 12 months. There are no matters for which the Company requires approval of shareholders for the purposes of Chapter 4A of Part 10 of the Companies Act 2006.

Loss of office payments

Element of remuneration	Policy – Ill-health, injury, disability, death, sale of employing company or business from the Group, any other reason at the Committee's discretion	Policy – Other leavers
Base salary and benefits/retirement benefits	On termination without notice, Executive Directors may be entitled to compensation based on what would be earned by way of salary and other contractual benefits (including retirement benefits) over the notice period.	
STIP	There is no automatic entitlement to an annual bonus. Executive Directors may receive a bonus in respect of the financial year of cessation. This payment will normally be pro-rated for time and subject to performance, however the Committee retains the discretion to review overall business and individual performance and determine that a different level of bonus payment is appropriate.	In certain circumstances, the Committee may determine that a bonus payment may be due to reflect performance and contribution to the point of cessation.
Deferred bonus plan [Plan terms to be determined]	Awards would normally continue to vest at the end of the normal deferral period. The Committee may determine, in appropriate circumstances, that awards should vest at cessation of employment.	Awards would normally lapse.
Long-term incentive plan ("LTIP")	Awards may vest at a level determined by the Committee taking into account the extent to which the performance conditions have been met and the time elapsed since grant, unless the Committee determines otherwise. Awards will normally carry on to the normal vesting date except in the case of death where awards may vest immediately. The Committee may determine that awards should vest at cessation of employment. Awards in the form of nil cost options may be exercised for a period of 6 months from vesting (12 months in the cases of death). Participants have 6 months from cessation to exercise vested awards (12 months in the case of death). The Committee may allow alternative exercise windows if it considers it appropriate.	Awards will lapse.
Share option plan ("SOP")	Options may vest at a level determined by the Committee taking into account the extent to which the performance conditions have been met and the time elapsed since grant, unless the Committee determines otherwise. Options vesting will normally carry on to the normal vesting date except in the case of death where awards may vest immediately. The Committee may determine that awards should vest at cessation of employment. Options may be exercised for a period of 6 months from vesting (12 months in the case of death). Participants have 6 months from cessation to exercise vested awards (12 months in the case of death).	Unvested awards will lapse. Vested options may be exercised for 6 months from the date of cessation.

Directors' Remuneration Report

Continued

Change of control

On a change of control, awards under the LTIP and SOP would normally vest to the extent that the performance conditions are satisfied at the date of the event. Any early vesting would generally be on a time pro-rata basis.

The Committee may vary the level of vesting, if it believes that exceptional circumstances warrant this, taking into account any other factors it believes to be relevant in deciding to what extent an award will vest.

The Executive Directors may exchange their awards over Company shares for awards in shares of the acquiring company if the terms of the offer allow this.

Deferred bonus shares will normally vest in full upon a change of control.

In the event of a winding-up of the Company, demerger, delisting, special dividend or other event which in the opinion of the Committee may affect the current or future share price, the Committee may allow LTIP, SOP and deferred bonus awards to vest on the same basis as set out above.

Non-Executive Director Remuneration policy table

	Purpose and link to remuneration strategy	Operation	Maximum opportunity
Chairman and Non-Executive Director fees	To provide an appropriate reward to attract and retain high-calibre individuals	<p>The remuneration of Non-Executive Directors is approved by the Executive Directors following recommendations and discussions with the Chairman of the Company and the Chairman of the Remuneration Committee.</p> <p>Fees are structured as follows:</p> <ul style="list-style-type: none"> • The Chairman is paid a single, consolidated fee. • The Non-Executive Directors are paid a basic fee, plus additional fees for the Senior Independent Director. <p>Fees are paid in cash with local taxes deducted at source.</p> <p>Non-Executive Directors are also reimbursed for travel and reasonable personal expenses.</p> <p>Non-Executive Directors do not currently receive any benefits. However, benefits may be provided in the future if this was considered appropriate.</p>	<p>The maximum level of Non-Executive Director remuneration is set out in the Company's articles of association. This may be amended from time to time subject to shareholder approval.</p> <p>Fees are set at a level which reflect the commitment and contribution that is expected from the Chairman and Non-Executive Directors and that are appropriately positioned against comparable roles in companies of a similar size and complexity.</p> <p>Fee levels are disclosed in the Directors' remuneration report for the relevant financial year.</p> <p>Additional fees may be payable to Non-Executive Directors from time to time for additional board responsibilities (e.g. Committee Chairmanship). Additional fees may also be paid where the time commitment in a particular year was significantly more than anticipated.</p>

Terms and conditions for Non-Executive Directors

The Non-Executive Directors do not have service agreements with the Company, but instead all have letters of appointment. The appointment of each of the Non-Executive Directors is stated for an initial term until the next annual general meeting of the Company at which, and at subsequent annual general meetings, they need to submit themselves for re-election if they so wish. Each of the Non-Executive Directors have a minimum time commitment that they need to give to the Company in any year.

The letters of appointment for each Non-Executive Director are summarised below:

Director	Position	Date of appointment	Company and Director notice period
Mr H. J. Mark Tompkins	Non-Executive Chairman	7 March 2012	3 months
H.E. Saeed Bin Butti	Non-Executive Director	20 July 2011	3 months
Lord Clanwilliam	Non-Executive Director	7 March 2012	3 months
Mrs Heather Lawrence	Non-Executive Director	19 March 2012	3 months
Mr Jonathan Bomford	Senior Independent Director	27 June 2013	3 months

There is no compensation payable upon the early termination of a Non-Executive Directors' appointment.

Copies of the above Executive Directors' Service Agreements and Non-Executive Directors' Letters of Appointment are available for inspection during normal business hours at the Company's Registered Office, and available for inspection at the Company's annual general meeting.

Shareholder views and consideration of employment conditions elsewhere in the Group

Communication with our Shareholders – The Committee maintains an open dialogue with our shareholders and seeks their views when any significant changes are made to remuneration arrangements. The Committee met or spoke with several of our external shareholders to discuss the Committee's new arrangements this year.

Consideration of pay and conditions of employees – The Committee considers pay information in relation to doctor and support staff when determining executive pay, to ensure that pay structures are appropriately aligned. The Committee did not consult with employees when setting executive director pay.

Directors' Remuneration Report

Continued

Annual Remuneration Report

Some of the information contained in the Annual Remuneration Report is subject to audit. Where the information is subject to audit this is identified in the relevant heading.

How executive remuneration policy will be applied in 2014

Base salaries for 2014

Executive Directors base salaries are as follows:

CEO – Dr BR Shetty	\$408,400
Executive Chairman – Mr Khalifa Bin Butti	\$245,000

No salary increases have been awarded from 2013 salaries although a review is scheduled for June 2014.

Operation of the annual bonus plan for 2014

The operation of the annual bonus for 2014 will be consistent with the policy detailed in the remuneration policy section. The maximum award level will be 100% of base salary.

The performance targets that will apply for the annual bonus for 2014 have yet to be considered and determined by the Committee. However the committee's current view is that the performance measures will include a gateway hurdle in relation to the level of EBITDA achieved.

Operation of the LTIP for 2014

The operation of the LTIP for 2014 will be consistent with the policy detailed in the remuneration policy section. The maximum award level will be 100% of base salary.

The performance targets that will apply to the awards have yet to be finalised and determined by the Committee. However, the Committee's current view is that the performance measures will likely be based principally on Earnings Per Share and Total Shareholder Return metrics over a three year period.

Remuneration paid in 2013 (single pay figure) – subject to audit

The table below sets out the remuneration paid to or received by the Executive Directors of the Company during the financial year ended 31 December 2013.

Executive Director	Salary \$'000		Benefits \$'000		STIP \$'000		LTIP awards \$'000		Pension \$'000		Total \$'000	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Dr B R Shetty	408.4	408.4	149.3	142.2	229.7	0	0	0	0	0	787.4	550.6
Mr Khalifa Bin Butti	245.0	245.0	0	0	137.8	0	0	0	0	0	382.8	245.0

Benefits – subject to audit

Taxable benefits include the following items:

Executive Director	Provision of family accommodation \$'000		Private medical insurance \$'000		Life insurance cover \$'000		Annual family return flights to home country \$'000	
	2013	2012	2013	2012	2013	2012	2013	2012
Dr B R Shetty	145.9	138.9	0.9	0.9	0.0	0.0	2.5	2.5

Bonus – subject to audit

A bonus of 56.3% of base salary, out of a potential maximum entitlement of 75% of base salary set for the 2013 financial year, was paid in respect of that year to the CEO and Executive Vice Chairman. The bonus was based on the following performance measures:

Measure	Percentage Weighting	Performance	Outcome
EBITDA	50%	EBITDA performance for the year was US\$92.9m representing a growth of 16.7% on 2012. This strong performance exceeded the relevant EBITDA targets set by the Committee and therefore this portion of the bonus paid out in full.	50%
Progress on capital development projects	12.5%	The Committee considered that sufficient progress on capital development projects was not achieved, with a number of the projects being significantly delayed.	0%
Performance against clinical care KPIs	25.0%	Maximum performance was achieved in relation to the 4-5 KPIs monitored by each of the Group's Specialty Hospitals under the terms of their JCI accreditation. JCI accreditation sets standards that all monitored KPIs must be achieved to the extent of 90% over the course of the review period. Group performance was well in excess of this target.	25%
Doctor recruitment targets	12.5%	The targets set for the recruitment of new Doctors to the Group was not met in 2013 as a result of a number of expected new facility openings not being achieved.	0%

Half of the bonus paid to the Executive Directors is deferred into shares, for which additional performance conditions or other conditions, with exception of continued employment, do not apply.

There was no bonus plan in operation for 2012.

Long-term incentive plans – subject to audit

There were no long-term incentive plan awards which were due to vest in respect of performance in 2012 and 2013.

Pension – subject to audit

There were no pension contributions in 2012 or 2013.

Directors' Remuneration Report

Continued

Directors' shareholdings and share interests – subject to audit

The table below shows details of the Directors' holdings of Ordinary Shares in the Company as at 1 January 2013 and at 31 December 2013.

Director	Ordinary shares of 10p each	
	1 January 2013 (or at date of appointment if later)	31 December 2013
Mr H. J. Mark Tompkins	17,083	17,083
H.E. Saeed Bin Butti	53,466,559	53,466,559
Mr Khalifa Bin Butti	19,059,842	19,059,842
Dr B. R. Shetty	37,742,409	37,742,409
Lord Clanwilliam	8,597	0
Mrs Heather Lawrence	0	4,557
Mr Jonathan Bomford	0	10,000

Note: In addition to the above holdings, H.E. Saeed Bin Butti and Mr Khalifa Bin Butti also have an interest over 14,072,024 Ordinary shares of the Company (14,072,024 Ordinary shares as at 1 January 2013) held by Infinite Investment LLC, a company which is owned jointly by H.E. Saeed Bin Butti and Mr Khalifa Bin Butti.

H.E. Saeed Bin Butti resigned as a Director of the company on 24 February 2014.

None of the Directors of the Company held any form of option over the shares of the Company during the year ended 31 December 2013.

None of the Directors received any loans, advances or other form of credit granted by the Company, nor were any guarantees of any kind provided by the Company on behalf of any Directors during the year ended 31 December 2013.

There have been no changes in the above shareholdings between 31 December 2013 and the date of this Directors' Remuneration Report.

Executive directors are required to build a shareholding of 200% of base salary. Both the CEO and the Executive Vice Chairman are significant shareholders in the Company and therefore meet this requirement.

Performance graph and historic CEO remuneration outcomes

The following graph shows the Total Shareholder Return performance of NMC Health plc shares against the FTSE 250.



Note: The performance graph shows the Total Shareholder Return performance of the Company from the date of the Company's IPO in April 2012.

The Committee believes that the FTSE 250 Index is an appropriate comparator index used to compare performance given that the Company is a constituent of this Index and the lack of direct competitor comparators available in the London market.

The table below summarises the CEO's single figure for total remuneration since listing. This table is also required to show the annual bonus and long-term incentive vesting as a percentage of the maximum for each year, however, there was no bonus or LTIP vesting in any of the years under consideration.

