

SAFE IN OUR HANDS

Al Noor Hospitals Group Plc
Annual Report 2013



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FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

DIRECTORS' REPORT

The Directors' Report, prepared in accordance with the requirements of the Companies Act 2006 and the UK Listing Authority's Listing, and Disclosure and Transparency Rules, comprising pages 1 to 82 and 123 to 125, was approved by the Board and signed on its behalf by:

Ian Tyler
Chairman

Company number 4031152
2 March 2014

STRATEGIC REPORT

The Strategic Report, comprising pages 1 to 81 was approved by the Board and signed on its behalf by:

Ian Tyler
Chairman

2 March 2014

“We have always put patient care, patient safety and patient outcomes first. Our leadership of the Emirate of Abu Dhabi private healthcare sector demonstrates this deep commitment to our patients, spearheaded by excellent staff, dedicated leadership and a spirit of innovation. In the continuing pursuit of excellence, in 2012/13, we conducted a comprehensive review of our strategic plans with a view to assessing the market conditions and preparing the organization for the future. We have identified a number of opportunities, including structural and operational improvements that will be made to further improve the quality of patient care and outcomes”.

DR. KASSEM ALOM
CHIEF EXECUTIVE OFFICER



AT A GLANCE

HOSPITALS

With comfortable modern facilities, the latest medical and diagnostic equipment, and world class staff, Al Noor hospitals are renowned in the UAE for delivering exceptional standards of patient care. All three Al Noor hospitals hold JCI accreditation and ISO certification. They boast high staff to patient ratios and enjoy consistently high patient satisfaction scores.



For more information
please go to www.alnoorhospital.com

NUMBER OF PHYSICIANS

424

NUMBER OF EMPLOYEES*

2,687

NUMBER OF SURGICAL THEATRES

12

MEDICAL CENTERS

The Company operates twelve outpatient medical centers in the Emirate of Abu Dhabi, the Emirate of Dubai, and the Sultanate of Oman, all of which opened between 2002 and 2013. The medical centers provide outpatient and diagnostic services, with general practice and some medical specialties.



For more information
please go to www.alnoorhospital.com

NUMBER OF PHYSICIANS

145

NUMBER OF EMPLOYEES*

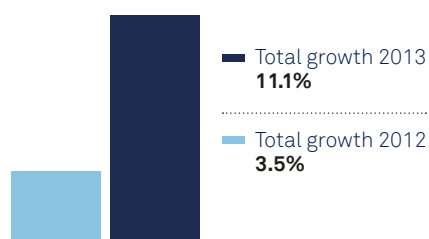
641

MEDICAL CENTERS

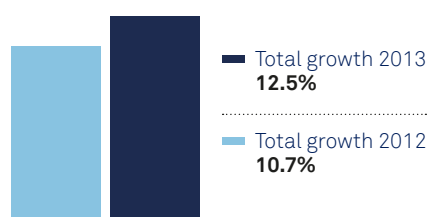
12

*Includes Physicians.

CLINIC PATIENTS



NET REVENUE



OUR HOSPITALS



- Central Region – Abu Dhabi 2
- Eastern Region – Al Ain 1

NUMBER OF PHYSICIANS
ACROSS THE COMPANYNUMBER OF NURSES
ACROSS THE COMPANY

OUR MEDICAL CENTERS

**Central Region –
Abu Dhabi**

- Mussafah Medical Centers 2

- Mamoura Medical Center

Western Region

- Beda Zayed Medical Centers 2

- Mirfa Medical Center

Eastern Region – Al Ain

- Sanaya Medical Center

- Al Ain Medical Center

- Al Yahar Medical Center

- Al Madar Medical Center

Northern Emirates

- Manchester Clinic, Dubai

International

- Muscat Medical Center

CHAIRMAN'S STATEMENT

The Company has had an outstanding year. Among its many achievements, 2013 saw us complete in June the successful listing of the Group on the London Stock Exchange.

Investors' confidence in the Company is strongly demonstrated by the fact that 34% of the Company is now owned publicly. This confidence is based on the Company's long history, excellent reputation, and strong financial performance.

In our core market in the UAE, the drivers of healthcare demand are robust, with the average healthcare spending per capita still considerably lower than in developed countries, despite UAE GDP per capita being one of the highest in the world. This gap will close and we expect it to lead to significant growth in the healthcare sector. I believe that the Company's deep roots, ambitious strategy, and talented management team positions the Company to take advantage of this expected growth. The Company is in this position today as a result of the vision and leadership of the founder and CEO of Al Noor, Dr. Kassem Alom.



The Company's revenue grew by 12.5% to US\$365m and underlying EBITDA* grew 16.9% to US\$82.8m. In parallel, the management continues to strengthen clinical governance and to raise the standards of care. This performance has been made possible by our 3,727 managers and staff who I would like to thank for their dedication to the patients who choose us as their trusted care provider every single day.

The competitive landscape in the Emirate of Abu Dhabi continues to evolve with a number of new providers entering the market in 2013. Additionally, we continue to experience challenges with physician retention. Despite these developments, we believe that we are well positioned to continue to deliver our growth plan through market leadership.

In 2013 we have continued to deliver our strategy:

- We increased the number of revenue-generating doctors by 34.3%. The hiring of these doctors helped us to establish new services and to expand existing services, including neurology, vascular surgery, cardiology, gastrointestinal surgery, podiatry and orthopedics. This increase in doctors drove outpatient volume growth by 11.1% and inpatient volume by 13.7% and positions us well for continued growth in 2014 and beyond.
- We opened three new medical centers with more scheduled to become operational in 2014.
- We are taking on additional space at our Khalifa Street Hospital and have taken the initial steps to develop a new 40 bed hospital in Al Ain.
- We announced the two acquisitions expected at the time of the IPO, in addition to a third medical center acquired in the Emirate of Dubai. The company continues to look for opportunities in the UAE with a focus on Dubai where universal health coverage was announced last November.

We will continue to focus on organic and acquisitive growth in our core Abu Dhabi market and will look to expand the Group geographically, focusing initially on the Emirate of Dubai where we expect growth to be underpinned by the introduction of mandatory universal health insurance. With net cash of US\$107m at 31 December, together with our unutilised debt facilities, we have necessary financial resources to execute our strategy.

The Board has worked closely with management to ensure the highest standards of governance including the formation of a Clinical Quality Committee to oversee clinical governance and the formation of an ethics committee. The Board and management believe that the health of our Company is tied to the health of our patients. The entire organization is setting its sights to deliver internationally-recognized standards of medical and clinical care and patient outcomes.

The Company has achieved a great deal in 2013. With our deep local roots, strong reputation, and clear strategy to deliver organic and acquisitive growth, we are in an excellent position to capitalize on the expected growth in the market for healthcare services in the UAE. The Board looks forward to the coming years with enthusiasm and optimism.

IAN TYLER
NON-EXECUTIVE CHAIRMAN

* Underlying EBITDA is calculated as underlying Results from Operating activities plus Depreciation and Amortization. Underlying Results from Operating activities can be obtained from the Consolidated Statement of Profit or Loss and Other Comprehensive Income, while Depreciation and Amortization can be referred to notes 18 and 19 on the Consolidated Financial Statements.

CHIEF EXECUTIVE'S REVIEW

As the founder and CEO of Al Noor Hospitals Group Plc, I am proud to say that we have had a landmark year.

When I established Al Noor in 1985 as a polyclinic, I could not have anticipated that we would grow to become the largest private healthcare provider in Abu Dhabi. Nor could I have imagined that in 2013, the Company would be listed on the premium segment of the London Stock Exchange, raising US\$150m to underwrite our next growth phase.

At this remarkable milestone, I am particularly proud of the fact that over the past 28 years we have created an environment that attracts some of the best-in-field professionals from across the world – some of whom have been with us since the earliest days. Together, we have realized this remarkable achievement by creating a culture of excellence, by being the first to bring advanced healthcare services and techniques to the Emirate, and by continually earning the trust of our nation's people. Today, with continued investment in advanced practice and the latest technology, we continue to provide outstanding care to patients in our three hospitals and twelve medical centers.



PERFORMANCE

Our financial performance has been strong with 12.5% growth in revenue driven by 11.1% and 13.7% growth in outpatient and inpatient volume respectively. Underlying EBITDA* increased by 16.9% to US\$82.8m, and Underlying EBITDA margin increased to 22.7%.

This performance was driven by several factors. First, we have kept pace with increasing demand by recruiting highly-skilled physicians. We have focussed our recruitment efforts to specialties driven by an ageing population, an increased incidence in lifestyle conditions, and service gaps in the market. This year we brought on board 78 net revenue-generating doctors. We believe wage inflation and attrition were well managed but remain key challenges. We believe that the addition of highly-skilled physicians is essential to maintain our international standards of care, to meet our population's needs, and to grow our volumes.

Second, we continued to expand our network of medical centers, opening in Mamoura in Abu Dhabi, Sanaya in Al Ain, and Muscat in Oman. We have strategically positioned new centers in residential areas that have been historically underserved and in newly populated communities where we have been first-to-market. By providing primary care in residential areas, we capture the demand close to home and are able to refer patients through our extensive network of secondary and tertiary care services.

Third, we agreed to acquire important facilities this year each of which target specific health populations. Manchester Clinic, Dubai is our first entry into the Northern Emirates market and Al Madar Medical Center in Al Ain, provides specialized dentistry and cosmetics.

The integration and development of new facilities are never without their challenges and we have learnt valuable lessons from some of the commissioning delays experienced to date. We will be dedicating additional resources going forward so that new clinics can be absorbed smoothly into Al Noor's way of working. This will continue to be an important aspect of our growth.

SERVICE EXPANSION

In 2013, we continued our long history of diversifying our services and have expanded our range of primary, secondary, and tertiary care services. We have invested in several areas of high acuity such as cardiac surgery, cardiology, orthopedics, and nuclear medicine. Additionally, we are now providing plastic and reconstructive surgery, colorectal surgery, and laparoscopic gynecology. Our ability to offer

"Our leadership of the Emirate of Abu Dhabi private healthcare sector is a demonstration of our deep commitment to our patients and is spearheaded by excellent staff, dedicated leadership and a spirit of innovation"

patients a full spectrum of integrated and advanced services, or a 'continuum of care,' differentiates us from our competitors. This, combined with our internationally-recognized standards of quality care and patient safety, enables us to maintain our position as market leaders.

EMPLOYEES

At the core of our success will always be the spirit of patient care that was first delivered by a group of young physicians nearly 28 years ago, constantly pushing themselves and our organization to improve. Our enduring commitment to excellence has been the platform for our organization's strong reputation and for our financial success.

I would like to recognize and thank all of our employees, management and staff alike, for their dedication and for the passion they bring every day to improve the lives of our patients. They have been, and continue to be, the fundamental strength of our company and reside at the heart of everything we do.