CEO – Dr B R Shetty	2012 (US\$'000)	2013 (US\$'000)
Single remuneration figure	550.6	787.4
STIP payout (% of maximum)	n/a	75%
LTI vesting (% of maximum)	n/a	n/a

The Company did not operate the STIP in respect of 2012. No awards have been granted to date under the LTIP.

Change in remuneration of CEO compared to Group employees

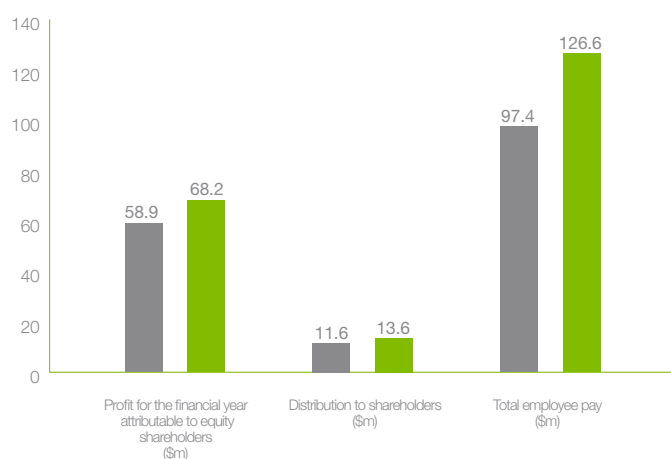
The table below sets out the increase in total remuneration of the CEO and that of all employees:

%	Salary	Benefits	Annual bonus
CEO	0%	5.0%	Comparison not applicable as the Company did not operate the STIP in 2012
All-employees	11%	10%	

Relative importance of spend on pay

The graph below shows the total group-wide remuneration expenditure and dividends for the last two years.

■ 2012 (\$m) ■ 2013 (\$m)



Directors' Remuneration Report

Continued

Voting

The following summarises voting at the 2013 AGM in respect of the 2012 Directors' Remuneration Report. This was an advisory shareholder vote.

For	Against	Number of votes withheld
99.99%	0.01%	2,275,476 (1.23% of share capital)

Non-Executive Directors Remuneration

How remuneration policy will be applied for 2014

For 2014, the fees payable to the non-executive directors effective as at 1 January 2014 are as follows:

	(£'000)
Chairman	170
Senior Independent Director	60
Non-executive director	50

Additional fees may be also payable to non-executive directors from time to time for additional board responsibilities (this may include fees for additional time commitments).

No additional fees are payable in relation to the Chairmanship or membership of any Board Committees.

Details of the remuneration paid to each of the non-executive directors who served during the year are included in the table on page 70.

Non-executive directors do not participate in any bonus or incentive plan or other form or performance-related remuneration. The Company does not provide any contribution to their pension arrangements.

What remuneration was paid in 2013 (single pay figure) – subject to audit

The fee paid in cash to each Non-Executive Director during the year ended 31 December 2013 is set out in the following table:

Director	Position	FY2013 (£'000)	FY2012 (£'000)
Mr H. J. Mark Tompkins (see note 1 below)	Independent Non-Executive Chairman	224.5	138.9
H.E. Saeed Bin Butti	Non-Executive Director	50.0	37.5
Lord Clanwilliam (see note 1 below)	Independent Non-Executive Director	104.5	40.9
Mrs Heather Lawrence (see note 1 below)	Independent Non-Executive Director	104.5	39.2
Mr Jonathan Bomford	Senior Independent Non-Executive Director	25.4	0.0
Mr Justin Jewitt (see note 2 below)	Previously Senior Independent Non-Executive Director	30.0	49.0

Notes:

- Each of the independent non-executive directors is contracted for 16 days per annum with the exception of the Chairman who is contracted for 24 days per annum. Each of the Non-Executive Directors has spent more time than originally anticipated within the Letters of Appointment by which they were appointed. This is because of time spent supporting the business in enhancing the Governance processes and improving the Group's internal control environment which the Board, including the Non-Executive Directors, retain oversight over. As recognition for this, the Executive Directors agreed additional payments for each of the 2012 and 2013 financial years, both of which have been made in the 2013 financial year. An additional payment of £30,000 was made to Mr Tompkins, Lord Clanwilliam and Mrs Lawrence in relation to the 2012 financial year and £24,465 in relation to the 2013 financial year. Whilst these amounts are in relation to additional time spent over two financial years, they were both paid in the 2013 financial year and are therefore consolidated with the normal fees payable for 2013 in the table above.
- In addition to the fees paid to Mr Justin Jewitt shown in the table above, an amount of £66,500 was paid to Mr Justin Jewitt after he ceased to be a director of the Company on 27 June 2013. The letter of appointment for each of the non-executive directors includes a provision for 3 months' notice being required on the termination of the appointment. The additional payment made to Mr Jewitt was in recognition of time additional to his contractual requirement, defined in his letter of appointment as 16 days per annum, being provided by Mr Jewitt in the busy first year for the non-executive directors after the Company's listing on the London Stock Exchange.

The Remuneration Committee

Membership

The Remuneration Committee consists of four Independent Non-Executive Directors, with an Independent Non-Executive Director holding the chairmanship of the Committee. During the 2013 financial year, the following have served as members of the Committee:

Chairman:	Lord Clanwilliam	
Committee members:	Jonathan Bomford	(from 27 June 2013)
	Justin Jewitt	(until 27 June 2013)
	Heather Lawrence	
	H J Mark Tompkins	

Whilst they do not attend Remuneration Committee meetings, the Chairman of the Committee discussed proposed remuneration policies with the Chief Executive Officer and the Executive Vice Chairman during their formulation. It is worth noting that the shareholdings of the Chief Executive Officer and the Executive Vice Chairman are large enough to form a majority veto on any remuneration proposals so their input and encouragement has been vital in the remuneration process.

The Group Company Secretary acts as Secretary to the Remuneration Committee and provides advice to the Committee on Corporate Governance aspects relating to remuneration matters. He also provides assistance to the Chairman of the Committee as required in discussions with the Remuneration Committee advisers and on implementation of Committee decisions. The Group Company Secretary is not present when his own remuneration is discussed.

Role and responsibility

The Remuneration Committee assists the Board in:

- making recommendations to the Board on the Company's framework of executive remuneration, including the use of incentive arrangements within that framework; and
- determining on the Board's behalf the entire individual remuneration packages for each Executive Director, the Chairman and the senior management team.

All other recommendations must be referred to the Board for approval. In setting remuneration for senior management, the Committee has considered market practice in the UAE and are aware of remuneration

structures existing for employees who are below senior management level. The Committee understands the need to incentivise executives appropriately, whilst ensuring that higher rewards are only achieved for exceptional performance.

No committee member is permitted to participate in any discussion or decision regarding his/her own remuneration. Neither of the Executive Directors attend meetings of the Committee. The remuneration of non-executive directors is a matter for consideration by the Chairman of the Company, assisted by the Remuneration Committee Chairman, and the Executive Directors.

The Remuneration Committee terms of reference clearly set out its authority and duties and were approved by the Board prior to IPO. The terms of reference are available on the Investor Relations section of the Group's website at www.nmc.ae, or by contacting the Group Company Secretary.

Support and External Advice

The Remuneration Committee seeks and considers advice from Deloitte LLP, independent remuneration advisers. Deloitte provides no other advisory role to the Group. Deloitte acted as advisors to the Company in advance of the Company's IPO in April 2012, but were formally appointed by the Committee as advisors to the Committee later in 2012 specifically to provide the Committee with objective and independent advice on executive remuneration matters. Deloitte is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice they

have received from Deloitte during the year has been objective and independent.

The Chairman has direct access to Deloitte as and when required. The Group Company Secretary liaises with Deloitte as required to ensure that all Committee requests and decisions are dealt with and implemented, but does so under the guidance of the Remuneration Committee Chairman. Deloitte attend meetings of the Committee as required.

During the year, Deloitte provided the following services and advice to the Committee:

- Market practice in relation to remuneration practices prevalent within similar sized listed and private groups;
- a review of the previous remuneration policies existing in relation to the Executive Directors and senior management;
- a base salary benchmarking exercise against companies of a similar size and complexity, taking account of the tax regime prevalent in the UK and UAE; and
- provided advice as to the structure of the new short term bonus plan and long term incentive plan, and the targets relating thereto.

Deloitte received fees of £38k (charged on a time plus expenses basis) for advice received during the year.

Directors' Remuneration Report

Continued

Meetings

The Remuneration Committee met formally three times during the period under review, in addition to a number of discussions held informally during the year whilst the structure and implementation of the new incentive arrangements were being discussed.

The primary matter for discussion was the implementation of a new STIP which would be put in place for Executive Directors and senior management. Discussion at the initial meetings during the year focused on the structure of the new incentive plans, with advice from Deloitte as to market practice and expectations.

The Remuneration Committee also discussed basic salary levels for senior management following the benchmarking exercise undertaken by Deloitte. The Remuneration Committee decided not to increase the basic salary of either of the Executive Directors, but the salaries for the four members of the senior management team in place at that time were increased by an average of 14% to bring them into line with median salaries payable for similar roles within a comparator group of companies.

Assessment of risk and key priorities

The Committee is aware of the need to be mindful of potential risks associated with elements of executive remuneration. The Committee is keen to ensure that variable remuneration is not structured

in such a way as to encourage the taking of undue business risks for the purposes of achieving higher remuneration.

All the members of the Remuneration Committee are also members of, or normally attend meetings of, the Audit Committee and, as a result, are aware of the key risks and challenges faced by the Group.

The new remuneration structure has been implemented to ensure an appropriate reward system is in place, but considers that the new incentive structure mitigates key business risks as follows:

- the deferral of 50% of STIP awards into shares for a three year period. The introduction of an LTIP in 2014 will also encourage focus on long term share value enhancement;
- the STIP includes two financial measures and three operational measures which the Committee believe are key to the success of the Company in a particular financial year;
- market practice malus and clawback provisions allow the Company to forfeit the delivery of share related benefits to plan participants.

External commitments

The Chairman holds a Non-Executive role on the Board. Whilst he has other business interests, these are not considered material enough to interfere or conflict with his duties to the NMC Group.

The Board acknowledges that each of the Executive Directors also have interests as directors and/or shareholders of other businesses outside of the NMC Group. The Board believes that such interests do not interfere, or conflict, with the role which either Executive Director has with the NMC Group.

The other Directors are required to spend a specific amount of time performing their duties as Non-Executive Directors and none have significant other external commitments which interfere, or conflict, with their duties to the NMC Group.

It is my pleasure to submit this report to shareholders. The Directors' Remuneration Report has been approved by the Board and is signed on its behalf by:

Lord Clanwilliam
Chairman

Consolidated 2013 Financial Statements



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Independent Auditors' Report to the Members of NMC Health plc

We have audited the group financial statements of NMC Health plc for the year ended 31 December 2013 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 42, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting

estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We identified the following risks that have had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- The valuation of trade receivables
- Revenue recognition, including the timing of revenue recognition and the determination of whether the Group is acting in the capacity of an agent rather than principal; and
- The capitalisation of costs into capital work in progress.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of an omission or misstatement that, individually or in the

aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined materiality for the Group to be \$3.60 million (2012: \$2.48 million), which is approximately 5% (2012: 4%) of adjusted profit before tax. We used adjusted profit before tax to exclude the non-recurring write-off of unamortised finance fees resulting from the refinance of loan facilities in the year. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (ie: our tolerance for misstatement in an individual account or balance) for the Group should be 50% (2012: 50%) of materiality, namely \$1.80 million (2012: \$1.24 million). Our objective in adopting this approach was to ensure that total detected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to the Audit Committee all audit differences in excess of \$0.16 million (2012: \$0.12 million). We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Following our assessment of the risk of material misstatement to the Group financial statements we selected eight components

which account for 95% of the group's profit before tax and 97% of the group's total assets. Six of these components were subject to a full audit, whilst one component was subject to a partial audit where the extent of audit work was based on our assessment of the risks of material misstatement and one component was subject to analytical review procedures. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

The audit work at the eight components and the statutory audits were executed at levels of materiality applicable to each individual entity which were much lower than Group materiality.

Given that the Group operates solely in the United Arab Emirates the Senior Statutory Auditor visited the United Arab Emirates three times during the current year audit process. The Group audit team interacts regularly with the component team in the United Arab Emirates where appropriate during the various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process.

Our response to the risks identified above was as follows:

Valuation of trade receivables

We challenged management on the significant estimation and subjectivity involved in the appropriateness of provisions for bad debts which included obtaining evidence to support the recoverability of the older un-provided debts. We obtained direct external confirmations for a sample of customer receivable balances and we vouched post year end cash receipts for a sample of year-end trade receivable balances.

Revenue recognition, including the timing of revenue recognition and the determination of whether the Group is acting in the capacity of an agent rather than principal

We relied upon testing relating to controls over revenue recognition, including the timing of revenue recognition. We performed analytical procedures and cut-off testing procedures to check that revenue had been recognised in the appropriate

accounting period. We tested a sample of new revenue agreements entered into during the year. We checked the Group's adherence to their revenue recognition policies, including their determination of whether the Group is acting as an agent rather than as a principal, to agree that these policies are in accordance with IFRSs as adopted by the European Union.

Capitalisation of costs into capital work in progress

We vouched the majority of additions to capital work in progress in the year to supporting documentation to check that the costs met the criteria for capitalisation into work in progress. We also held discussions with the project managers on major capital projects.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 42, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other matter

We have reported separately on the parent company financial statements of NMC Health plc for the year ended 31 December 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Cameron Cartmell (Senior statutory auditor) for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 February 2014

Notes:

1. The maintenance and integrity of the NMC Health plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 US\$ '000	2012 US\$ '000
Revenue	5	550,878	490,053
Direct costs	6	(365,336)	(329,800)
GROSS PROFIT		185,542	160,253
General and administrative expenses	6	(119,562)	(105,055)
Other income	7	26,960	24,421
PROFIT FROM OPERATIONS BEFORE DEPRECIATION AND IMPAIRMENT		92,940	79,619
Depreciation	16	(9,663)	(7,038)
Impairment of property and equipment	16	(210)	–
Finance costs	8	(14,344)	(13,738)
Finance income	9	3,814	4,325
Flotation costs	13	–	(3,402)
Unamortised finance fees written off	25	(3,394)	–
PROFIT FOR THE YEAR BEFORE TAX	10	69,143	59,766
Tax	14	–	–
PROFIT FOR THE YEAR		69,143	59,766
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		69,143	59,766
Total profit and comprehensive income attributable to:			
Equity holders of the Parent		68,165	58,891
Non-controlling interests		978	875
Total profit and comprehensive income for the year		69,143	59,766
Earnings per share for profit attributable to the equity holders of the Parent:			
Basic and diluted (US\$)	15	0.367	0.343

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

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

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	2013 US\$ '000	2012 US\$ '000 (restated)	1 January 2012 US\$ '000 (restated)
ASSETS				
Non-current assets				
Property and equipment	16	273,792	201,653	94,856
Intangible assets	17	1,016	1,016	–
		274,808	202,669	94,856
Current assets				
Inventories	18	94,123	72,458	54,178
Accounts receivable and prepayments	19	168,382	181,402	153,453
Amounts due from related parties	28	9,254	1,601	–
Bank deposits	20	193,366	233,703	11,072
Bank balances and cash	20	75,329	23,747	43,001
		540,454	512,911	261,704
		815,262	715,580	356,560
TOTAL ASSETS				
EQUITY AND LIABILITIES				
Equity				
Share capital	21	29,566	29,566	27,226
Share premium	21	179,152	179,152	–
Group restructuring reserve	22	(10,001)	(10,001)	–
Retained earnings	23	187,519	130,952	72,061
Equity attributable to equity holders of the Parent		386,236	329,669	99,287
Non-controlling interests		2,915	1,934	1,059
Total equity		389,151	331,603	100,346
Non-current liabilities				
Term loans	25	161,845	118,428	35,454
Employees' end of service benefits	26	10,036	8,634	7,703
Other payable		408	1,225	–
		172,289	128,287	43,157
Current liabilities				
Accounts payable and accruals	27	76,087	68,613	63,942
Amounts due to related parties	28	5,079	123	1,245
Bank overdrafts and other short term borrowings	20	82,238	80,668	101,275
Term loans	25	88,355	104,540	45,434
Employees' end of service benefits	26	2,063	1,746	1,161
		253,822	255,690	213,057
Total liabilities		426,111	383,977	256,214
TOTAL EQUITY AND LIABILITIES		815,262	715,580	356,560

The consolidated financial statements were authorised for issue by the board of directors on 24 February 2014 and were signed on its behalf by

Mr H J Mark Tompkins
Chairman

Mr. Prasanth Manghat
Chief Financial Officer

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to the equity holders of the Parent					Non-controlling interests US\$ '000	Total US\$ '000
	Share capital US\$ '000	Share premium US\$ '000	Group restructuring reserve US\$ '000	Retained earnings US\$ '000	Total US\$ '000		
Balance as at 1 January 2012	27,226	–	–	72,061	99,287	1,059	100,346
Total (other) comprehensive income for the year	–	–	–	58,891	58,891	875	59,766
Group restructuring (note 22)	(27,226)	–	(10,001)	–	(37,227)	–	(37,227)
Issue of share capital (note 21)	20,696	16,531	–	–	37,227	–	37,227
Issue of share capital – IPO (note 21)	8,870	177,394	–	–	186,264	–	186,264
Share issue costs (note 13)	–	(14,773)	–	–	(14,773)	–	(14,773)
Balance as at 31 December 2012	29,566	179,152	(10,001)	130,952	329,669	1,934	331,603
Total (other) comprehensive income for the year	–	–	–	68,165	68,165	978	69,143
Dividend (note 24)	–	–	–	(11,598)	(11,598)	–	(11,598)
Contribution by non-controlling interest	–	–	–	–	–	3	3
Balance as at 31 December 2013	29,566	179,152	(10,001)	187,519	386,236	2,915	389,151

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 US\$ '000	2012 US\$ '000 (restated)
OPERATING ACTIVITIES			
Profit for the year before tax		69,143	59,766
Adjustments for:			
Depreciation	16	9,663	7,038
Impairment of property and equipment	16	210	–
Employees' end of service benefits	26	2,362	2,142
Finance income	9	(3,814)	(4,325)
Finance costs	8	14,344	13,738
Flotation costs	13	–	3,402
Loss on disposal of property and equipment		383	310
Unamortised finance fees written off	25	3,394	–
		95,685	82,071
Working capital changes:			
Inventories		(21,665)	(18,186)
Accounts receivable and prepayments		11,582	(25,221)
Amounts due from related parties		(7,653)	(1,601)
Accounts payable and accruals		2,809	3,354
Amounts due to related parties		4,956	(1,122)
Net cash from operations		85,714	39,295
Employees' end of service benefits paid	26	(643)	(626)
Flotation costs paid	13	–	(3,402)
Net cash from operating activities		85,071	35,267
INVESTING ACTIVITIES			
Purchase of property and equipment		(78,616)	(105,277)
Proceeds from disposal of property and equipment		257	255
Acquisition of BR Medical Suites FZ LLC		–	(8,822)
Bank deposits maturing in over 3 months		(12,251)	(136,129)
Restricted cash		(22,732)	(10,327)
Finance income received		5,255	2,253
Net cash (used in) investing activities		(108,087)	(258,047)
FINANCING ACTIVITIES			
Proceeds from share issue – IPO	21	–	186,264
Flotation costs paid	13	–	(14,128)
New term loans and draw-downs		524,465	314,510
Repayment of term loans		(500,627)	(172,430)
Receipts of short term borrowings		275,347	255,485
Repayment of short term borrowings		(252,768)	(275,508)
Finance costs paid		(14,532)	(13,908)
Dividend paid to shareholders	24	(11,598)	–
Net cash from financing activities		20,287	280,285
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,729)	57,505
Cash and cash equivalents at 1 January		81,930	24,425
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	20	79,201	81,930

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

Notes to the Consolidated Financial Statements

At 31 December 2013

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 company operating solely in the United Arab Emirates (“UAE”). The address of the registered office of the Company is Suite 23 Hanover Square London, W1S 1JB. The registered number of the Company is 7712220. There is no ultimate controlling party.

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

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

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue by the board of directors on 24 February 2014 and the consolidated statement of financial position was signed on the Board’s behalf by Dr B. R. Shetty and Mr Khalifa Bin Butti.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2013 and applied in accordance with the Companies Act 2006.

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

Functional and reporting currency

The functional currency of the Company and its subsidiaries is UAE Dirham. The reporting currency of the Group is United States of America Dollar (US\$) as this is a more globally recognised currency. The

UAE Dirham is pegged against the US Dollar at a rate of 3.673 per US Dollar.

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

Going concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 5 to 33. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 22 to 23.

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 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 capital expenditure program and in relation to working capital requirements.

Both the Healthcare and Distribution divisions have continued their positive growth trends and all major financial and non-financial KPIs showed good improvement during 2013. The directors have reviewed the business plan for 2014 and the five year cash flow, together with growth forecasts for the healthcare sector in UAE. The directors consider the Group’s future forecasts to be reasonable.

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

basis in preparing the consolidated financial statements.

Comparative information Reclassifications

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

- Amounts of US\$1,746,000 as of 31 December 2012 and US\$1,161,000 as of 31 December 2011 in respect of employees’ end of service benefits have been reclassified from non-current liabilities to current liabilities (note 26).
- An amount of US\$ 3,402,000 in respect of flotation costs has been reclassified from financing activities to operating activities in the consolidated statement of cash flows.

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

2.2 BASIS OF CONSOLIDATION

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the

2.2 BASIS OF CONSOLIDATION continued

aggregate of the fair value of consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

	Percentage of holdings	
	31 December 2013	31 December 2012
<i>Direct subsidiaries:</i>		
NMC Holding Co LLC	100%	100%
NMC Health Holdco Limited	100%	100%
<i>Indirect subsidiaries:</i>		
NMC Healthcare LLC	100%	100%
New Pharmacy Company Limited	99%	99%
New Medical Centre Hospital LLC-Dubai	99%	99%
NMC Specialty Hospital LLC-Abu Dhabi	99%	99%
NMC Specialty Hospital LLC-Dubai	99%	99%
New Medical Centre Trading LLC	99%	99%
Bait Al Shifaa Pharmacy LLC-Dubai	99%	99%
New Medical Centre LLC-Sharjah	99%	99%
New Medical Centre Specialty Hospital LLC-Ai Ain	99%	99%
Reliance Information Technology LLC	99%	99%
BR Medical Suites FZ LLC	100%	100%
Brightpoint Hospital LLC	99%	99%
NMC Day Surgery Centre LLC	99%	99%
NMC Dubai Investment Park LLC	99%	99%

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Significant estimates

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the Group's policy for inventory provisioning.

The gross carrying amount of inventories at 31 December 2013 was US\$94,839,000 (2012: US\$ 72,574,000) and the provision for old and obsolete items at 31 December 2013 was US\$716,000 (2012: US\$ 116,000).

Impairment of accounts receivable

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

A majority of the receivables that are past due but not impaired are from insurance companies and government-linked entities in the United Arab Emirates which are inherently slow payers due to their long invoice verification and approval of payment procedures. Payments continue to be received from these customers and

accordingly the risk of non-recoverability is considered to be low.

Gross trade accounts receivable at 31 December 2013 were US\$154,234,000 (2012: US\$ 164,907,000) and the provision for doubtful debts at 31 December 2013 was US\$8,241,000 (2012: US\$6,444,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Significant judgements

Functional currency

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

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

The primary economic environment influencing the Company's income (dividends) is the UAE and the effect of the local environment is limited to expenses

Notes to the Consolidated Financial Statements

Continued

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

incurred within the UK. The ability of the Company to meet its obligations and pay dividends to its shareholders is dependent on the economy of, and the operation of its subsidiaries in, the UAE.