I would also like to take this opportunity to thank our management team for their unyielding commitment to achieve excellence in all aspects of our business. I particularly want to extend my gratitude to the Executive Team for their extraordinary effort in preparing the organization to undertake our IPO process. The outcome was a tremendous success for which we all stand proud.

OUTLOOK

We operate in one of the fastest growing sectors in the Gulf region due to a rapidly ageing demographic, an increasing incidence of lifestyle-related medical conditions such as diabetes and obesity, and service gaps in the current healthcare market. Our growth strategy will continue to focus on meeting the strong demand driven by these three factors while continuing to invest in high quality care and creating an exceptional patient experience. We are confident that these initiatives will position Al Noor to continue leading its existing market while entering new ones.

While demand continues to grow, the UAE government is committed to creating a healthcare system that is comparable to the world's most developed nations. The government has identified gaps in both quality and quantity, and is inviting the private sector to contribute strongly to the growth and development of the national healthcare system. As the leading private healthcare provider in the Emirate, Al Noor has stepped forward to partner with the Health Authority – Abu Dhabi (HAAD) in their goal to improve the health sector overall.

As we position our organization to move forward in the years ahead, our brand reputation, comprehensive strategy, and world-class people and facilities will give us the foundations necessary to capitalize on the expected continued growth in the market for healthcare services in the UAE. I look forward to 2014 and the coming years with optimism and confidence.

DR. KASSEM ALOM
CHIEF EXECUTIVE OFFICER

* Underlying excludes US\$0.8 of non-underlying items relating to the administrative expense incurred on IPO and acquisition costs

VISION, MISSION & VALUES

OUR VISION

To provide the highest international standards of patient care with unrelenting attention to medical excellence and patient safety. To offer unparalleled passion and commitment in assuring the best possible health for those we serve.

OUR MISSION

- Building a compelling healthcare reputation that positions the Company family of professionals at the heart of patient choice.
- Providing evidence-based clinical practice delivered in a consistent and integrated way.
- Striving to be sensitive to emerging trends and the changing needs of our patient groups, ensuring that we are patient-centered.
- Providing a pleasant environment where safe and effective delivery of services takes place.
- Being the employer of choice for healthcare while ensuring all Company staff are committed to providing services in alignment with our values.
- Pioneering new standards by continually evaluating the needs of the communities and patients we serve and adding new services and technologies that have the most effective impact on quality of care and outcomes for our patients.
- Incorporating information technologies and service monitoring that support healthcare decision-making and maximize quality of patient care.



I

INTEGRITY

We are honest in all we say and do. We are consistent with our vision, values and mission, we adhere to our codes of ethics, and we are transparent with each other, with our patients, and with the public about our actions and practices.

INNOVATION

We are passionate about inspiring and creating improvement in all we do. Our ideas are valuable assets that are carefully managed and help us achieve excellence in patient care. We aspire to make important contributions to the future of healthcare world-wide.



C

COLLABORATION

We believe in teamwork and honor and support each other's roles, requests, contributions, and success. We are loyal to one another and take collective responsibility for our decisions. We look for opportunities to help each other, and to ask for help, to achieve our common vision and goals.



A

ACCOUNTABILITY

We are personally responsible for all we do and say, as well as for what we choose not to do and not to say. We are accountable for what we see and hear in the workplace and we take the proper action if it harms patients or violates our professional ethics or standards of care. We are accountable for fulfilling the mandate of our roles and for meeting the expectation of our patients to receive compassionate and high quality healthcare.



R

RESULTS-DRIVEN

We are committed to achieving our goals. We understand that plans are not outcomes and that promises are not achievements. We set demanding and quantifiable targets and use data to measure and describe our results. We find every opportunity to produce evidence-based, optimal quality outcomes for our patients and to strengthen and grow our business.



E

EXCELLENCE

We are dedicated to provide the highest quality of care for our patients. We benchmark against international high performance organizations and are committed to do our best to achieve peak results. We are driven by the knowledge that our performance affects the quality and quantity of life. We believe that the only acceptable standard of our performance is excellence.

OUR MILESTONES

1985

Established as a polyclinic and pharmacy in the Emirate of Abu Dhabi



1993

First private hospital in the Emirate of Abu Dhabi with Fertility Center

2000

First private hospital in the Emirate of Abu Dhabi to achieve ISO 9000:2000 Certification



2003

First private hospital in the Emirate of Abu Dhabi to complete open-heart surgery

Inauguration of Madinat Zayed Medical Center

Received Middle East Arab Health Award for Best Public-Private Partnership

1986

Expansion of polyclinic to become Al Noor Hospital – Hamdan Street



1999

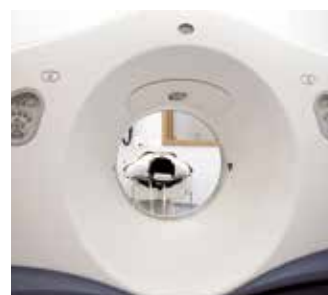
Relocation to Al Noor Hospital – Khalifa Street

First private hospital in the Emirate of Abu Dhabi to introduce Electronic Medical Records (EMR)

2002

International Best Performance Award from the Council of International Awards (UK)

Inauguration of Mussafah Medical Center



2004

UAE's first member of the European Foundation for Quality Management (EFQM)



2005

Won the Sheikh Khalifa Excellence Award (SKEA)

2009

JCI Accreditation awarded to Al Noor Hospital – Airport Road

Won the Sheikh Khalifa Excellence Award (SKEA) Gold Category



2011

Inauguration of Mirfa Medical Center

2013

IPO on the London Stock Exchange

Entry into new markets in the Emirate of Dubai & Sultanate of Oman

2007

Al Noor Hospital – Al Ain awarded JCI Accreditation

Won the Sheikh Khalifa Excellence Award (SKEA)

2006

Launch of first Diabetes Center at Al Noor Hospital – Khalifa Street

Inauguration of Al Noor Hospital – Al Ain



2008

JCI Accreditation awarded to Al Noor Hospital – Khalifa Street

Inauguration of Al Noor Hospital – Airport Road

2010

First renal dialysis unit in a private hospital in Abu Dhabi



2012

Al Yahar Medical Center in Al Ain, awarded JCI Expansion Accreditation Status

Inauguration of Al Yahar Medical Center in Al Ain

HISTORY

The Company was founded in 1985 by our CEO, Dr. Kassem Alom, with a small polyclinic and five employees. The following year the first Al Noor Hospital opened; one of the earliest private healthcare organizations in Emirate of Abu Dhabi.

During the late 1980's the Company focused on hiring quality physicians, investing in state-of-the-art equipment and providing international standards of medical/clinical diagnostics and treatment as well as a level of quality customer service that simply did not previously exist in the Emirate.

By 1990, the management team had begun looking to international expertise to enhance the quality of care. Forming global relationships, from Johns Hopkins University in the USA to Berlin University in Europe, the Company optimized visiting doctor programs and enhanced a culture of learning that saw many physicians sent abroad for continuing medical education.

During this time, the Company had become the first private hospital in the Emirate of Abu Dhabi to perform in vitro fertilization (IVF), the first to introduce electronic medical records and the first to complete open heart surgery. In education, it was the first private hospital to upgrade the medical training in the local medical community.

The Company has always strived to benchmark itself against the highest global standards and in 2000, the Company had the first private hospital in the Emirate of Abu Dhabi to achieve certification from the International Organization for Standardization (ISO).

With burgeoning growth and an influx of expatriates, the government introduced compulsory healthcare insurance in 2007 and actively encouraged investment in private healthcare. The Company had pre-empted this move and responded by opening two new hospitals in quick succession – one in Al Ain in 2006 and a much larger facility on Airport Road in Abu Dhabi City in 2008. The strategic locations, supported by outlying satellite medical centers, gave the Company the largest footprint of any private hospital group in the Emirate. Between 2006 and 2009, all three hospitals were accredited by the USA-based, and internationally respected, Joint Commission International (JCI), placing the quality of Al Noor medical care alongside many of the finest global medical institutions.

In recent years, the organization has continued to expand its reach with several new medical centers and to grow its services in each hospital. The Company has also maintained its reputation for innovation, offering the first renal dialysis services in a private hospital in the Emirate of Abu Dhabi.

WHAT WE DO

According to the most recent report from the Health Authority of Abu Dhabi (HAAD), Al Noor Hospitals Group Plc is the largest private healthcare organization in Abu Dhabi with 35% of inpatient admissions and 33% of outpatient visits in the private sector.

We are the largest integrated private healthcare service provider in the Emirate of Abu Dhabi based on the number of patients treated, number of beds and number of physicians. The Company currently operates within three hospitals and twelve medical centers that are primarily located in the Emirate of Abu Dhabi. We also operate a medical centre in Muscat, Oman.

The Company offers a wide spectrum of healthcare services within the primary, secondary, and tertiary care sectors and is the only private healthcare organization in the Emirate of Abu Dhabi that has a full network, or 'continuum' of health services. Our broad range of diverse services provides patients with 'seamless care' as they move from service to service according to their changing health needs – from preventative care to the most complex services. Today, the Company employs over 3,700 healthcare staff and manages just over 4,500 patients per day.

Not only does the Company focus on providing the types of services needed across the Emirate, but it is dedicated to providing an exceptional patient experience. The latest HAAD statistics show that, among private providers in the Emirate of Abu Dhabi, the Company is a leader in inpatient satisfaction with all three of its hospitals rated within the top four in Abu Dhabi.

WHERE WE OPERATE

The Company is devoted to ensuring that its services fully and effectively meet the needs of its patients and the communities we serve.

The Company has opened branches over a wide area of the Emirate of Abu Dhabi, providing 'closer to home' care to as many people as possible. Furthermore, its patients are able to receive all of their care, from treating a cold to cardiac surgery, within the Company healthcare system.

PRIME LOCATIONS

The Company has a strategic presence in four main geographical areas segmented as follows:

- Central Region of the Emirate of Abu Dhabi
- Eastern and Western Regions of the Emirate of Abu Dhabi
- Northern Emirates
- International

As flagship facilities, our three hospitals are well positioned with two in the city of Abu Dhabi and one in the city of Al Ain. The hospitals are in ideal locations to support future growth and expansion.



AIRPORT ROAD IS A STATE OF THE ART MEDICAL FACILITY

PROVIDER OF INPATIENT, OUTPATIENT
MEDICAL, SURGICAL, DIAGNOSTIC AND
24-HOUR EMERGENCY AND GP SERVICES.

AL NOOR HOSPITAL AIRPORT ROAD

OVERVIEW

- Established in 2008
- Located 11 kilometers from the center of Abu Dhabi
- First private hospital in the Emirate of Abu Dhabi to offer renal dialysis and nuclear medicine
- Equipped to perform procedures such as cardiac surgery, angiography and spinal orthopedic surgery

AL NOOR HOSPITAL AIRPORT ROAD

The largest and newest of the organization's hospitals, Al Noor Hospital - Airport Road is a state-of-the-art, purpose-built facility. The hospital provides a wide range of inpatient and outpatient care with 24-hour Emergency and GP services. It has a total licensed capacity of 150 beds, including two royal suites and six VIP units.