Refinancing of JP Morgan loan

Judgement has been used to determine that the terms and conditions of the new JP Morgan syndicated loan are substantially different from the previous loan and accordingly the previous JP Morgan syndicated loan has been derecognised (note 25). Management used the following basis for determining that the terms and conditions are substantially different:

- The principal amount of the loan changed from US\$150 million to US\$225 million
- The interest risk profile on the loan changed as the interest rate decreased from 3.5% plus margin to 3% plus margin.
- The securities and guarantees of the loan changed as the personal guarantees of shareholders have been removed in the new loan.
- The loan covenants changed; and
- The repayment terms changed as the new loan had an initial repayment grace period of six months.

Assets held in the name of the previous shareholder

In accordance with local laws, except in some specific locations in the UAE the registered title of land and buildings must be held in the name of a UAE national. As a result, land and buildings of the Group are legally registered in the name of shareholders or previous shareholders of the Group. As at 31 December 2013 certain land and buildings with a carrying amount of US\$9,648,000 (2012: US\$9,974,000) are held in the name of a previous shareholder for the beneficial interest of the Group. As the beneficial interest of such land and buildings resides with the Group, these assets are recorded within land and buildings in the Group consolidated financial statements. The directors take into account this local legal registration requirement, the Group's entitlement to the beneficial interest

arising from these assets, as well as other general business factors, when considering whether such assets are impaired.

Leases for buildings and land

Generally our hospitals, day patient medical centres and hospital projects under development are located on land and in buildings which are leased. As at 31 December 2013, the majority of the lease periods range from five to twenty years apart from the leases for New Medical Centre Hospital LLC-Dubai ('Dubai General Hospital') the land on which the Khalifa City Specialty Hospital is being constructed and the warehouse facilities, which had leases which are renewable on an annual basis with a total value of US\$50,244,600 included within Property, Plant and Equipment as at 31 December 2013. Of this US\$49,696,000 pertains to Khalifa City Specialty Hospital. If any such leases are terminated or expire and are not renewed, the Group could lose the investment, including the hospital buildings and the warehouses on the leased sites which could have a material adverse effect on our business, financial condition and results of operations. The directors have considered the following facts in determining the likelihood that these leases will be renewed:

- Whilst some leases can be for long term durations, it is not unusual and can often be common practice throughout all of the emirates in the United Arab Emirates for landlords to lease land and buildings to companies on annually renewable leases of one year terms and for these leases to be renewed automatically. Throughout the Group's 40 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 landlords.
- Both the Dubai General Hospital and the warehouse facilities have been occupied by the Group on annually renewable leases, for a period of more than 13 years and each year these leases have been automatically renewed.
- The warehouse facilities have been built by the company on land leased from government bodies in the Emirates of Dubai and Abu Dhabi on the back of the policies of these governments to attract

investment in warehousing in the United Arab Emirates.

- At 31 December 2013 the land on which the Khalifa City Specialty Hospital is being constructed is being leased to NMC from the Municipality of Abu Dhabi and was on a one year annually renewable basis. Subsequent to year end, the lease has been renewed and extended so that it is now a 27 year lease expiring in the year 2040. The total carrying amounts included within Property Plant and Equipment in respect of Khalifa City Specialty Hospital as at 31 December 2013 is US\$49,696,000.

2.4 CHANGES IN ACCOUNTING POLICIES

Changes in accounting policies:

The accounting policies adopted are consistent with those of the previous financial year except for employees' end of service benefits as discussed below:

Employees' end of service benefits:

The Group has reassessed its accounting policy with respect to employees' end of service benefits. In previous years the Group was treating these as other long term benefits and has now assessed these to be treated as post-employment benefits. This change in accounting treatment did not materially impact the previously reported profit or equity of the group as the actuarial gain/loss as a result of the actuarial valuation is not material to the Group.

New and amended standards and interpretations:

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

The amendments to IFRS, which are effective as of 1 January 2013 and are described in more detail below, have no impact on the Group.

The following amendments to IFRS are effective as of 1 January 2013:

2.4 CHANGES IN ACCOUNTING POLICIES *continued*

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 had no impact on the consolidation of investments held by the Group

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

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

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

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, when a subsidiary is controlled with less than the majority of voting rights. None of these disclosure requirements are applicable for consolidated financial statements. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value

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

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

The amendments to IAS 1 introduce a grouping of items presented in Other Comprehensive Income. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g. Net loss or gain on available for sale financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position. The amendments affect presentation only and have no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised 2011)

IAS 19 (revised 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefits obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and in the fair value of the plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and

accelerate the recognition of past service costs. All actuarial gain and losses are recognized immediately through other comprehensive income in order for the net provision asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and the expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have no material impact on the amounts recognised in the prior years.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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

Revenue streams include clinic service revenues, sale of goods – Pharmacy, sale of goods – Distribution, Healthcare management fees and revenue from BR Medical Suites.

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

Clinic service revenues:

Clinic service revenues represent the revenue which NMC generates from the provision of either inpatient or outpatient medical services. The group primarily

Notes to the Consolidated Financial Statements

Continued

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

receives clinic service revenues from patients' private/medical insurance schemes. Clinic revenues are recognised when, and to the extent that, performance of a medical service occurs, and is measured at the fair value of the consideration received or receivable. NMC has determined that it is acting as Principal in these arrangements as it has the responsibility for providing the medical services to the patient, it sets the prices for the clinic services which are provided, it bears the credit risk and it bears the risk of providing the medical service.

Sale of Goods – Pharmacy:

The sales of goods from pharmacy relates to the sale of pharmaceutical and other products from hospitals and pharmacies. Whilst the Group does not establish the prices for the pharmaceutical products sold as both the purchase and selling prices for all pharmaceutical products are fixed by the Ministry of Health, NMC has determined that it is acting as Principal in respect of these sales as it provides the goods for sale, it bears the inventory risk, and it bears the credit risk from customers. Revenue from the sale of goods – Pharmacy is therefore recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Significant risk for retail goods is passed to the buyer at the point of sale.

Sale of Goods – Distribution:

Where the Group bears the inventory risk and the customer credit risk and has the ability to set the prices for the products sold then the Group has determined that it is acting as Principal. Revenue from the sale of goods is therefore recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Significant risk for retail goods is passed to the buyer for wholesale goods at the time of delivery.

For agency relationships, the revenue earned is measured as the Group's share of the revenue, as specified in the contract. Any amounts collected on behalf of the third party are excluded from revenue and are recorded as a payable. There are currently no material agency relationships.

Healthcare Management fees:

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

Revenue from BR Medical Suites:

BR Medical Suites enters into contracts with doctors whereby these doctors are employed to perform certain procedures or run outpatient services using the facilities at BR Medical Suites. In return the doctors obtain a share of the revenues that are generated from these facilities. Each contractual arrangement with individual doctors is assessed against specific criteria to determine whether the Group is acting as principal or agent in the arrangement with these doctors.

Other income

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

Interest income

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

Rebate from Suppliers

The Distribution business receives rebates in the ordinary course of business from a number of its suppliers of pharmaceutical products, in accordance with contractual arrangements in place with specific suppliers. Rebates are accounted for once approval has been received from the supplier following the negotiations which have taken place with them. Rebates

receivable are accounted for as a deduction from the cost of purchasing pharmaceutical goods, once the rebate has been approved by the supplier on the basis under IAS 18 that the probability of inflow is not sufficiently certain and the amounts cannot be reliably measured until that point. When rebates have been agreed in advance, for example when it has been agreed that a certain rebate will be applied to the purchase of specific goods for a set period of time rather than just to a specific one off purchase, then the rebate is recognised as a reduction in the purchase price as soon as the goods are purchased. When rebates are offered based upon the volume purchased and it is probable that the rebate will be earned and the amount can be estimated reliably, then the discount is recognised as a reduction in the purchase price when the goods are purchased and the assessment is reviewed on an ongoing basis. Rebates receivable are accounted for on a net basis, being set off against the trade payables to which they relate, as they are a reduction in the amount we owe to our suppliers in respect of pharmaceutical products purchased.

Business combinations and goodwill

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date.

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

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

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

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

Business combinations involving entities under common control

Business combinations involving entities under common control do not fall under the scope of IFRS 3 Revised 'Business Combinations'. The transfer of companies under common control is therefore accounted for using the pooling of interests method. Under this method there is no requirement to fair value the assets and

liabilities of the transferred entities and hence no goodwill is created upon transfer of ownership as the balances remain at book value. The consolidated income statement, consolidated balance sheet and the consolidated statement of cash flows comparative figures are also presented as if the Company had been the parent undertaking of the Group throughout the current and previous year. The consolidated financial statements are therefore presented as though the Group had always existed in its current form.

Restructuring reserve

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

Property and equipment

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

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

Hospital building	6%
Buildings	6%
Leasehold improvements	20%
Motor vehicles	20%
Furniture, fixtures and fittings	12.5%-20%
Medical equipment	10%-25%

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

Capital work in progress is stated at cost and is not depreciated. Lease costs in respect of capital work in progress are

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

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

Borrowing costs

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

Pre-operating expenses

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

Inventories

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

Notes to the Consolidated Financial Statements

Continued

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Accounts receivable

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

Cash and cash equivalents

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

Equity

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

Listing transaction costs

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

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received whether billed by the supplier or not. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

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

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

Term loans

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Employees' end of service benefits

The Group operates an un-funded post-employment benefit plan (employees' end of service benefits) for its expatriate employees in UAE, in accordance with the labour laws of the UAE. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. Payment for employees' end of service benefits is made when an employee leaves, resigns or completes his service.

The cost of providing benefits under the post-employment benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest is calculated by applying the discount rate to the defined benefit liability. The rate used to discount the end of service benefit obligation is determined by reference to market yields at the balance sheet date on high quality corporate bonds. The current and non-current portions of the provision relating to employees' end of service benefits are separately disclosed in the consolidated statement of financial position.

The Group recognises the following changes in the employees' end of service benefits under 'direct costs' and 'general and administrative expenses' in the consolidated statement of comprehensive income:

- Service costs comprising current service costs
- Interest expense

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

Foreign currencies

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

Translation of foreign operations

On consolidation the assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange prevailing at the reporting date and their income

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

statements are translated at exchange rates prevailing at the dates of the transactions. Since the UAE Dirham is pegged against the US Dollar a single rate of 3.673 per US Dollar is used to translate assets and liabilities and balances in the income statement.

Derivative financial instruments

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

Financial instruments

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

Impairment of financial assets

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

Leases

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

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

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

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will not have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities.

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

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have any material financial impact in future financial statements.

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

These amendments provide relief from discounting hedge accounting when novation of a derivative designated as a hedge instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. These amendments have no impact on the Group.

Notes to the Consolidated Financial Statements

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4 BUSINESS COMBINATION UNDER COMMON CONTROL

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

- the assets and liabilities of the previous parent company, NMC Healthcare LLC, were recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value; and
- the retained earnings and other equity balances of NMC Healthcare LLC immediately before the business combination, and the results of the period from 1 January 2012 to the date of the business combination are those of NMC Healthcare LLC as the Company did not trade prior to the transaction.

The Company had no significant assets or liabilities immediately prior to the time of the acquisition. As part of the acquisition, 130,000,000 new 10 pence shares were issued to the shareholders of NMC Healthcare LLC. A group restructuring reserve of US\$10,001,000 (debit) arose on consolidation being the difference between the share capital of NMC Healthcare LLC and the carrying amount of the investment in the books of the Company. This has been classified as part of the equity within the consolidated statement of financial position (note 22).

5 SEGMENT INFORMATION

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

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

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

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

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

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

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2013 and 2012.

	Healthcare US\$ '000	Distribution and services US\$ '000	Total segments US\$ '000	Adjustments and eliminations US\$ '000	Consolidated US\$ '000
Year ended 31 December 2013					
Revenue					
External customers	285,043	265,835	550,878	–	550,878
Inter segment	4,252	34,341	38,593	(38,593)	–
Total	289,295	300,176	589,471	(38,593)	550,878
Results					
Depreciation	(7,120)	(2,092)	(9,212)	(451)	(9,663)
Finance costs	–	–	–	(14,344)	(14,344)
Segment profit	74,339	27,815	102,154	(33,011)	69,143
Segment assets	338,341	190,407	528,748	286,514	815,262
Segment liabilities	33,818	47,028	80,846	345,265	426,111
Other disclosures					
Capital expenditure	80,845	1,220	82,065	587	82,652

5 SEGMENT INFORMATION continued

Year ended 31 December 2012

Revenue

External customers	247,469	242,584	490,053	–	490,053
Inter segment	4,179	28,490	32,669	(32,669)	–
Total	251,648	271,074	522,722	(32,669)	490,053

Results

Depreciation	(5,871)	(829)	(6,700)	(338)	(7,038)
Finance costs	–	–	–	(13,738)	(13,738)

Segment profit	62,318	25,379	87,697	(27,931)	59,766
Segment assets	270,574	169,112	439,686	275,894	715,580
Segment liabilities	40,575	32,326	72,901	311,076	383,977
Other disclosures					
Capital expenditure	115,129	10,014	125,143	1,008	126,151

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

Adjustments and eliminations

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

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

Capital expenditure consists of additions to property and equipment.

Reconciliation of Group profit

	2013 US\$ '000	2012 US\$ '000
Segment profit	102,154	87,697
Unallocated finance income	3,814	4,325
Unallocated finance costs	(14,344)	(13,738)
Unallocated group administrative expenses	(18,654)	(15,036)
Unallocated unamortised finance fees written off	(3,394)	–
Unallocated depreciation	(451)	(338)
Unallocated other income	18	258
Unallocated flotation costs	–	(3,402)
Group profit	69,143	59,766

Reconciliation of Group assets

	2013 US\$ '000	2012 US\$ '000
Segment assets	528,748	439,686
Unallocated property and equipment	12,365	12,229
Unallocated inventory	36	33
Unallocated accounts receivable and prepayments	5,526	6,497
Unallocated amounts due from related parties	267	58
Unallocated bank balances and cash	74,954	23,374
Unallocated bank deposits	193,366	233,703
Group assets	815,262	715,580

Notes to the Consolidated Financial Statements

Continued

5 SEGMENT INFORMATION continued

Reconciliation of Group liabilities

	2013 US\$ '000	2012 US\$ '000
Segment liabilities	80,846	72,901
Unallocated term loans	250,200	222,968
Unallocated employees' end of service benefits	219	218
Unallocated accounts payable and accruals	12,547	7,276
Unallocated bank overdraft and other short term borrowings	82,238	80,491
Unallocated amounts due to related parties	61	123
Group liabilities	426,111	383,977

Other information

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

	Healthcare US\$ '000	Distribution and services US\$ '000	Total US\$ '000
Year ended 31 December 2013			
Customer 1	75,802	–	75,802
Customer 2	32,715	–	32,715
	108,517	–	108,517
Year ended 31 December 2012			
Customer 1	66,354	–	66,354
Customer 2	27,426	–	27,426
	93,780	–	93,780

Geographical information

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

Analysis of revenue by category:

	2013 US\$ '000	2012 US\$ '000
Revenue from services:		
Healthcare – clinic	207,532	177,609
Healthcare – management fees	5,445	907
	212,977	178,516
Sale of goods:		
Distribution	265,835	242,584
Healthcare	72,066	68,953
	337,901	311,537
Total	550,878	490,053

6 EXPENSES BY NATURE

	2013 US\$ '000	2012 US\$ '000
Cost of inventories recognised as an expense	265,852	246,749
Salary expenses	126,580	97,436
Rent expenses	21,518	21,029
Sales promotion expenses	29,533	29,999
Repair & maintenance expenses	5,796	6,356
Others	35,619	33,286
	484,898	434,855
Allocated to:		
Direct costs	365,336	329,800
General and administrative expenses	119,562	105,055
	484,898	434,855

The classification of the remaining expenses by nature recognised in the consolidated statement of comprehensive income are:

	2013 US\$ '000	2012 US\$ '000
Depreciation	9,663	7,038
Impairment of property and equipment	210	–
Finance costs	14,344	13,738
Flotation costs	–	3,402
Unamortised finance fees written off	3,394	–
	27,611	24,178

7 OTHER INCOME

Other income includes US\$26,771,000 (2012: US\$23,919,000) 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 FINANCE COSTS

	2013 US\$ '000	2012 US\$ '000
Bank interest	12,788	11,968
Bank charges	2,258	2,099
Change in fair value of derivative financial instrument	(702)	(329)
	14,344	13,738

9 FINANCE INCOME

	2013 US\$ '000	2012 US\$ '000
Bank and other interest income	3,814	4,325
	3,814	4,325

Notes to the Consolidated Financial Statements

Continued

10 PROFIT FOR THE YEAR BEFORE TAX

The profit for the year before tax is stated after charging:

	2013 US\$ '000	2012 US\$ '000
Cost of inventories recognised as an expense (note 6)	265,852	246,749
Cost of inventories written off (note 18)	1,781	1,753
Minimum lease payments recognised as operating lease expense	21,518	21,029
Depreciation (note 16)	9,663	7,038
Net Impairment of accounts receivable (note 19)	2,462	1,291
Employees' end of service benefits (note 26)	2,362	2,142
Net foreign exchange loss	3,841	3,034

11 AUDITOR'S REMUNERATION

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

	2013 US\$ '000	2012 US\$ '000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	615	500
Fees payable to the Company's auditor and its associates for other services:		
– the audit of the company's subsidiaries pursuant to legislation	142	161
– audit related assurance services	155	173
– other assurance services	15	2,283
– Tax compliances services	25	–
– Tax advisory services	25	–
– corporate finance services	–	2,622
– non audit services	19	41
	996	5,780
Offset against share premium (note 21)	–	(4,285)
Total included in the consolidated statement of comprehensive income	996	1,495

Other assurance services in 2012 represented work performed on the Group's historical financial information and corporate finance services represent work performed on the Group's long form and working capital report, both of which were required for the Company's premium listing on the London Stock Exchange.

Included in the fees payable to the Company's auditor for the audit of the Company's annual accounts in the current year is an amount of US\$100,000 which was under-accrued in respect of the prior year audit of the Company's annual accounts.

The fees paid to the auditor includes US\$85,000 (2012: US\$249,500) in respect of out of pocket expenses of which US\$ nil (2012: US\$205,000) relates to out of pocket expenses in respect of the corporate finance services work referred to above. There were no benefits in kind provided to the auditor or its associates in either 2013 or 2012.

Of the total fees payable to the auditor in 2013, US\$437,000 (2012: US\$297,500) was payable to the auditor Ernst & Young LLP, in the United Kingdom, and the remainder was payable to an associate of the auditor based in the UAE.

12 STAFF COSTS AND DIRECTORS' EMOLUMENTS

(a) Staff costs

	2013 US\$ '000	2012 US\$ '000
Wages and salaries	126,580	97,436
Employees' end of service benefits (note 26)	2,362	2,142
Others	7,726	6,639
	136,668	106,217

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

	2013	2012
Healthcare	3,169	2,715
Distribution & services	1,726	1,538
Administration	151	162
	5,046	4,415

(b) Directors' remuneration

	2013 US\$ '000	2012 US\$ '000
Directors' remuneration	1,746	1,352

There are no other employee benefits such as long-term benefits, post-employment benefits or share options paid or payable to the directors. Further information in respect of this compensation paid to directors is disclosed in the Directors' Remuneration Report.

13 FLOTATION COSTS

During the year ended 31 December 2012 costs of US\$18,175,000 were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US\$ 14,773,000 has been deducted from the share premium account (note 21) and US\$3,402,000 has been charged to the consolidated statement of comprehensive income in accordance with the requirements of IAS 32 – Financial Instruments: Presentation. Out of the total costs of US\$18,175,000 an amount of US\$ nil remains payable as at 31 December 2013 (2012: US\$645,000) and is included in accounts payable and accruals.

14 TAX

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

15 EARNINGS PER SHARE

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

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

	2013	2012
Profit attributable to equity holders of the Parent (US\$ '000)	68,165	58,891
Weighted average number of ordinary shares in issue ('000)	185,714	171,824
Basic and diluted earnings per share (US\$)	0.367	0.343

The weighted average number of shares for the year ended 31 December 2012 has been adjusted for the effect of the increase in share capital as a result of the Company's premium listing on the London Stock Exchange (note 21).

Notes to the Consolidated Financial Statements

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16 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2013 US\$ '000	2012 US\$ '000
Property and equipment	273,792	201,653
	273,792	201,653

	Freehold land US\$ '000	Hospital building US\$ '000	Buildings US\$ '000	Leasehold improvements US\$ '000	Motor vehicles US\$ '000	Furniture, fixtures and fittings and medical equipment US\$ '000	Capital work in progress US\$ '000	Total US\$ '000
31 December 2013								
Cost:								
At 1 January 2013	19,206	12,343	26,269	12,722	5,544	110,594	104,067	290,745
Additions	–	–	31	907	83	8,791	72,840	82,652
Disposals	–	–	–	–	(47)	(6,553)	–	(6,600)
Transfer from capital work in progress	–	–	–	3,759	307	1,242	(5,308)	–
Impairment of property and equipment	–	–	–	–	–	–	(210)	(210)
At 31 December 2013	19,206	12,343	26,300	17,388	5,887	114,074	171,389	366,587
Depreciation:								
At 1 January 2013	–	7,494	3,083	8,932	4,701	64,882	–	89,092
Charge for the year	–	310	1,418	1,347	214	6,374	–	9,663
Relating to disposals	–	–	–	–	(47)	(5,913)	–	(5,960)
At 31 December 2013	–	7,804	4,501	10,279	4,868	65,343	–	92,795
Net carrying amount:								
At 31 December 2013	19,206	4,539	21,799	7,109	1,019	48,731	171,389	273,792
31 December 2012								
Cost:								
At 1 January 2012	19,206	12,343	6,529	10,498	5,233	91,349	22,796	167,954
Additions	–	–	–	312	331	11,605	106,619	118,867
Additions from a business combination	–	–	–	1,336	–	5,948	–	7,284
Disposals	–	–	–	(203)	(20)	(3,137)	–	(3,360)
Transfer from capital work in progress	–	–	19,740	779	–	4,829	(25,348)	–
At 31 December 2012	19,206	12,343	26,269	12,722	5,544	110,594	104,067	290,745
Depreciation:								
At 1 January 2012	–	7,184	2,649	8,448	4,561	62,007	–	84,849
Charge for the year	–	310	434	663	160	5,471	–	7,038
Relating to disposals	–	–	–	(179)	(20)	(2,596)	–	(2,795)
At 31 December 2012	–	7,494	3,083	8,932	4,701	64,882	–	89,092
Net carrying amount:								
At 31 December 2012	19,206	4,849	23,186	3,790	843	45,712	104,067	201,653

As part of the Group's capital expenditure programme, borrowing costs of US\$4,886,000 (2012: US\$4,110,000) net of finance income of US\$54,000 (2012: US\$1,217,000) have been capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.40% (2012: 3.81%) which is the effective rate of the borrowings used to finance the capital expenditure. As companies in UAE are not subject to taxation and as such there is no tax relief in respect of capitalised interest.

Generally hospital and distribution operations are carried out on land and buildings which are leased from Government authorities or certain private parties. The majority of the lease periods range from five to twenty years apart from New Medical Centre Hospital LLC-Dubai

16 PROPERTY AND EQUIPMENT continued

("Dubai General Hospital"), the land on which the Khalifa City Specialty Hospital is being constructed and the warehouse facilities which had leases renewable on an annual basis (note 2.3). As at 31 December 2013 US\$50,244,600 (2012 US\$21,796,700) of the amounts included in Property plant and equipment related to assets with annually renewable leases. Subsequent to year end, the lease for the land on which the Khalifa City Specialty Hospital is being constructed was renewed for a period of 27 years (note 34). Khalifa City Specialty Hospital has US\$49,696,000 included in Property plant and equipment as at 31 December 2013.