STATISTICS



94

OPERATIONAL BEDS



5

SURGICAL THEATERS

AWARDS



Joint Commission
International
accreditation (JCI)



ISO 9001 Certificate



155

PHYSICIANS



257

NURSES



1,038

EMPLOYEES



2 ROYAL SUITES

6 VIP UNITS

AIRPORT ROAD

Of all the Company's inpatient facilities, Airport Road is best positioned to attract and manage increasing demand as the population of the Emirate of Abu Dhabi grows. The large, ideally located campus can accommodate a high number of additional facilities. Future plans for the site include growth in current specialty services and becoming a referral center for new, highly specialized, programs of care, including cancer treatment.




INPATIENT SERVICES

Anesthesia
Cardiac Surgery
Cardiology
CCU (Cardiac Care Unit)
Clinical Pathology Laboratory
Dental
ENT (Ear, Nose, Throat)
General Laparoscopic Surgery
Intensive Care Unit (ICU) and Step Down Unit
Internal Medicine
Laparoscopic and Bariatric Surgery
Neurosurgery
NICU (Neonatal Intensive Care Unit)
Obstetrics and Gynecology
Orthopedic
Radiology & Diagnostic Imaging
Pediatric
Pediatric Surgery
Pharmacy
Plastic and Reconstructive Surgery
Urology
Vascular Surgery

OUTPATIENT SERVICES

Ambulance Service (24 hours)
Cardiac Surgery
Cardiology
Clinical Pathology Laboratory
Dedicated Surgical Day Care Unit (from March 2013)
Dental
Dermatology
Diabetes Center
Emergency Services (24 hours)
Endocare Unit
Endocrinology
ENT (Ear, Nose, Throat)
Gastroenterology
General Surgery
General Medicine (GP Clinic)
Internal Medicine
Laparoscopic Surgery and Bariatric Surgery
Nephrology
Neurosurgery
Nuclear Medicine
Nutrition & Dietetics
Obstetrics and Gynecology
Occupational Health Medicine
Ophthalmology
Orthopedic
Pediatrics and Pediatric Cardiology
Pediatric Surgery
Pharmacy
Physiotherapy and Occupational Therapy
Plastic Surgery
Psychology
Psychiatry
Radiology & Diagnostic Imaging
Renal Dialysis
Rheumatology
Speech Therapy
Urology
Vascular Surgery



KHALIFA STREET IS THE BUSIEST PRIVATE HOSPITAL IN ABU DHABI

STRATEGICALLY LOCATED IN
THE HEART OF ABU DHABI CITY,
IT WAS THE FIRST OF OUR THREE
HOSPITALS TO OPEN ITS DOORS
TO PATIENTS.



AL NOOR HOSPITAL KHALIFA STREET

OVERVIEW

- Established in 1985 as a polyclinic
- Shifted to its current location in 1999
- Located in the central business district of Abu Dhabi city
- First private hospital in the Emirate of Abu Dhabi to offer IVF and open heart surgery

AL NOOR HOSPITAL KHALIFA STREET

Relocated to Khalifa Street in 1999, it is a Medical-Surgical facility located within the heart of Abu Dhabi City, United Arab Emirates. The hospital provides a wide range of inpatient, outpatient, medical, surgical and diagnostic services with 24-hour Emergency and GP services. It has a total licensed capacity of 99 beds and has 4 surgical theaters.

STATISTICS



80

OPERATIONAL BEDS



4

SURGICAL THEATERS

AWARDS



Joint Commission
International
accreditation (JCI)



ISO 9001 Certificate



168

PHYSICIANS



223

NURSES



947

EMPLOYEES

KHALIFA STREET

As our first hospital, Khalifa Street has been a flagship for the Company achieving groundbreaking and life saving procedures. It was the first hospital in Emirate of Abu Dhabi to conduct open heart surgery and to offer IVF services. As a result of the introduction of mandatory insurance laws, the growing population, and the strength of the Company's reputation, the hospital has continually upgraded and grown its clinics, as well as its medical and surgical spaces to accommodate patient demand for its services.



INPATIENT SERVICES

Anesthesia
Bariatric Surgery
Cardiology
Cardiac Care
Clinical Pathology
Dermatology
Laboratory
ENT (Ear, Nose, Throat)
General & Laparoscopic Surgery
Gynecology (including Uro-Gynecology)
ICU
Internal Medicine
Laparoscopy & Obesity Center
Neurology
Neurosurgery
NICU (Neonatal Intensive Care Unit)
Obstetrics
Oncology
Orthopedic
Ophthalmology
Pediatrics and Neonatology
Pharmacy
Plastic Surgery
Pulmonary Medicine
Radiology & Diagnostic Imaging
Urology
Vascular Surgery

OUTPATIENT SERVICES

Ambulance Service (24 hours)
Emergency Services (24 hours)
General Medicine (GP Clinic)
Cancer Care & Oncology
Cardiology
Chinese Medicine
Clinical Pathology Laboratory
Cosmetic Center
Dental
Dermatology & Laser Treatment
Diabetes Center
Endocare Unit
Endocrinology
ENT (Ear, Nose, Throat)
Fertility Center (IVF)
Gastroenterology
General & Laparoscopic Surgery
Hepatology
Internal Medicine
Laparoscopy & Obesity Center
Neurology and Neurophysiology
Neurosurgery
Nutrition & Dietetics
Obstetrics and Gynecology
Orthopedic
Pediatrics (24 hours)
Pharmacy
Physiotherapy
Psychiatry
Pulmonary Medicine
Radiology & Diagnostic Imaging
Rheumatology
Sleep Study Laboratory
Urology
Vascular Surgery

A low-angle photograph of a multi-story, light-colored building with large windows and balconies. The building is Al Noor Hospital. The text is overlaid on the left side of the image.

AL AIN PROVIDES VITAL MEDICAL CARE FOR A VAST AREA OF EASTERN ABU DHABI

AS PART OF THE COMPANY'S GOAL
TO INCREASE ACCESSIBILITY,
AL AIN EXTENDED ITS FOOTPRINT
IN THE REGION.

AL NOOR HOSPITAL

AL NOOR HOSPITAL AL AIN

OVERVIEW

- Established in 2006
- Located in the center of the city of Al Ain in the eastern region of the Emirate of Abu Dhabi
- Equipped with state-of-the-art laboratory, radiology and physiotherapy unit

AL NOOR HOSPITAL AL AIN

Responding to the community's healthcare needs, Al Ain Medical Center was opened in December 2008, catering mainly to walk-in patients. The center is equipped with a state-of-the-art laboratory, radiology and physiotherapy unit, along with its own pharmacy. It houses 20 clinics covering all major specialties.

STATISTICS



50

OPERATIONAL BEDS



3

SURGICAL THEATERS

AWARDS



Joint Commission
International
accreditation (JCI)



ISO 9001 Certificate



101

PHYSICIANS



152

NURSES



702

EMPLOYEES

AL AIN

Serving such a large and diverse population, it is vital that Al Ain provide a wide range of medical and surgical services. Many patients travel considerable distances for treatment and rely on us to manage all of their health needs. Operationally, 2012-13 found Al Ain responding by maximizing services and opening new clinics.

Al Yahar Medical Center, a group of state-of-the-art outpatient clinics and more recently, Sanaya Medical Center, were both commissioned to reach more patients closer to home. By the end of its first year, Al Yahar Medical Center served more than 32,000 patients and boosted demand for surgery.



INPATIENT SERVICES

Anesthesia
Cardiology
Clinical Pathology Laboratory
Dental
ENT (Ear, Nose, Throat)
General & Laparoscopic Surgery
ICU
Internal Medicine
Neurology
Obstetrics and Gynecology
Ophthalmology
Orthopedic
Pediatric
Pharmacy
Radiology & Diagnostic Imaging
Urology
Maxillofacial Consultation

OUTPATIENT SERVICES

Ambulance Service (24 hours)
Emergency Services (24 hours)
Cardiology
Clinical Pathology Laboratory
Dental
Dermatology
Endocare Unit
ENT (Ear, Nose, Throat)
General & Laparoscopic Surgery
General Medicine (GP Clinic)
Home Care Services
Internal Medicine
Non-Cranial Neurosurgery
Neurology
Nutrition & Dietetics
Obstetrics and Gynecology
Ophthalmology
Orthopedic
Pediatric
Pharmacy
Physical Medicine & Rehabilitation
Radiology & Diagnostic Imaging
Urology

A photograph of three healthcare professionals standing together in a professional setting. On the left, a man in a dark suit and light blue tie has his arms crossed and wears a watch. In the center, another man in a dark suit and blue tie looks directly at the camera. On the right, a woman in a dark blazer, white shirt, and light blue scarf wears a patient services department ID badge. The background is a simple, brightly lit interior.

MEDICAL CENTERS

OUR TWELVE MEDICAL CENTERS ARE STRATEGICALLY LOCATED IN RESIDENTIAL AREAS IN ORDER TO BE ATTRACTIVE AS A PATIENT'S FIRST POINT OF CARE.

MEDICAL CENTERS

CENTRAL REGION – EMIRATE OF ABU DHABI

- Mussafah Medical Centers (2)
- Mamoura Medical Center

WESTERN REGION

- Beda Zayed Medical Centers (2)
- Mirfa Medical Center

EASTERN REGION – AL AIN

- Sanaya Medical Center
- Al Ain Medical Center
- Al Yahar Medical Center
- Al Madar Medical Center

NORTHERN EMIRATES

- Manchester Clinic, Emirate of Dubai

SULTANATE OF OMAN

- Muscat Medical Center

AL NOOR MEDICAL CENTERS

Our medical centers serve as ambassadors to the community, often making the Company's first impression and influencing future relationships with our patients.

The medical centers provide outpatient, diagnostic and pharmacy services, with general practice and some medical specialties.

Each of the medical centers has steadily grown since opening and they collectively managed approximately 339,901 patient visits in 2013. They are strategically located in areas that are generally under-represented by other providers and, in order to be attractive as a patient's first point-of-care, they are well positioned in residential areas.

The outpatient medical centers will, whenever appropriate, refer patients through the Company's healthcare network for all of their other medical needs, thereby providing access to a seamless transition of care and increasing the number of patient visits throughout the system.

In addition to other expansion plans in the Emirate of Abu Dhabi, the Company plans to develop an outpatient medical center in every well-populated area of the UAE in order to offer wider access to the Company's services, improve the quality of care for more people and increase its market share.