In accordance with the local laws, except in some specific locations in the UAE the registered title of land and buildings must be held in the name of a UAE national. As a result, land and buildings of the Group are legally registered in the name of shareholders or previous shareholders of the Group. Certain land and buildings with a carrying amount of US\$9,648,000 (31 December 2012: US\$9,974,000) are held in the name of a previous shareholder for the beneficial interest of the Group. As the beneficial interest of such land and buildings resides with the Group, these assets are recorded within land and buildings in the Group's consolidated financial statements. The directors take into account this local legal registration requirement, the Group's entitlement to the beneficial interest arising from these assets, as well as other general business factors, when considering whether such assets are impaired.

Property and equipment with a net carrying amount of US\$ nil at 31 December 2013 (2012: US\$4,849,000) are pledged as security against term loans.

17 INTANGIBLE ASSETS

	2013 US\$ '000	2012 US\$ '000
Goodwill		
Balance at 1 January	1,016	–
Addition from business combination	–	1,016)
Balance at 31 December	1,016	1,016

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

Goodwill arose on the acquisition of BR Medical Suites FZ LLC on 1 July 2012. The goodwill is attributable to the synergies that arose as a result of the acquisition. Goodwill is allocated to the healthcare segment and is monitored at the healthcare segment level, which equates to the level for impairment testing.

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projection based on financial budgets approved by management covering a five year period. The pre-tax discount rate applied to cash flow projections is 9.3% and a 3% growth rate is used to arrive at the cash flows between year 6 to 10 and a terminal value beyond year 10 is used using a zero growth rate. Management has assessed the key assumptions within these calculations using their past experience from operating within the healthcare industry. The growth rate does not exceed either the long term average growth rate for the healthcare business in which the CGU operates or the country growth rate.

The main assumptions used to compute the value in use were those concerning the discount rate, the most recent cash flow projections and the expected growth rate at the end of the time horizon of the forecast.

In addition, the Group performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate and projections). The results of these tests showed no indications of impairment.

Notes to the Consolidated Financial Statements

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18 INVENTORIES

	2013 US\$ '000	2012 US\$ '000
Pharmaceuticals and cosmetics	44,959	32,906
Scientific equipment	11,899	9,111
Consumer products	27,915	22,701
Food	6,796	4,791
Telecommunication equipment	569	140
Consumables	290	436
Opticals	358	357
Goods in transit	1,594	1,589
Other	459	543
	94,839	72,574
Less: provisions for slow moving and obsolete inventories	(716)	(116)
	94,123	72,458

The amount of write down of inventories recognised as an expense for the year ended 31 December 2013 is US\$ 1,781,000 (2012: US\$1,753,000). This is recognised in direct costs.

Trust receipts issued by banks amounting to US\$3,100,000 (2012: US\$9,493,000) are secured against the inventories.

19 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013 US\$ '000	2012 US\$ '000
Accounts receivable	145,993	158,463
Receivable from suppliers for promotional expenses	9,696	11,684
Other receivables	6,845	6,219
Prepayments	5,848	5,036
	168,382	181,402

Receivables from suppliers relate to advertising and promotional expenses incurred by the Group. Accounts receivable are stated net of provision for doubtful debts of US\$8,241,000 (2012: US\$6,444,000). Movements in the provision for doubtful debts are as follows:

	2013 US\$ '000	2012 US\$ '000
At 1 January	6,444	5,153
Written off	(665)	–
Written back (note 10)	(472)	(951)
Charge for the year (note 10)	2,934	2,242
At 31 December	8,241	6,444

19 ACCOUNTS RECEIVABLE AND PREPAYMENTS continued

The ageing of unimpaired accounts receivable is as follows:

	Total US\$ '000	Neither past due nor impaired US\$ '000	Past due but not impaired			
			< 90 days US\$ '000	91-180 days US\$ '000	181-365 days US\$ '000	>365 days US\$ '000
31 December 2013						
Accounts receivable	145,993	104,028	31,658	6,053	2,774	1,480
31 December 2012						
Accounts receivable	158,463	92,086	41,051	15,950	9,007	369

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of Group to obtain collateral over receivables and they are therefore unsecured. As at 31 December 2013 trade receivables of US\$8,241,000 (2012: US\$6,444,000) were impaired and fully provided for.

Credit risk is managed through the Group's established policy, procedures and controls relating to credit risk management (note 29). A majority of the receivables that are past due but not impaired are from insurance companies and government-linked entities in the United Arab Emirates which are inherently slow payers due to their long invoice verification and approval of payment procedures. Payments continue to be received from these customers and accordingly the risk of non-recoverability is considered to be low.

Of the net trade receivables balance of US\$145,993,000 an amount of US\$61,353,000 is against five customers (2012: US\$63,966,000 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, a significant amount of trade accounts receivable are neither past due nor impaired.

20 CASH AND CASH EQUIVALENTS

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

	2013 US\$ '000	2012 US\$ '000
Bank deposits	193,366	233,703
Bank balances and cash	75,329	23,747
Bank overdrafts and other short term borrowings	(82,238)	(80,668)
	186,457	176,782
Adjustments for:		
Short term borrowings	74,183	51,604
Bank deposits maturing in over 3 months	(148,380)	(136,129)
Restricted cash	(33,059)	(10,327)
Cash and cash equivalents	79,201	81,930

Bank deposits of US\$193,366,000 (2012: US\$233,703,000) are with commercial banks in the United Arab Emirates. These are mainly denominated in the UAE Dirhams and earn interest at the respective deposit rates. These deposits have original maturity between 3 to 12 months (2012: 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 Mohamed Butti Mohamed Al Qebaisi, Dr BR Shetty and Khalifa Butti Omair Yousif Ahmad Al Muhairi) and carry interest at EIBOR plus margin rates ranging from 3% to 4%.

At 31 December 2013, the Group had US\$18,323,000 (2012: US\$11,444,000) of undrawn bank overdraft facilities, which are renewable annually.

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

Notes to the Consolidated Financial Statements

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21 SHARE CAPITAL

As at 31 December 2013 and 31 December 2012:

	Number of shares (thousands)	Ordinary shares US\$ '000	Total US\$ '000
Issued and fully paid			
(nominal value 10 pence sterling each)	185,714	29,566	29,566

Issued share capital and share premium movement

	Notes	Number of shares (thousands)	Ordinary shares US\$ '000	Share premium US\$ '000	Total US\$ '000
At 1 January 2012		100	27,226	-	27,226
Group restructuring		(100)	(27,226)	-	(27,226)
Issue of new shares		130,000	20,696	16,531	37,227
Issue of new shares – IPO		55,714	8,870	177,394	186,264
Share issue costs	13	-	-	(14,773)	(14,773)
At 31 December 2012		185,714	29,566	179,152	208,718
At 31 December 2013		185,714	29,566	179,152	208,718

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

Share issue costs incurred in 2012 include US\$4,285,000 of fees paid to the auditor (note 11).

22 GROUP RESTRUCTURING RESERVE

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

23 RETAINED EARNINGS

As at 31 December 2013, retained earnings of US\$14,333,000 (2012: US\$12,627,000) are not distributable. This relates to a UAE Companies Law requirement to set aside 10% of annual profit of all UAE subsidiaries until their respective reserves equal 50% of their paid up share capital. The subsidiaries discontinue such annual transfers once this requirement has been met.

24 DIVIDEND

In the AGM on 27 June 2013 the shareholders approved a dividend of 4.1 pence per share, amounting to GBP 7,614,286 (US\$11,598,326) paid to shareholders on the Company's share register on 31 May 2013. The dividend was paid on 4 July 2013. No interim dividend was declared during the year. Subject to shareholder's approval, a final dividend of 4.4 pence per share, GBP 8,212,700 (US\$13,633,000) will be paid to shareholders on the Company's share register on 30 May 2014.

25 TERM LOANS

	2013 US\$ '000	2012 US\$ '000
Current portion	88,355	104,540
Non-current portion	161,845	118,428
	250,200	222,968
Amounts are repayable as follows:		
Within 1 year	88,355	104,540
Between 1 – 2 years	50,871	45,195
Between 2 – 5 years	110,974	73,233
	250,200	222,968

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

25 TERM LOANS continued

31 December 2013:

During the year ended 31 December 2013, the Group agreed a new syndicated loan facility, led by JP Morgan Chase Bank, of US\$225,000,000 (with an additional available facility of US\$75,000,000 which the group has not drawn down to date). The loan facility is repayable over 54 monthly instalments with a grace period of six months and carries interest at the rate of 1 month US\$ LIBOR + 3% + mandatory costs; if any, per annum. The new syndicated loan facility has been utilised to repay some of the existing debts including the debt with JP Morgan Chase Bank against the facility of US\$150,000,000 obtained in the previous year and will also be utilised for capital expenditures. The Group has utilised an amount of US\$ 225,000,000 against the new syndicated loan facility as of 31 December 2013.

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

In addition to the JP Morgan loan facility, term loans also include other short term revolving loans which get drawn down and repaid over the period and carry interest at varying rates which include EIBOR + margins ranging from 3% to 3.75% per annum, except for one of the loans which carries interest at a fixed rate of 7.5% per annum.

The Group has charged an amount of US\$3,394,000 (2012: US\$ nil) to the consolidated statement of comprehensive income with respect to unamortised transaction costs of previously existing debts which have been settled during the year using the proceeds of the new syndicated loan led by JP Morgan Chase Bank.

31 December 2012:

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

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

Notes to the Consolidated Financial Statements

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26 EMPLOYEES' END OF SERVICE BENEFITS

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

	2013 US\$ '000	2012 US\$ '000	1 January 2012 US\$ '000
Balance at 1 January	10,380	8,864	7,532
Charge for the year	2,362	2,142	1,821
Employees' end of service benefits paid	(643)	(626)	(531)
Net transferred from related party	–	–	42
Balance at 31 December	12,099	10,380	8,864
Current	2,063	1,746	1,161
Non-current	10,036	8,634	7,703
Balance at 31 December	12,099	10,380	8,864
Charge for the year comprise of the following:			
Current service cost	1,909	1,784	1,821
Interest cost	453	358	–
Balance at 31 December	2,362	2,142	1,821

In accordance with the provisions of IAS 19 – 'Employee Benefits', management has carried out an exercise to assess the present value of its obligation at 31 December 2013 and 2012, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The impact of the actuarial valuation is not material to the Group, accordingly no actuarial gain or losses are recognised in other comprehensive income. Management has assumed an average length of service of 5 years (2012: 5 years) and increment/promotion costs of 3.0% (2012: 3.0%). The expected liability at the date of employees' leaving service has been discounted to its net present value using a discount rate of 4.5% (2012: 4.5%). Management also performed a sensitivity analysis for changes in discount rate and increment costs; the results of this analysis showed that none of the factors had any material impact on the actuarial valuation.

Note: No actuarial valuation was performed as of 31 December 2011.

27 ACCOUNTS PAYABLE AND ACCRUALS

	2013 US\$ '000	2012 US\$ '000
Trade accounts payable	57,565	53,334
Other payables	13,416	10,657
Accrued interest	705	893
Accrued expenses	4,401	3,729
	76,087	68,613

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

28 RELATED PARTY TRANSACTIONS

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

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 directors 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.

28 RELATED PARTY TRANSACTIONS continued

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

	2013 US\$ '000	2012 US\$ '000
Entities significantly influenced by a shareholder who is a key management personnel in NMC		
Sales	8,828	4,135
Purchases	30,040	13,206
Rent charged	418	425
Other Income	582	–
Shareholder who has significant influence over NMC is a key management personnel of the entity		
Management fees	5,445	907
Sales	2,608	–

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

	2013 US\$ '000	2012 US\$ '000
Shareholder with significant influence over NMC:		
Acquisition of BR Medical Suites FZ LLC	–	9,000

On 1 July 2012, the Group acquired 100% of the share capital of BR Medical Suites FZ LLC, a company registered in Dubai, UAE, from its owner, Dr BR Shetty, a shareholder (with significant influence over the Company) and director of the Company. The consideration for the acquisition was US\$9,000,000 (note 17).

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

	2013 US\$ '000	2012 US\$ '000
Entities significantly influenced by a shareholder who is a key management personnel in NMC		
Amounts due from related parties	3,619	58
Amounts due to related parties	5,018	–
Shareholder who has significant influence over NMC is a key management personnel of the entity		
Amounts due from related parties	5,635	1,543
Shareholder:		
Amounts due to related parties	61	123

Outstanding balances with related parties at 31 December 2013 and 31 December 2012 were unsecured, payable on 60–120 days term and carried interest at 0 % (31 December 2012: 0%) per annum. Settlement occurs in cash. As at 31 December 2013: US\$3,249,000 of the amounts due from related parties were past due but not impaired (31 December 2012: US\$ nil).

The Group has incurred an expenses and recharged back an amount of US\$12,340,000 (31 December 2012: US\$ 636,000) 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.

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

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

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28 RELATED PARTY TRANSACTIONS continued

Compensation of key management personnel

	2013 US\$ '000	2012 US\$ '000
Short term benefits	4,065	2,174
Employees' end of service benefits	19	32
	4,084	2,206

The key management personnel include all the Non-Executive Directors, the two Executive Directors and five senior management personnel.

The spouse and the non-dependent son of one of the shareholders are employed by the Group. The total compensation for employment received by the spouse and the non-dependent son in the year ended 31 December 2013 amount to US\$541,000 (2012: US\$476,000).

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Interest rate risk

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

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

Increase/ decrease in basis points	Effect on profit at 31 December 2013 US\$ '000	Effect on profit at 31 December 2012 US\$ '000
100	(1,105)	(454)
(100)	1,105	454

Credit risk

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

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

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

	2013 US\$ '000	2012 US\$ '000
AA+	–	2,169
Aa/AA2	–	40,839
AA-/A-1/Aa3	498	199
A+/A1	701	14,521
A/A2	32,352	4,452
A+/A-1	1,762	–
A3/A-	1,188	9,532
AA-	–	35
Baa2	789	–
BBB-	187,822	–
BBB+/Baa1/P-2	13,099	2,166
Baa2/P-2	–	111,070
Without external credit rating	30,167	72,237
Total bank deposit and cash at bank	268,378	257,220

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

Liquidity risk

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

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

	On demand US\$ '000	Less than 3 months US\$ '000	3 to 12 months US\$ '000	1 to 5 years US\$ '000	Total US\$ '000
At 31 December 2013					
Trade accounts payable	–	57,565	–	–	57,565
Amounts due to related parties	–	5,079	–	–	5,079
Other payables	–	13,416	–	408	13,824
Terms loans	–	21,128	75,603	175,803	272,534
Bank overdrafts and other short term borrowings	8,178	42,090	34,048	–	84,316
Financial guarantees	–	180	3,275	3,612	7,067
Total	8,178	139,458	112,926	179,823	440,385
At 31 December 2012					
Trade accounts payable	–	53,334	–	–	53,334
Amounts due to related parties	–	123	–	–	123
Other payables	–	10,657	–	1,225	11,882
Terms loans	–	57,252	62,380	130,143	249,775
Bank overdrafts and other short term borrowings	28,849	52,900	–	–	81,749
Financial guarantees	–	447	1,631	5,204	7,282
Total	28,849	174,713	64,011	136,572	404,145

The group also has future capital commitments for the completion of ongoing capital projects of US\$76,402,000 (2012: US\$103,106,000) (note 31). These are to be financed from the fixed deposits held by the Group.

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29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Foreign currency risk

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

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

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

	2013 US\$ '000	2012 US\$ '000
EUR	1,611	4,198
CHF	612	730

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

	Euros	Swiss Francs	British Pound	Kuwait Dinar	Australian Dollar	Effect on profit and equity
Assumed change from year end exchange rates	+5%	+5%	+5%	+5%	+5%	
31 December 2013 (US\$ '000)	(81)	(31)	(14)	(3)	–	(129)
31 December 2012 (US\$ '000)	(210)	(37)	(15)	(1)	–	(263)
Assumed change from year end exchange rates	-5%	-5%	-5%	-5%	-5%	
31 December 2013 (US\$ '000)	81	31	14	3	–	129
31 December 2012 (US\$ '000)	210	37	15	1	–	263

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. Capital comprises share capital, share premium, group restructuring reserve and retained earnings and is measured at US\$386,236,000 as at 31 December 2013 (2012: US\$ 329,669,000). In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Certain banking facilities may also impose covenant requirements on the Group with respect to capital management.

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

	2013 US\$ '000	2012 US\$ '000
Interest bearing loans and borrowings	332,438	303,636
Accounts payable and accruals	76,495	69,838
Less: bank deposits, bank balances and cash	(268,695)	(257,450)
Net debt	140,238	116,024
Capital	386,236	329,669
Capital and net debt	526,474	445,693
Gearing ratio	27%	26%

30 CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise at 31 December 2013 of US\$ 7,067,000 (2012: US\$7,282,000).

Notes to the Consolidated Financial Statements

Continued

31 COMMITMENTS

Capital commitments

The Group had future capital commitments of US\$76,402,000 at 31 December 2013 (2012: US\$103,106,000) principally relating to the completion of ongoing capital projects.

Other commitments

	2013 US\$ '000	2012 US\$ '000
<i>Future minimum rentals payable under non-cancellable operating leases</i>		
Within one year	10,491	10,233
After one year but not more than five years	43,984	43,258
More than five years	102,782	113,999
	157,257	167,490

32 DERIVATIVE FINANCIAL INSTRUMENTS

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

	Negative fair value US\$ '000	Notional amount US\$ '000	Maturity profile
At 31 December 2013			
Interest rate swap US\$	(179)	24,503	Feb-14
At 31 December 2012			
Interest rate swap US\$	(881)	24,503	Feb-14

The interest rate swaps were contracted to hedge the interest cash flows on term loans. As these swaps do not qualify for hedge accounting in accordance with IAS 39, the movement in fair value gain of US\$ 702,000 for the year ended 31 December 2013 (2012: gain of US\$ 329,000) has been charged to the consolidated statement of comprehensive income.

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

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

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

33 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

Liabilities measured at fair value:

	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	Total fair value US\$ '000
31 December 2013				
Interest rate swaps	–	(179)	–	(179)
31 December 2012				
Interest rate swaps	–	(881)	–	(881)

During the year 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

34 SUBSEQUENT EVENT

Subsequent to year end, the lease for the land on which Khalifa City Specialty Hospital is being constructed (which as at 31 December 2013 was an annually renewable lease) has been renewed so that it is now a 27 year lease expiring in the year 2040.

NMC Health plc Financial Statements

Year ended
31 December 2013

Independent Auditor's Report to the Members of NMC Health plc

We have audited the parent company financial statements of NMC Health plc for the year ended 31 December 2013 which comprise the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 42, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of NMC Health plc for the year ended 31 December 2013.

Cameron Cartmell (Senior statutory auditor) for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 February 2014

Statement of Financial Position

As at 31 December 2013

	Notes	2013 US\$ '000	2012 US\$ '000
ASSETS			
Non-current assets			
Investment in subsidiary	4	204,127	37,227
		204,127	37,227
Current assets			
Other receivables and prepayments	5	50	–
Amounts due from a related party	6	2,875	166,923
Bank balances and cash		234	381
		3,159	167,304
TOTAL ASSETS		207,286	204,531
EQUITY AND LIABILITIES			
Equity			
Share capital	7	29,566	29,566
Share premium	7	179,152	179,152
Accumulated losses	9	(2,904)	(5,938)
Total equity		205,814	202,780
Current liabilities			
Other payables and accruals	8	1,472	1,751
Total liabilities		1,472	1,751
TOTAL EQUITY AND LIABILITIES		207,286	204,531

The financial statements were authorised for issue by the board of directors on 24 February 2014 and were signed on its behalf by

Mr. H J Mark Tompkins
Chairman

Mr. Prasanth Manghat
Chief Financial Officer

The attached notes 1 to 14 form part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2013

	Share Capital US\$ '000	Share premium US\$ '000	Accumulated losses US\$ '000	Total US\$ '000
Balance at incorporation	–	–	–	–
Total (other) comprehensive loss for the period (note 9)	–	–	(5,938)	(5,938)
Issue of share capital (note 7)	20,696	16,531	–	37,227
Issue of share capital – IPO (note 7)	8,870	177,394	–	186,264
Share issue costs (note 7)	–	(14,773)	–	(14,773)
Balance as at 31 December 2012	29,566	179,152	(5,938)	202,780
Total (other) comprehensive income for for the year (note 9)	–	–	14,632	14,632
Dividends paid (note 13)	–	–	(11,598)	(11,598)
Balance as at 31 December 2013	29,566	179,152	(2,904)	205,814

The attached notes 1 to 14 form part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 US\$ '000	2012 US\$ '000
OPERATING ACTIVITIES			
Profit/(Loss) for the year before tax		14,632	(5,938)
Adjustments for:			
Finance costs		3	10
Flotation costs	7	–	3,402
		14,635	(2,526)
Working capital changes:			
Amounts due from a related party		(2,852)	(166,923)
Other receivables and prepayments		(50)	–
Other payables and accruals		(279)	1,106
Net cash from/(used in) operation		11,454	(168,343)
Flotation costs paid		–	(3,402)
Net cash from/(used in) operations		11,454	(171,745)
FINANCING ACTIVITIES			
Proceeds from share issue – IPO	7	–	186,264
Flotation costs paid	7	–	(14,128)
Finance costs paid		(3)	(10)
Dividend paid to shareholders	13	(11,598)	–
Net cash (used in)/from financing activities		(11,601)	172,126
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(147)	381
Cash and cash equivalents at 1 January		381	–
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		234	381

The attached notes 1 to 14 form part of the financial statements.

Notes to the Financial Statements

At 31 December 2013

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 company. The address of the registered office of the Company is 23 Hanover Square, London, W1S 1JB. The registered number of the Company is 7712220. There is no ultimate controlling party.

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

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

The financial statements of the Company for the year ended 31 December 2013 were authorised for issue by the board of directors on 24 February 2014 and the statement of financial position was signed on the Board’s behalf by Dr B.R. Shetty and Mr Khalifa Bin Butti.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2013 and applied in accordance with the Companies Act 2006.

The financial statements are prepared under the historical cost convention. The principal accounting policies adopted in the preparation of these financial statements are set out below.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006.

Functional currency

The UAE Dirham is determined to be the functional currency of the Company. The reporting currency of the Company is United States of America Dollar (US\$) as this is a more globally recognised currency. The UAE Dirham is pegged against the US Dollar at a rate of 3.673 per US Dollar.

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

Going concern

These financial statements have been prepared on a going concern basis. The Company has made a profit of US\$14,632,000 (2012: Loss of US\$5,938,000) and has equity of US\$206,214,000 (2012: US\$202,780,000).

The Company is the parent of NMC Health plc group and is solely a holding company with no business activities of its own. The Company earned a dividend and reported a net profit during the year. The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review on pages 5 to 33. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 22-23.

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

Comparative information

Reclassification

The Company has made the following reclassification in respect of the comparatives to conform to the current period presentation. This reclassification has been made to correct the presentation of the financial statements.

An amount of US\$ 3,402,000 in respect of flotation costs has been reclassified from financing activities to operating activities in the statement of cash flows.

This reclassification has no impact on previously reported equity or profit of the Company.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Significant judgements

Functional currency

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

Judgement has been used to determine the functional currency of the Company that most appropriately represents the economic effects of the Company’s transactions, events and conditions. As part of this assessment, the following information has been taken into account:

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

Fair value of intercompany receivable from NMC Healthcare LLC

Judgement has been used to determine the fair value of the intercompany loan due to the Company from NMC Healthcare LLC which has been capitalized by the Company as an investment in NMC Healthcare LLC. The market value of the intercompany loan was determined to be equal to its face and book value. The value of the shares in NMC Healthcare LLC issued to the Company was determined to be equal to the market value of the loan balance immediately prior to capitalisation.