MUSSAFAH 1: MEDICAL CENTER

General Medicine
Pharmacy

MUSSAFAH 2: MEDICAL CENTER

Ambulance Service
Clinical Pathology Laboratory
Emergency Services
General Medicine (GP Clinic)
Dental
Dermatology
ENT (Ear, Nose, Throat)
Gastroenterology
Internal Medicine
Obstetrics & Gynecology
Ophthalmology
Pediatrics
Pharmacy
Radiology & Diagnostic Imaging

BEDA ZAYED 1: MEDICAL CENTER

Ambulance Service
Clinical Pathology Laboratory
Emergency Services
General Medicine (GP Clinic)
Dental
Dermatology
Diagnostic Services
ENT (Ear, Nose, Throat)
Internal Medicine
Obstetrics & Gynecology
Ophthalmology
Pediatrics
Pharmacy
Radiology & Diagnostic Imaging

BEDA ZAYED 2: MEDICAL CENTER

Accredited for ISO 9001-2008.
General Medicine
Cardiology
Clinical Pathology Laboratory
Dental
Dermatology
ENT (Ear, Nose, Throat)
Internal Medicine
Neurology
Obstetrics and Gynecology
Ophthalmology
Pediatrics
Pharmacy
Radiology
Urology

AL MADAR: MEDICAL CENTER

Cosmetics – Dental and Dermatology specialties

Gynecology

Dental

Pediatrics

General Medicine (GP Clinic)

Dermatology

Plastic Surgeon

Ophthalmology

Internal Medicine

AL SANAYA: MEDICAL CENTER

General Medicine (GP Clinic)

AL AIN: MEDICAL CENTER

General Surgery

Urology

Internal Medicine

Cardiology

Orthopedic

ENT (Ear, Nose, Throat)

Ophthalmology

Obstetrics & Gynecology

Pediatrics

Psychiatry

Pulmonologist

Dermatology

Neurology

Neurosurgery

Family GP

Physiotherapy

Nuclear Medicine

Laboratory and Histopathology

Radiology

AL MIRFA: MEDICAL CENTER

Ambulance Service

Clinical Pathology Laboratory

Dental

Emergency Services

General Medicine (GP Clinic)

Obstetrics & Gynecology

Radiology & Diagnostic Imaging

MANCHESTER CLINIC

Urology

Gynecology

Pediatrics

General Medicine (GP Clinic)

Cardiology

Dental

AL YAHAR: MEDICAL CENTER

Ambulance Service

Clinical Pathology Laboratory

ENT (Ear, Nose, Throat)

General Medicine (GP Clinic)

Internal Medicine

Obstetrics & Gynecology

Pediatrics

Pharmacy

MAMOURA: MEDICAL CENTER

General Medicine (GP Clinic)

Ophthalmology

Internal Medicine

Pharmacy Services

Pediatrics

Radiology

Gynecology

Orthopedic

Dental

Dermatology

ENT (Ear, Nose, Throat)

Cardiology

Laboratory Services
(Sample collection only)**MUSCAT: MEDICAL CENTER**

Pediatrics

Obstetrics & Gynecology

General Medicine

Internal Medicine

Dental

Dermatology

Orthopedic

Ophthalmology

BUSINESS MODEL & STRATEGY



Within the Emirate of Abu Dhabi, the Company has a strategic presence in the three geographical areas of Abu Dhabi, Al Ain, and the Western Region. Furthermore, our integrated healthcare service offering is one of the most comprehensive amongst healthcare providers in the UAE. In addition to providing core medical, surgical and emergency services, we have differentiated ourselves in the Emirate of Abu Dhabi healthcare market by offering specialized and complex services. This combination of the Company's wide geographic footprint and its Continuum of Care operating model, along with our commitment to the highest standards of medical care, has allowed us to differentiate ourselves from competing providers and capture and retain the broadest possible patient base.

HIGH QUALITY CARE AND DIFFERENTIATED POSITIONING

We believe that the foundation of our leading position among private healthcare service providers in the Emirate of Abu Dhabi is our continuous focus on providing high quality medical services. This has allowed us to differentiate ourselves from competing private healthcare providers in Abu Dhabi.

We are also the preferred private hospital for outpatients and inpatients in Abu Dhabi, including, in particular, Thiqa and Enhanced patients, based on a survey of patients' preferred hospitals for inpatient and outpatient care conducted by GRMC Advisory Services in 2013.

We are committed to hiring the most highly skilled and experienced physicians available. This is evidenced by the fact that 52% of our consultant physicians are ranked HAAD Tier 1, which indicates certification, fellowships or boards awarded in North America, certain Western European countries, Australia, New Zealand and South Africa. Many of our physicians have academic appointments and several have been asked to sit on HAAD committees in their respective specialties.

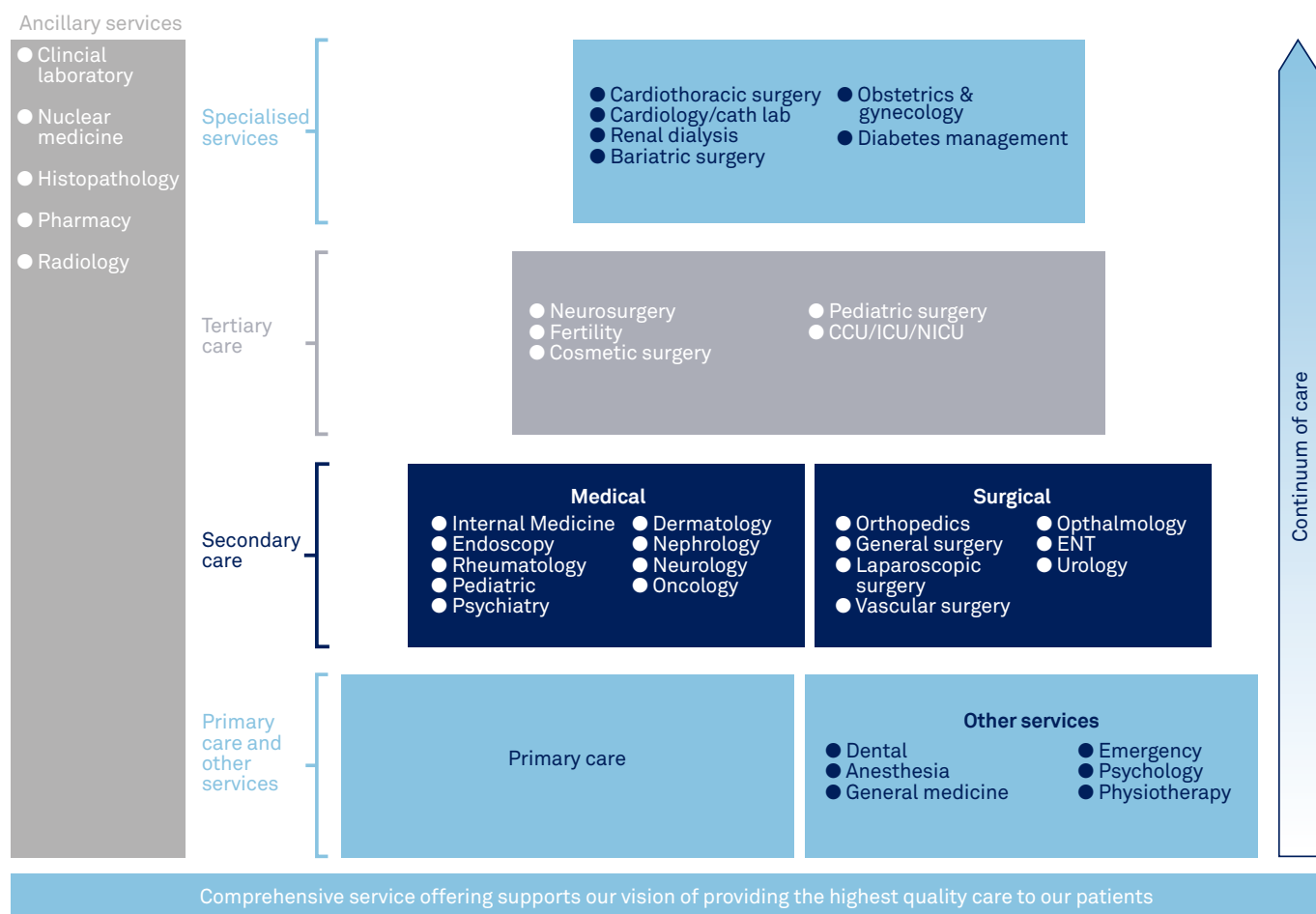
The current combination of Al Noor's wide geographic footprint in the Emirate of Abu Dhabi, and its Continuum of Care operating model, is designed to provide the highest quality of medical care using a vertically integrated network. This has allowed us to capture and retain the broadest possible patient base. In 2013, members of Thiqa, the plan for UAE Nationals, comprised 24.2% and 23.9% of inpatient and outpatient volume respectively. Members of Enhanced plans, insurance for higher income expatriates, represented 46.5% and 42.7% of our inpatient and outpatient volume respectively. Individuals on the Basic plan, the plan that insures lower income expatriates, comprised 29.3% and 33.4% of our inpatient and outpatient volume respectively. The Thiqa and Enhanced patient populations also generate a higher value per claim than Basic plan holders, as illustrated by the table below that provides information compiled by HAAD for 2012:

	Average Net Claim (US\$)	
	Inpatient	Outpatient
Thiqa	4,053	115
Enhanced	2,775	87
Basic	2,416	40

SCOPE OF SERVICES

In addition to providing core medical, surgical and emergency services, we have differentiated ourselves in the Emirate of Abu Dhabi healthcare market by offering specialized and complex services such as thoracic and cardiac surgery, bariatric surgery, renal dialysis, nuclear medicine and a fertility center. We believe that our integrated healthcare service offering is one of the most comprehensive amongst healthcare providers in Abu Dhabi, and allows us to provide international standards of patient care, with a particular focus on clinical excellence and patient safety, and a commitment to ensuring the best possible healthcare for those we serve.

The following diagram illustrates the Continuum of Care we provide to our patients through our integrated healthcare service network:



While most medical and surgical specialties are offered across the various facilities, the majority of tertiary interventional and surgical procedures, which are in high demand, are concentrated at our purpose-built Airport Road Hospital. In addition, we have developed ancillary and diagnostic services across all our facilities to complement the clinical service lines.

CENTRALIZED CORPORATE OPERATIONS

As part of our strategy to improve operational efficiencies, we have centralized certain functions used across our healthcare network, which include finance, HR, marketing, transportation, accommodation, materials management, IT, projects, revenue cycle, Continued Medical Education and engineering. The remaining functions are decentralized, with clinical and operational responsibility left with the respective hospital management teams. Management believes that this business model is scalable and will facilitate future organic expansion as well as enabling the effective integration of any acquired facilities.

BUSINESS MODEL & STRATEGY

CONTINUED

The Company is passionately dedicated to keeping our business strong and growing by providing exceptional patient care. As part of our journey to become a world leader in healthcare, in 2012/13, our leaders and staff completed a comprehensive analysis of the entire organization. The result is an ambitious 5-Year Strategic Plan that is transforming the corporation structurally and operationally and, moving forward, will be our blueprint for success.

STRATEGY

1

MAINTAIN SUPERIOR MEDICAL QUALITY

Continue to lead the market in terms of medical quality including the implementation of several initiatives to maintain and extend Al Noor's market leading standards for clinical quality, including the further recruitment of top medical talent and continued service delivery at international standards of best medical practice.

2

CONTINUE TO IMPROVE OPERATIONAL EFFICIENCIES

Continue to improve clinical and administrative operational efficiencies by, for example, improving utilization of resource intensive facilities like operating rooms as well as centralizing or consolidating certain ancillary services such as laboratory services.

3

CONTINUE TO GROW WITHIN EXISTING HOSPITAL FACILITIES

Continue to grow within existing hospitals by aligning with HAAD-identified gaps in the healthcare services market, predicted disease trends and an ageing population.

As part of our 5-Year Strategy, Al Noor Hospitals Group Plc has recognized an opportunity to enhance healthcare services through greater integration of the organization's facilities and personnel to become a dominating healthcare network of inter-related and self-referring services: *a Campus of Care*.

Today, the Company's promise of 'continuum of care' is unique in Abu Dhabi. Our patients are able to receive virtually all of their care – from urgent to elective, from live-saving to life-enhancing – within the Al Noor Hospital Group Plc family of services and professionals. We are confident that no other private sector provider can make such a promise.

4

CONTINUE TO GROW NETWORK OF MEDICAL CENTERS

Continue to grow network of outpatient medical centers to increase accessibility for patients, expand the Company's integrated network and provide primary care services in strategically chosen locations.

5

EXPANSION OPPORTUNITIES IN THE EMIRATE OF ABU DHABI

Pursue expansion opportunities in Abu Dhabi to increase capacity in the medium term, including the facilities at Airport Road Hospital.

6

PURSUE GROWTH OPPORTUNITIES TO EXPAND INTO NEW GEOGRAPHIC MARKETS AND INTO NEW SERVICE LINES

Pursue growth opportunities to expand into new geographic markets and into new service lines, with a particular focus on expanding the network into other Emirates in the UAE, such as the Emirates of Dubai and Sharjah, and in the longer term to expand into the wider GCC.

COMPANY HIGHLIGHTS 2013

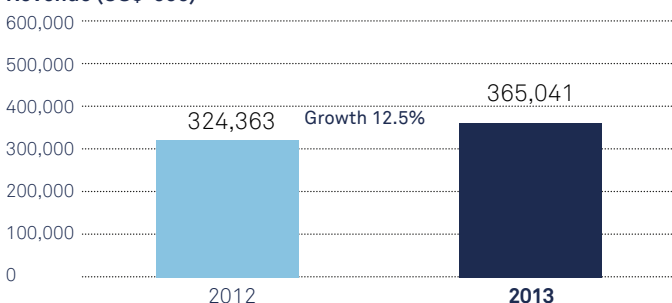
FINANCIAL HIGHLIGHTS

- Group revenues increased 12.5% to US\$365m, compared with FY2012 revenue.
- The increase in revenue was driven by an 11.1% increase in outpatient volume and an increase in inpatient volume by 13.7%. In turn was driven by the addition of 120 doctors including acquisitions which included recruitment of 78 additional revenue generating doctors net of attrition, a 34.3% increase compared with December 2012.
- Underlying EBITDA increased 16.9% to US\$82.8m compared with FY2012.
- Underlying Operating Profit of US\$75.1m, an increase of 21.6% compared with FY 2012.
- Total capital expenditure during FY2013 was US\$23m, of which US\$18m was spent on existing hospitals, and information technology. The capital expenditure spent on new medical center was \$2m. Additionally an amount of \$3m was paid for Al Madar and Manchester Clinic acquisitions net of cash and payables. The Company acquired two operational medical centers at a total cost of US\$16m.
- US\$134m of net proceeds raised from the IPO.
- The entire loan outstanding at IPO of US\$113.7m was paid off and the Company's cash position at year end was US\$107m. An acquisitions and working capital facility of US\$82m remains unutilised at year end
- The proposed first annual dividend is of 9 pence per share amounting to 28% of the Profit after Tax for FY2013.

BUSINESS HIGHLIGHTS

- Recruitment of physicians was a key activity in 2013. 78 (net) Revenue-Generating Physicians were added, with a further 42 from acquisitions.
- The acquisition of two operating medical centers, Al Madar Medical Center and Manchester Clinic were completed for a total consideration of US\$16m.
- The agreement to purchase the Gulf International Cancer Center was signed in December 2013 and the transaction was completed on 10 February 2014.
- New medical centers at Mamoura, Sanaya, and Muscat became operational in 2013.
- JCI accreditation at Al Ain Hospital was successfully renewed.

Revenue (US\$ '000)



Underlying Operating Profit (US\$ '000)



PRIORITIES AND OUTLOOK 2014

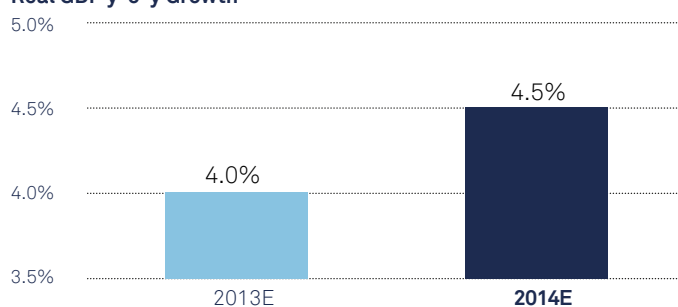
2014 PRIORITIES

- Two new medical centers at Baniyas and Bateen are expected to commence operations in Q1 2014.
- Continue to recruit doctors to meet rising demand.
- A number of smaller satellite clinics are being fitted out at industrial workers' residential facilities.
- Lab consolidation is expected to commence in 2014.
- The Company will also be working towards acquiring additional space at the existing Khalifa Street Hospital. Significant facility upgrades at the hospital will be carried out in 2014 and 2015.
- We will focus on integrating the two acquisitions we have concluded in order to expand the Company's footprint.
- A lease has been signed for a new 40 bed hospital under construction in Al Ain. This hospital is expected to become operational in 2016.
- The Company is focusing its efforts on increasing its presence in the Emirate of Dubai by actively searching for opportunities.

OUTLOOK

- The outlook for the UAE economy continues to be strong, providing a positive environment for growth.
- The Emirate of Dubai formally announced the introduction of universal health coverage. This positive development, together with the award of Expo 2020, makes Dubai an attractive market.
- 2014 has commenced well with revenue across Hospitals and Medical Centers showing growth over 2013 in the first month of trading.

Real GDP y-o-y Growth



Underlying EBITDA (US\$ '000)



KEY PERFORMANCE INDICATORS

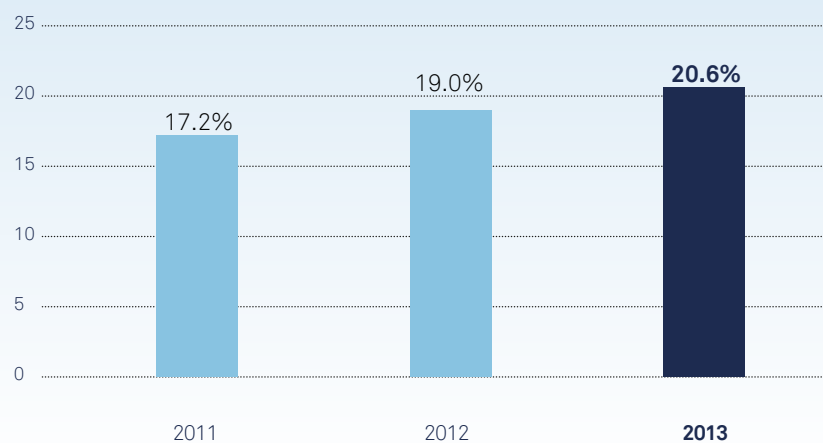
NUMBER OF REVENUE GENERATING DOCTORS AS OF 31 DECEMBER

The number of revenue-generating physicians increased from 350 to 470 during 2013. The recruitment of doctors is essential for the company to meet demand and growth in volume.

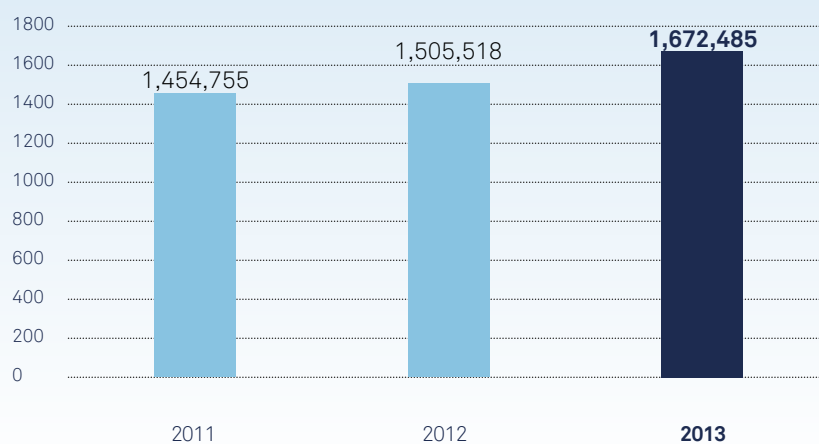


UNDERLYING OPERATING MARGINS

Underlying operating margin increased from 19% to 20.6% demonstrating the Company's ability to control costs. Management continuously seeks and evaluates opportunities to improve operating margin.



NUMBER OF OUTPATIENT VISITS



NUMBER OF INPATIENT ADMISSIONS



KEY PERFORMANCE INDICATORS

FINANCIAL KPI'S

	As of and for the year ended 31 December		
	2011	2012	2013
Gross Margin	40.2%	41.8%	42.3%
Underlying Operating Margin ¹	17.2%	19.0%	20.6%
Working Capital to Sales ²	13.1%	16.5%	13.3%
Capital Expenditure ³ (US\$m)	8.2	7.2	23.4
Cash Conversion %	79.0%	59.0%	75.6%
Basic EPS ⁴ (Cents)	50.8	60.5	56.3
Diluted EPS ⁵ (Cents)	50.8	60.5	56.2

¹ Underlying Operating Margin is calculated as Revenue from operating activities divided by Revenue, and can be obtained from Consolidated Statement of Profit or Loss and other Comprehensive Income.

² Amount payable for investment in subsidiary included in trade and other payables are excluded.

³ Capital expenditure is net of cash and payables as part of acquisition.

⁴ The weighted average no. of shares used for calculating Basic EPS for 2011 and 2012 are 100 million and 108.965 million shares for the year 2013.

⁵ The weighted average no. of shares used for calculating Diluted EPS for 2011 and 2012 are 100 million and 109.240 million shares for the year 2013.

Cost Structure	As of and for the year ended 31 December		
	2011	2012	2013
Cost of medicine, cosmetics and consumables	28.5%	25.5%	23.7%
Medical staff cost	28.9%	30.3%	32.3%
Other COGS	2.4%	2.3%	1.6%
Rent	4.3%	4.6%	4.4%
SG&A*	18.7%	18.2%	17.4%
TOTAL	82.8%	81.0%	79.4%

* SG&A does not include non-underlying items (0.2%).