2.3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial period.

The Company applies IFRS (as adopted in the European Union), the European Union endorsement states that IFRS 10, IFRS 11 and IFRS 12 must be applied at the latest

Notes to the Financial Statements

Continued

2.3 CHANGES IN ACCOUNTING POLICIES continued

with an effective date of 1 January 2014 although earlier adoption is permitted. Accordingly, the Company has early adopted IFRS 10, IFRS 11 and IFRS 12 with effect from 1 January 2013.

The amendments to IFRS, which are effective as of 1 January 2013 and are described in more detail below, have no impact on the Company.

New and amended standards and interpretations

The following amendments to IFRS are effective as of 1 January 2013:

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 had no impact on the consolidation of investments held by the Company

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

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

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

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, when a subsidiary is controlled with less than the majority of voting rights. None of these disclosure requirements are applicable for financial statements. Accordingly, the Company has not made such disclosures.

IFRS 13 Fair Value Measurement

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

IAS 1 Presentation of items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in Other Comprehensive Income. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g. Net loss or gain on available for sale financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Company's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial

position. The amendments affect presentation only and have no impact on the company's financial position or performance.

IAS 19 Employee Benefits (Revised 2011)

IAS 19 (revised 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefits obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and in the fair value of the plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gain and losses are recognized immediately through other comprehensive income in order for the net provision asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and the expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had no impact on the financial position or performance of the Company as it does not have any defined benefit obligations and plan assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in subsidiary

Subsidiaries are entities over which the Company controls the operating and financial policies, generally by owning more than 50% of voting rights. Investments in subsidiaries are recognised at acquisition cost less any provision for impairment.

When the Company incurs increases in or return of share capital, to/from its subsidiaries, such movements are recognised within the cost of investment in subsidiaries.

At each reporting date, an assessment is made to determine whether there are any indicators of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the investment in subsidiary is made, which is considered to

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

be the higher of the fair value less costs to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the investment in an arm's length transaction between knowledgeable and willing parties. When this information is not available the fair value is determined based on the net present value of the future cash flows related to its subsidiaries, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount of an investment exceeds the recoverable amount, a provision is recorded in the income statement to reflect the investment at the recoverable amount.

Where an impairment charge has previously been recognised, an assessment is made at the end of each reporting period as to whether there is any indication that the impairment loss may no longer exist or may have decreased. If any such indication exists, an estimate of the recoverable amount is made. An impairment loss is reversed to the income statement to the extent that the increased carrying value of the investment in subsidiary does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset in prior years.

Acquisition of subsidiary under common control

When the Company acquires a subsidiary under common control, the cost of the investment is deemed to be the Company's share of the net assets of the subsidiary at the date of acquisition.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash in hand and bank balances

Equity

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

the share issue that would otherwise have been avoided.

Listing transaction costs

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

Accounts payable and accruals

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

Provisions

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

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

Foreign currencies

Transactions in foreign currencies are recorded in UAE Dirhams at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet

date. All differences are taken to the statement of comprehensive income.

Financial instruments

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

Impairment of financial assets

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

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

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

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The

Notes to the Financial Statements

Continued

3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE continued

adoption of the first phase of IFRS 9 will not have an impact on classification and measurement of the Company's financial assets and financial liabilities.

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

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Company, since none of the Company's subsidiaries would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Company.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Company does not expect that IFRIC 21 will have any material financial impact in future financial statements.

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

These amendments provide relief from discounting hedge accounting when novation of a derivative designated as a hedge instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The amendments have no impact on the Company.

4 INVESTMENT IN SUBSIDIARY

	2013 US\$ '000	2012 US\$ '000
As at 1 January	37,227	–
Addition	–	37,227
Transfer of amount due from a related party (note 6)	166,900	–
As at 31 December	204,127	37,227

This represents the cost of investment in NMC Healthcare LLC (previous parent company), a wholly owned subsidiary held through the holding company subsidiaries NMC Health Holdco Limited and NMC Holding Co LLC. As part of the restructuring of NMC Healthcare LLC group, on 28 March 2012, NMC Health plc issued shares to the existing shareholders of NMC Healthcare LLC in exchange for shares already held in NMC Healthcare LLC. The cost of investment represents the Company's share of the net assets of NMC Healthcare LLC | at the date of the group restructuring.

During the year NMC Healthcare LLC issued a promissory note to the Company in respect of the amount that it owed to the Company. Subsequently, during the year, agreement was reached between the Company and NMC Healthcare LLC, that the obligations which NMC Healthcare LLC had under the terms of the promissory note would be released and discharged by the Company in return for the Company receiving shares in NMC Healthcare LLC. Accordingly, NMC Healthcare LLC issued 14,568 shares to the Company. The market value of the shares issued was equal to the market value of the inter-company debt as at the date of the loan capitalisation of US\$166,900,000.

4 INVESTMENT IN SUBSIDIARY continued

The subsidiaries held by NMC Health plc are as follows:

	Percentage of holdings	
	31 December 2013	31 December 2012
<i>Direct subsidiaries:</i>		
NMC Holding Co LLC	100%	100%
NMC Health Holdco Limited	100%	100%
<i>Indirect subsidiaries:</i>		
NMC Healthcare LLC	100%	100%
New Pharmacy Company Limited	99%	99%
New Medical Centre Hospital LLC-Dubai	99%	99%
NMC Specialty Hospital LLC-Abu Dhabi	99%	99%
NMC Specialty Hospital LLC- Dubai	99%	99%
New Medical Centre Trading LLC	99%	99%
Bait Al Shifaa Pharmacy LLC-Dubai	99%	99%
New Medical Centre LLC-Sharjah	99%	99%
New Medical Centre Specialty Hospital LLC-AI Ain	99%	99%
Reliance Information Technology LLC	99%	99%
BR Medical Suites FZ LLC	100%	100%
Brightpoint Hospital LLC	99%	99%
NMC Day Surgery Centre LLC	99%	99%
NMC Dubai Investment Park LLC	99%	99%

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

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013 US\$ '000	2012 US\$ '000
Other receivables	33	–
Prepayments	17	–
	50	–

6 RELATED PARTY TRANSACTIONS

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

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 directors 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.

Included in amounts due from a related party as at 31 December 2012, as disclosed in the statement of financial position, are funds raised from the Company's premium listing on the London Stock Exchange and provided to NMC Healthcare LLC. This amount was interest free and had no fixed repayment terms and hence was payable on demand.

Notes to the Financial Statements

Continued

6 RELATED PARTY TRANSACTIONS continued

As referred to in note 4, during the year the inter-company amount owed to the Company by NMC Healthcare LLC was capitalised into share capital in NMC Healthcare LLC.

	2013 US\$ '000	2012 US\$ '000
Amounts due from Subsidiary		
Amounts due from a related party	2,875	166,923

Compensation of key management personnel

	2013 US\$ '000	2012 US\$ '000
Short term benefits	1,586	638

Key management personnel include all the Non-Executives Directors and two senior management personnel.

7 SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2013 and 31 December 2012:

Share capital

	Number of shares (thousands)	Ordinary shares US\$ '000	Total US\$ '000
Issued and fully paid			
(nominal value 10 pence sterling each)	185,714	29,566	29,566

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

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

Issued share capital and share premium movement

	Number of shares	Ordinary shares US\$	Share premium US\$	Total US\$
At the date of Incorporation	100	155	–	155
Share split	900	–	–	–
Issue of new shares	129,999,000	20,696,000	16,531,000	37,227,000
Issue of new shares – IPO	55,714,286	8,870,000	177,394,000	186,264,000
Share issue costs	–	–	(14,773,000)	(14,773,000)
At 31 December 2012	185,714,286	29,566,155	179,152,000	208,718,155
At 31 December 2013	185,714,286	29,566,155	179,152,000	208,718,155

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

During the period ended 31 December 2012 costs of US\$18,175,000 were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US\$ 14,773,000 has been deducted from the share premium account and US\$3,402,000 has been charged to the statement of comprehensive income in accordance with the requirements of IAS 32 – Financial Instruments: Presentation. Out of the total costs of US\$18,175,000 an amount of US\$ nil remains payable as at 31 December 2013 (2012: US\$ 645,000) and was included in other payables.

8 OTHER PAYABLES AND ACCRUALS

	2013 US\$ '000	2012 US\$ '000
Other payables	238	737
Accrued expenses	1234	1,014
	1,472	1,751

9 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The Profit for the year in the financial statements of the Company is US\$14,632,000 (2012: loss for Company for the period from 20 July 2011 to 31 December 2012 was US\$5,938,000).

10 AUDITOR'S REMUNERATION

The Company paid US\$615,000 to its auditor in respect of the audit of the Company's annual accounts for the year ended 31 December 2013 (2012: US\$500,000), which includes a portion in respect of the audit of the financial statements of the Company.

Included in the fees payable to the Company's auditor for the audit of the Company's annual accounts in the current year is an amount of US\$100,000 which was under-accrued in respect of the prior year audit of the Company's annual accounts.

Fees paid to Ernst & Young LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of NMC Health plc because group financial statements are prepared which are required to disclose such fees on a consolidated basis.

11 DIRECTORS' REMUNERATION

	2013 US\$ '000	2012 US\$ '000
Directors' remuneration	944	557

There are no other employee benefits such as long-term benefits, post-employment benefits or share options paid or payable to the directors. Further information in respect of this compensation paid to directors is disclosed in the Directors' Remuneration Report.

12 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities are other payables, arising in the normal course of business. The Company's financial assets include an amount due from a related party and bank balances. The company's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its bank balances only, as the balance due from a related party is interest free, and therefore the Company's exposure to interest rate risk is limited.

Notes to the Financial Statements

Continued

12 FINANCIAL RISK MANAGEMENT continued

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company's credit risk arises from amounts due from a related party and bank balances.

The directors assess the credit quality of the related party by taking into account their financial position, past experience and other factors. Management does not expect any losses from non-performance by this counterparty, which is a subsidiary of the Company.

The Company limits its credit risk with regard to bank balances by only dealing with reputable banks. The credit rating of the bank at which the cash at bank is held is AA+.

Liquidity risk

The Company's objective is to maintain sufficient funding to meet its obligations as they fall due.

The table below analyses the Company's undiscounted financial liabilities into relevant maturity groupings based on the contractual payment dates.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

	On demand US\$ '000	Less than 3 months US\$ '000	3 to 12 months US\$ '000	1 to 5 years US\$ '000	Total US\$ '000
At 31 December 2013					
Other payables	–	238	–	–	238
TOTAL	–	238	–	–	238
At 31 December 2012					
Other payables	–	737	–	–	737
Total	–	737	–	–	737

Foreign currency risk

Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company is exposed to currency risk on its other payables denominated in Pound Sterling. Foreign currency payable balances included in the statement of financial position denominated in Pound Sterling are US\$571,000 (2012: US\$1,251,000).

A +/- 5% movement of the US Dollar currency rate against Pound Sterling, with all other variables held constant, results in an decrease/increase on the profit for the year of US\$29,000 (2012: loss of US\$63,000).

Fair value estimation

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

Financial guarantees:

The company is a guarantor along with other fellow subsidiary undertakings for US\$225,000,000 (2012: nil) of syndicated loans from JP Morgan raised by its subsidiary NMC Healthcare LLC.

13 DIVIDENDS

In the AGM on 27 June 2013 the shareholders approved a dividend of 4.1 pence per share, amounting to GBP 7,614,286 (US\$11,598,326) paid to shareholders on the Company's share register on 31 May 2013. The dividend was paid on 4 July 2013. No interim dividend was declared during the year. Subject to shareholder's approval, a final dividend of 4.4 pence per share, GBP 8,212,700 (US\$13,633,000) will be paid to shareholders on the Company's share register on 31 May 2014

14 TAX

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

Established in 1975, NMC Health plc is now the leading private sector healthcare operator in the United Arab Emirates, with a nationwide network of hospitals and operations in the country. The group also operates a UAE wide distribution and wholesale business.





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