PHYSICAL & OPERATIONAL KPIs

	As of December	
	2012	2013
Operational beds	225	224
Employees	3,364	3,727
Surgical theaters	12	12
Inpatients	35,590	40,475
Outpatients	1,505,518	1,672,485
Physicians (Revenue generating)	350	470
Physicians (Non-revenue generating)	86	108
Nurses	732	764

	As of December 2013		
	Khalifa	Airport Road	Al Ain
Operational beds	80	94	50
Employees	947	1,038	702
Surgical theaters	4	5	3
Physicians	168	155	101
Nurses	223	257	152

FINANCIAL & OPERATING REVIEW

In 2013 the Company has continued to grow strongly, reflecting the Company's leadership position in the UAE and the growing demand for healthcare services. Revenue for the year was 12.5% higher than 2012. This growth was driven by a 13.9% growth in outpatient revenue and a 8.6% growth in inpatient revenue during the year.

The hiring of 78 net additional revenue-generating doctors during 2013 was important to this volume growth, as were a number of other initiatives to expand the range of services in our hospitals and medical centers.

- Underlying EBITDA increased 16.9% to US\$82.8m compared with FY2012.

The underlying EBITDA margin improved by 0.9% to 22.7%.

- Underlying Operating Profit of US\$75.1m, an increase of 21.6% compared with FY2012.

ADJUSTED AND STATUTORY RESULTS

The underlying net profits for the year (before non-underlying costs) increased by 18.2%.

Underlying Profit for the year	US\$71,507
Listing transaction costs	US\$6,134
Unamortized facility costs	US\$2,881
Others	US\$822
Profit for the year	US\$61,670

Profit for the year after tax and non-underlying items has increased by 2.0%.

EARNINGS PER SHARE

The underlying basic EPS for the year before exceptional items grew from \$60.5 cents to \$65.3 cents per share, an increase of 7.9%.

After non-underlying items, which mainly consist of IPO costs and costs of writing off early loan payment, basic EPS decreased by (6.9%).

BALANCE SHEET, USE OF IPO PROCEEDS AND WORKING CAPITAL

Net proceeds from the IPO were US\$133.6m after deduction of IPO related costs of US\$16.4m. These proceeds were partially used to pay down all of the existing debt (\$113.7m). At the year end the Company had a net cash position of US\$107m and a committed unutilised revolver facility of US\$82m. This facility is available for future acquisitions, capital expenditure and working capital purposes.

Our average working capital to revenue has improved from 16.5% at the end of 2012 to 13.3% at the end of 2013 as a result of improved cash generation from operations.

FINANCIAL REVIEW

REVENUE

- Group revenues increased 12.5% to US\$365m, compared with FY2012.

This growth was driven by a 9.7% growth in outpatient volume and 13.7% in inpatient volume (excluding acquisitions).

The Company hired 78 additional revenue generating doctors in 2013 (net of attrition), excluding the 42 doctors that were added from the two acquisitions. The hiring of doctors has enabled the Company to add new services and expand existing services across all its hospitals and medical centers.

A number of initiatives were launched at our hospitals and medical centers to drive growth. One of our NICUs was expanded, an Endoscopic Retrograde Cholangiopancreatography service was developed, an additional operating room for day cases and a convenient short stay unit were commenced, and new doctors were recruited in neurology, vascular surgery, cosmetic dermatology, gastroenterology, Cardiology, gastrointestinal surgery, psychiatry, podiatry and orthopedics.

OUTPATIENT AND INPATIENT VOLUMES

As a result of the emphasis on the hiring of physicians and the two acquisitions, the number of revenue-generating doctors increased by a net of 120 doctors in 2013. A vastly improved hiring process and simplification of licensing has helped the Company increase doctor numbers.

	2013*	2012	change
Number of Revenue generating Doctors	470	350	34.3%

* 42 from two acquisitions

OUTPATIENT AND INPATIENT VOLUMES AND AVERAGE REVENUES

The hiring of doctors across the Company's various hospitals and clinics helped increase the outpatient and inpatient volumes.

	2013	2012	change
Outpatient volumes*	1,672,485	1,505,518	11.1%
Inpatient volumes	40,475	35,590	13.7%

* from two acquisitions 21,556

Average revenue per outpatient improved by 2.7% as a result of changes in case mix, insurer mix and improved claims management. Average revenue per inpatient declined by 4.5% as a result of changes in case mix with more day case surgeries being performed. The increase in number of doctors has increased inpatient volumes, but resulted in higher number of day case surgeries and slightly lower Average Length of Stay.

	2013 (US\$)	2012 (US\$)	change
Average Revenue per Outpatient	158	154	2.7%
Average Revenue per Inpatient	2,237	2,343	(4.5%)

The average number of patient seen per revenue-generating doctors declined due to the large number of new hires and the time lag needed to establish practice. The number of beds remains unchanged, with bed utilization improving.

	2013	2012	inc %
Average no. of Outpatients per doctor	3,860	4,505	(14)%
Bed Utilization %	66%	59%	7%

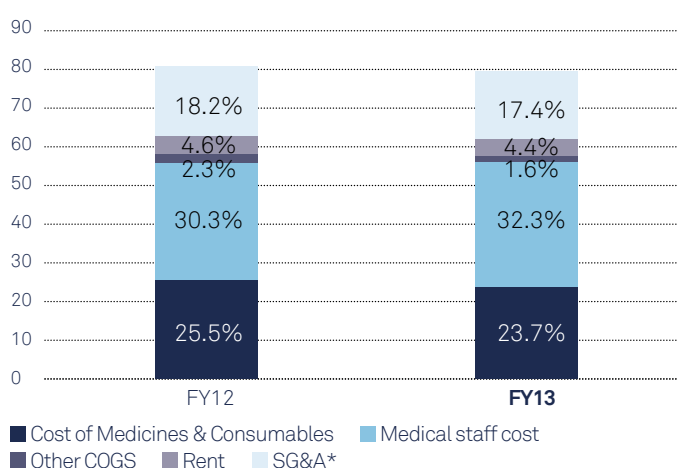
The growth in doctor numbers coupled with the factors mentioned below under Operations Review have contributed to the growth in Outpatient and Inpatient Revenues in 2013 as below:

	2013 (US\$m)	2012 (US\$m)	inc %
Outpatient Revenue	274.5	241.0	13.9%
Inpatient Revenue	90.6	83.4	8.6%

COST STRUCTURE

The group continues to demonstrate an overall stable cost structure as shown in the graph below:

COST STRUCTURE (% OF NET REVENUE)



* SG&A does not include non-underlying items (0.2%).

The increase in medical staff costs as a percentage of net revenue was due to the Company absorbing new hires faster than it has in the past. Cost of medicines & consumables as a percentage of revenue decreased due to successful pricing negotiations with suppliers. Together, these have resulted in a slight improvement in gross margin.

MEDICAL STAFF COSTS

	2013 (US\$m)	2012 (US\$m)	inc %
Medical Staff Costs	118	98.3	20%
Medical Staff Costs %	32.3%	30.3%	2.0%

COST OF MEDICINE AND CONSUMABLES

	2013 (US\$m)	2012 (US\$m)	inc %
Cost of medicine and consumables	86.5	82.8	4.4%
Cost as a % of revenues	23.7%	25.5%	-1.8%

(*) The Company saw an inflation of 5% in the average cost of doctors in 2013, whilst the cost of other medical staff was flat.

FINANCIAL & OPERATING REVIEW

CONTINUED

GROSS MARGINS

	2013	2012	inc %
Gross Margin %	42.3%	41.8%	0.5%

SELLING & DISTRIBUTION OVERHEADS

Except for the cost of new premises rented (for new clinics) and certain increased expenses associated with the Company now being public, there have been no major increases in overheads in 2013.

RENT

The break-down of rental expenses is as follows:

	2013 (US\$m)	2012 (US\$m)	inc %
Existing Premises	15.2	14.9	2.0%
New Clinics & Acquisitions	0.9	0	

INTEREST & TAXATION

Interest cost this year was incurred during the first six months (US\$7.3m), of which US\$2.9m is classified as non-underlying cost. The entire loan outstanding at IPO has since been settled, and as a result, unamortized facility costs of US\$2.9m has been written off in the income statement.

The company subsequently incurred a commitment fee on the US\$82m capex/working capital facility (US\$0.4m for 7 months).

The Group has no tax liability as the Group operates mainly in the UAE. Results from Sultanate Oman and UK Plc reported a loss.

CAPITAL EXPENDITURE

Total capital expenditure during FY2013 was US\$23m, of which US\$18m was spent on existing hospitals, and information technology. The capital expenditure spent on new medical center was \$2m. Additionally an amount of \$3m was paid for Al Madar and Manchester Clinic acquisitions net of cash and payables.

The Company acquired two operational medical centers at a total cost of US\$16m.

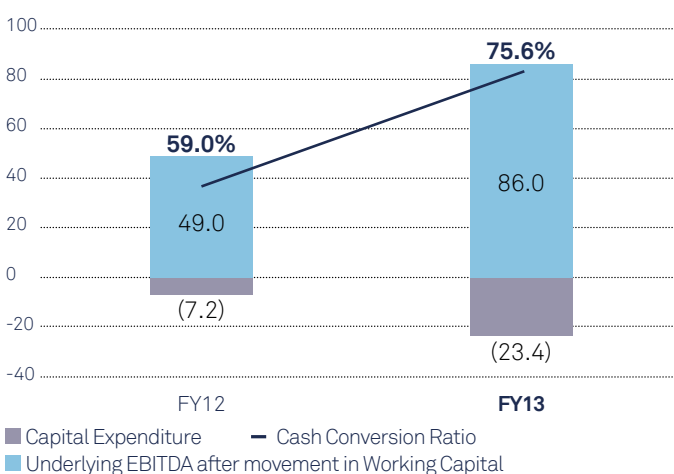
WORKING CAPITAL

Working capital as a % of Revenue improved from 16.5% to 13.3%.

This improvement comes as a result of debtor days improving from 83 to 70 and improved creditors days. Working Capital management continues to remain a key focus area for the company.

CASH FLOWS AND CASH CONVERSION

The EBITDA adjusted for changes in working capital (excluding non-underlying items) has increased from \$49m in 2012 to \$86m in 2013. After working capital and routine capital expenditure of \$23.4m, the Cash conversion for 2013 was 75.6% (2012: 59.0%).



GOODWILL ON ACQUISITIONS

Goodwill has increased by US\$13m due to the acquisition of the Mamoura, Al Madar, and Manchester medical centers.

NON-UNDERLYING COSTS

During the year the company has incurred IPO costs amounting to US\$6.4m and has written off financing costs pertaining to a prepaid loan (as a result of early repayment of a loan with the IPO proceeds) amounting to US\$2.9m, and acquisition transaction cost of US\$0.5m. These expenses have been treated as non-underlying costs in 2013.

Non-Underlying Cost in P&L	in US\$m
IPO related cost*	6.4
Facility cost amortization due to repayment of Loan	2.9
Acquisitions transaction cost	0.5
Total	9.8

* IPO related cost of US\$6.4m, recognized in Profit and Loss account separately as \$6.1m under the head listing transaction cost and \$0.3m under non-underlying administrative cost pertaining to LSE listing fee. The remaining amount of US\$10.3m is recognized in Share Premium Reserve.

DIVIDEND

The Board has reviewed the results for the year and is pleased to recommend a dividend of 9 pence per share to be paid in cash for the year ended 31 December 2013. This amount reflects a distribution of 28% of the Profits After Tax for 2013.

This will be paid on 11 April 2014 to all ordinary shareholders who were on the register of members at the close of business on 14 March 2014.

GOING CONCERN

Having made enquiries the Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these consolidated financial statements. Thus, they continue to adopt the going concern basis in preparing the financial information.

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 30 to 43. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and notes thereon on pages 86 to 122.

KEY PRIORITIES FOR 2014

We expect the market in the Emirate of Abu Dhabi to continue to be competitive in 2014 as other providers open new hospitals and clinics. There will be stiff competition for locally available medical staff. However, the reputation of our hospitals and medical centers, our commitment to quality care, our competitive benefits and compensation structure, and our healthy and friendly working environment should help us deal with these issues as well as attract skilled physicians.

- New Doctor hiring is targeted at the same levels as 2013; as the company seeks to attract and retain high caliber physicians from round the world to cater to the growing needs of the Abu Dhabi market.
- The integration of acquisitions and improving their operating performance is a key priority for 2014.
- In order to enhance competitive edge, the Company is launching a quality enhancement project "New Horizons" across the group which will initially involve the Khalifa Hospital and then be rolled across the Group.
- The Khalifa Hospital will undertake improvements to help improve the interiors of the hospital. This integrates other initiatives under way to improve the patient experience at the Hospital.
- To meet the growing demand in Abu Dhabi by patients seeking the Al Noor Hospitals services the Company is:
 - taking up additional space at the existing Khalifa street Hospital to expand its clinic space and improve the patient experience.
 - taking up additional space at the existing Al Ain Hospital – to expand clinic space and improve the patient experience.
 - Signed a lease for new premises in Al Ain to develop a new 40 bed hospital, expected to commence operation in 2016.
 - developing plans for expansion of the Airport Hospital using surplus land available.

FINANCIAL & OPERATING REVIEW CONTINUED

OPERATIONS REVIEW

2013 has been an active year of growth and development. We have expanded our already broad spectrum of services within our hospitals and medical centers and have extended our footprint within the Emirate, which includes the long term lease of a 40 bed hospital under construction in Al Ain. Our organization has also taken our first step into the neighboring Emirate of Dubai where we have opened a medical center.

NEW SERVICES IN EXISTING HOSPITALS

KIDNEY, EYE, ENDOCRINOLOGY CENTER ("KEE" CENTRE)

Al Noor Airport Road Hospital has been experiencing pressure on available clinic space as a result of existing service demand, as well as the development of new services. A former administration building on the campus has been entirely refurbished, to house the "KEE" specialties within a newly created two-storied facility, opened at the end of 2013. This has created greater capacity for the care of patients with diabetes and other endocrine disorders, kidney diseases including the use of dialysis treatment, the care of eye disease including a new laser eye treatment unit, and importantly the newly available service of podiatry. The care of feet, as well as eyes, is increasingly important in medical practice, and especially so in the substantial population of patients with diabetes.

PEDIATRIC CARDIOLOGY

The Al Noor Hospital at Khalifa Street provides extensive services to children, including 24 hour outpatient service, and is the busiest service in the hospital. A number of sub-specialty services for children are planned, and the care of heart disease in children, as one such priority, has resulted in the opening in 2013 of a pediatric cardiology service, led by a highly trained and experienced Consultant in pediatric cardiology.

PEDIATRIC UROLOGY

The Company has for some time offered wide pediatric surgical expertise, and at a level of excellence and reputation that has more than once attracted international parents to travel and seek care for their child in Abu Dhabi's Airport Road Hospital. In 2013, we enhance staff expertise with the recruitment of a pediatric surgeon who will not only continue this general level of service excellence, but brings additional highly trained expertise in pediatric urology.

PLASTIC AND RECONSTRUCTIVE SURGERY

During 2013, the Company has successfully recruited a highly experienced plastic and reconstructive surgeon. This appointment has allowed the offering of services in the fields of cosmetically related procedures, as well as a wide range of reconstructive procedures necessary following trauma, severe infections, or even cancer care. The services are currently located and delivered at Airport Road hospital, with the intention to evolve toward a 'campus of care' specialty service delivery.

SPECIALIZATION IN COLON CANCER

Al Noor Airport Road Hospital is actively expanding a model of excellence in surgical care which includes professionals with wide experience in general surgical care as well as higher level sub-specialty surgical care. During 2013, we have recruited a highly experienced surgeon, who has specialized in the UK in the surgery and management of bowel cancer. This strategic appointment follows an agreed partnership between the Company and Abu Dhabi Health Authority to begin a Colon Cancer screening program for the public in the immediate future.

ACQUISITIONS

AL MADAR MEDICAL CENTER

Al-Madar Medical Center is located in the Al Khabisi area in Al Ain City. Al Noor acquired 75% of MMC for a purchase consideration of US\$11m. The acquisition of MMC will allow Al Noor to extend specialized dentistry and cosmetic services to its patients in Al Ain. Additionally, most of MMC's patients are Emirati, in line with our objective of serving UAE Nationals.

MANCHESTER CLINIC

Manchester Clinic is located in the Jumeirah area in the Emirate of Dubai. Al Noor has acquired 75% of Manchester Clinic for a purchase consideration of US\$5m. The clinic is situated in an attractive location in Jumeirah; with access to high income nationals and expatriates. The acquisition of this clinic is our first step into the Dubai healthcare market, in line with our strategy to grow into the wider UAE.

NEW DEVELOPMENTS

- Long term lease of a 40 bed hospital currently under construction in Al Ain

The current Al Noor hospital in Al Ain is experiencing increasing congestion in the clinical spaces. In order to mitigate this growing issue, we have acquired a long term lease option for a new 40-bed hospital under early construction in the nearby vicinity. Al Noor strategic and operational planning is currently under way, to detail the clinical design and service provision for this new hospital. The new hospital build should be ready for occupancy in 2016.

- Expansion and significant refurbishment of Khalifa Street Hospital to enhance care and the patient experience

During 2013, a major refurbishing and environmental improvement project has begun at the Al Noor Hospital in Khalifa Street. Renovations are on-going, but the following were completed during 2013, and underline the scope and depth of change involved and evolving:

- New cardiology clinic.
- Expansion and opening of a new oncology (cancer care) clinic.
- Emergency department upgrade and expansion.
- Operating Theatre refurbishment.
- New inpatient pharmacy opened.
- First phase of centralization of laboratory services completed.
- New admissions office.
- Pre-anesthesia assessment clinic completed.
- New clinic environments for gastroenterology and ENT.
- Fire Alarm system upgrade.
- WiFi in all patient areas in clinic spaces.

INFORMATION TECHNOLOGY

- Significant investment in hardware and SAP implementation commenced

With a view to improving the financial reporting, materials management and Revenue Cycle Management processes, the company has embarked on an ambitious hardware upgrade and SAP implementation plan across the Company in 2013. The implementation is spread over three years. Once implemented, the system should vastly improve the reporting capabilities of the company and facilitate quicker and easier integration of clinics and hospitals acquired in the future.

SUCCESSFUL 3-YEAR JCI REACCREDITATION OF AL AIN HOSPITAL

Al Noor Hospitals have each been “accredited” by the Joint Commission International, the largest accreditor of hospitals worldwide, and based in Chicago USA. After initial success, on-site accreditation surveys take place every three years, during which hospital performance is measured against over 1,000 measurable elements.

Al Noor Hospital in Al Ain prepared very diligently during the year for their Triennial JCIA survey, that was carried out in December 2013. Under the guidance of the Hospital Director, Medical Director, and leadership of Quality Management, the site received the exceedingly high score “very commendable” and site performance was very highly complimented by the Accreditors concluding the survey.

FINANCIAL & OPERATING REVIEW

CONTINUED

TRENDS AND DEVELOPMENTS THAT WILL AFFECT OUR COMPANY

The Emirate of Abu Dhabi health sector continues to grow strongly. The drivers of demand for health services in Abu Dhabi continue to make our sector one of the fastest growing ones in the emirate. First, we have a rapidly ageing population, with the population segment over 65 years growing at 9.2% annually. Second, we have incidences of lifestyle conditions such as obesity and diabetes that put us in the top ten countries for these two conditions. Diabetes and obesity are drivers of numerous medical conditions, such as diseases of the cardiovascular system, the kidneys and the eyes. Third, we continue to have gaps between supply and demand for several critical services. The regulator has identified services for which the current supply does not meet demand in Abu Dhabi. These include OBGYN, paediatrics, neonatology, cardiology, oncology, intensive and critical care medicine, emergency medicine and psychiatry.

EVOLUTION OF THE COMPETITIVE LANDSCAPE

The competitive landscape in the Emirate of Abu Dhabi continues to evolve with a number of new providers entering the market in 2013. We are unsurprised by this development as we have been monitoring the market for new competitors and are familiar with these new entrants' positioning and services. That new providers continue to enter the Abu Dhabi health sector indicates that we are in an attractive and growing market with strong drivers of demand and a gap between supply and demand. To remain competitive, we continue to invest in our facilities and equipment, have developed services not provided by other private players, and have redoubled our efforts to improve the patient experience. We believe that we are well positioned to continue delivering on our growth plans and being the market leader despite the additional competition.

INTRODUCTION OF UNIVERSAL HEALTH COVERAGE IN THE EMIRATE OF DUBAI

In November of this year, the Government of the Emirate of Dubai formally announced its intention to implement compulsory health insurance in the emirate. Implementation is expected to be similar to that of the Emirate of Abu Dhabi, with the aim of having all of the population covered by 2016. The Dubai healthcare sector is expected to grow significantly and rapidly as a result, in the same way the sector grew in the Emirate of Abu Dhabi after 2006. As financing transitions from out-of-pocket payments to employer-purchased insurance, the population will become less price sensitive and spending will rise. We expect the Emirate of Dubai sector to represent an excellent growth opportunity in the next few years and are actively searching for opportunities that would help us participate in that growth.

OUTSOURCING OF HEALTHCARE SERVICES BY THE GOVERNMENT

The government has historically played a key role in providing health services in the UAE, particularly in the Emirate of Abu Dhabi and the Northern Emirates. However, we are beginning to see the government becoming more interested in having the private sector play a role in managing and operating some of its facilities, although we expect it to be selective in what facilities it decides to allow the private sector to take over. We are actively monitoring this development and evaluating opportunities where we can provide our services.

KEY RISKS & UNCERTAINTIES

Identification and management of key risks faced by the Company are one of the key considerations for the Board of Directors and these are monitored at all levels.

The Company considers the identification and mitigation of risks as a key priority across the organization. Therefore the company has established a risk management framework that ensures that appropriate processes are in place and key risks are identified and managed effectively.

The quality departments at each hospital play a key part in identifying, managing and reporting risks at the Hospital level as part of the JCIA process. As part of its continuous improvement plans, the company periodically invests in the review of its quality management processes and medical services to ensure that its standards of patient care and safety are continuously enhanced.

As part of the year end processes during 2013 and in order to monitor and assess the effectiveness of internal controls, the management reviewed its internal controls with help from Deloitte, who support the Company's internal audit director, and they made a number of recommendations for improvement.

The key risks, the potential impact and mitigation of risks are analyzed in the table below.

RISK	MITIGATION
GROWTH STRATEGY	
Our growth strategies may be adversely affected by our inability to identify or acquire suitable facilities for new hospitals or medical centers.	The Company's business development function headed by the CSO is actively pursuing projects across the UAE. By targeting a number of opportunities at the same time, the Company is able to mitigate the possibility of not securing targeted facilities.
Our growth may also be negatively affected by the inability to scale up the organizational resources (funds, human resources, leadership) and operations against the growing demands of the business.	We continuously evaluate potential investment opportunities. All acquisitions and disposals projects are reviewed by the Corporate Executive Committee as well as the Board and Audit & Risk Committee to provide guidance and alternate options, wherever needed.
	Each major project is supported by an extensive project plan and an Oversight Committee that approves the plan. The committee is responsible for regular monitoring; takes appropriate decisions and provides guidance/support to facilitate timely completion.
REPUTATION	
Company reputation is at risk if we are unable to act in an ethical manner, consistent with the stakeholders' expectations (including customers, suppliers, investors, etc.).	The Company has established an ethics framework that includes a code of business ethics, ethics committee and the ethics reporting and investigation procedures. The Company has also rolled out an anti-bribery policy and fraud reporting policies in the third quarter of 2013.
Furthermore, if we do not continually enhance our facilities with the most recent technological advances in diagnostic and surgical equipment, it could affect our brand and reputation.	As part of the annual budget process, we allocate capital expenditure for upgrading facilities as an ongoing process.
HUMAN RESOURCES	
Heavy dependence on key executives and potential loss of the services of (i) one or more of our key executives or (ii) a significant portion of our management personnel could weaken our management team.	A succession planning framework has been established and its implementation is in progress. Framework includes a process for the identification of key positions, appropriate successor(s), their training and regular reviews.
Furthermore, our performance depends on our ability to recruit and retain high quality doctors and other healthcare professionals, such as nurses and technicians.	Recruitment and attrition of medical staff are closely monitored and is included in the monthly management report that is reviewed by the Corporate Executive Committee.
	We have a program in place for employee performance management. As part of this program, performance of each employee is evaluated, at least on an annual basis and bonus payout is linked to the employees performance (except doctors and contractual bonus payouts).

KEY RISKS & UNCERTAINTIES

CONTINUED

RISK	MITIGATION
COMPETITION	
<p>We face competition from other hospitals and healthcare providers that may impact our revenues, profitability and market share. Hospitals compete on factors such as reputation, clinical excellence and patient satisfaction. We also face competition from other providers such as standalone clinics, outpatient centers and diagnostic centers and may face further competition from international healthcare companies.</p>	<p>Our strategy is focused on investing in our home markets where we have already established a significant presence and growing in those markets where we can apply our clinical expertise and quality of care to manage competition. We are focused on providing high quality care and patient satisfaction at all our facilities.</p>
CUSTOMER RELATIONSHIPS	
<p>The vast majority of our revenues come from a relatively small number of insurance providers. If our relationship with insurers deteriorates, we may not be able to negotiate favorable fee arrangements and/or our business may otherwise be adversely affected.</p> <p>We are also exposed to the risk that insurance companies reject, delay or refuse to make payment for claims we submit for medical services rendered to patients claiming coverage under such schemes.</p>	<p>The Company mitigates its exposure by maintaining strong relationships with insurance companies. The CEO and Board members also participate in meetings with the larger companies.</p> <p>The Company has established a process for rejection tracking and monitoring. Reasons for rejections are investigated and claims are resubmitted based on review by a separate team.</p> <p>Rigorous monitoring of rejection rates for each category/locations (e.g. hospitals, insurance company, claim type etc.) by the Board and the Senior Management and team including COO, CFO, and Hospital Directors etc. ensure timely identification of issues and remedial actions, as needed.</p>
QUALITY OF CARE	
<p>Failure to maintain a high level of patient satisfaction and quality of care could result in damage to our reputation, significant financial loss (including medical malpractice suits) and difficulty in achieving licensing requirements.</p>	<p>A Committee at the board level (Quality Committee) has been established to oversee the quality of care and patient safety. Furthermore, there are quality committees at each of the hospitals to monitor compliance with JCI standards and take appropriate actions to make sure that we are compliant with the accreditation standards.</p> <p>Regular patient satisfaction surveys are conducted and a Quality and Patient Safety Committee has been formed at the Corporate level to oversee that patient measures are linked with the satisfaction surveys.</p> <p>Local application of a wide range of clinical risk controls and regular monitoring aim to ensure that patients are protected from events that may lead to adverse outcomes.</p>

CORPORATE & SOCIAL RESPONSIBILITY

ENVIRONMENTAL MATTERS GREENHOUSE GAS EMISSIONS

The Company provides quality primary, secondary and tertiary care through a network of two hospitals in Abu Dhabi City, one hospital in Al Ain and twelve outpatient medical centers across the Emirate of Abu Dhabi, Northern Emirates and Sultanate of Oman. In accordance with the UK Government regulatory requirements, the Company is reporting its Greenhouse Gas (GHG) emissions for the first time. The entities containing the GHG sources which we are reporting on are those which we include within our consolidated financial statements. We do not have responsibility for emission sources in entities that are not included in our consolidated financial statements.

For the 12 month period 1 October 2012 to 30 September 2013, the Company's GHG emissions were as below:

Scope	Emissions from	
Scope 1	Combustion of fuel & operation of facilities (In tonnes CO ₂)	590 ¹
Scope 2	Electricity and cooling purchased for own use (In tonnes CO ₂)	16,937 ²
Total (In tonnes CO₂)		17,527
Total number of patients served during the period (in thousands)		1,662 ³
CO₂ Ratio (kgCO₂ per patient⁴)		10.6

¹ Conversion factors provided by the UK government in the DEFRA Greenhouse Gas Conversion Factor Repository are used as it has not been possible to obtain conversion factors for fuel sold specifically in the UAE, where our vehicles and generators are located.

² Conversion factors applicable to the UAE have been obtained from the publication IEA CO₂ Emissions from Fuel Combustion (2012 edition).

³ This denotes the total number of patients (inpatient and outpatients) served during the period from October 1, 2012 to September 30, 2013 to match the period for which GHG emissions are reported. It will therefore not tally with patient numbers reported in other sections of the Annual Report.

⁴ The intensity measures of KGC0₂ emitted per patient served has been chosen because these GHG emissions are mostly from facilities (hospitals and medical centers) that serve patients.

In calculating our GHG emissions, we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), The Climate Registry General Reporting Protocol Version 2.0, the DEFRA Greenhouse Gas Conversion Factor Repository and the IEA CO₂ Emissions from Fuel Combustion (2012 edition).

The base year is the twelve month period from 1 October 2012 to 30 September 2013. This being the first year, the Company has measured its GHG emissions, we chose a 12 month period which is non coterminous with the financial year in order to allow time to collect the required data. Emissions reported above include those emanating from all businesses that would be treated as subsidiaries of the Group for financial reporting purposes for the 12 month period to 30 September 2013.

The Company is in the process of setting targets and developing associated action plans for GHG emission management and where possible, reduction.

EMPLOYMENT POLICIES

2013 was a year of on-going evolution at the Company, as the Human Resources Department continued to mature. Employment policies and procedures are designed to ensure we maintain a work environment that is transparent, consistent, and supportive of our staff. The Human Resources Department is working to develop a more client-centric operating model, while focusing efforts on strategic and enterprise level activities that guide staff management, employment conditions, and workforce planning. The Human Resources Department will also focus on recruitment and retention of staff to fuel our continued growth, and developing the leadership capacity of our staff (both clinical and non-clinical) through the implementation of a Leadership and Development Training Program.

Our Human Resources Policies are wide-ranging and comprehensive, ensuring that the Company gives full and fair consideration and compensation to applicants and employees without regard to race, religion, gender, nationality, or disability status. Should a Company employee become disabled while employed at the Company, we are firmly committed to arranging training, career development, and promotion opportunities for them.

CORPORATE & SOCIAL RESPONSIBILITY

CONTINUED

Involving and engaging staff in the performance of the Company is key to any company's continued success. In an effort to ensure fairness, transparency, and alignment of employee and corporate interests, the Company has implemented a Performance Management Program (PMP) for all staff. At the beginning of the year, staff at the supervisor level and above develop personal KPIs which are aligned with corporate performance objectives. The achievement of these KPIs is a key component of the staff's year-end performance review.

Employee engagement and alignment applies to the Company's medical staff as well as our administrative and support staff. Moving forward, physician-specific KPIs will be determined when a medical staff member begins employment with the Company, then reviewed after a probationary period and repeated at regular intervals. The Credentialing and Privileging committee also uses this process to ensure adequate training and Continuing Medical Education is being received. Furthermore, when physicians learn new skills, their ability to practice those skills within the Company is dependent on the committee's detailed evaluation. The committee will decide whether the new procedure or technique will be carried out with full authority, or under supervision, or will not be allowed until further evidence of competency is provided. In this way, we can ensure that our physicians' clinical practice is aligned with their skill set and the Company's commitment to clinical excellence.

DIVERSITY

Al Noor and its leadership are clear in our recognition of the vital role that staff diversity plays in the health and competitiveness of the company. Workplace diversity provides significant benefits to the organization through improving staff morale, encouraging outside-the-box thinking, promoting greater teamwork, and creating and reinforcing an atmosphere of mutual understanding and respect. Our aim is to create an open, honest and unprejudiced working environment and to ensure that all our colleagues feel part of the Group and are respected as individuals.

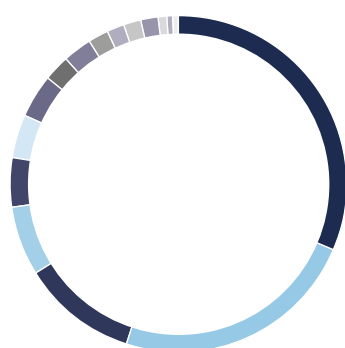
We are committed to seeking out and retaining the best personnel available and do not engage in discrimination against or harassment of any person employed or seeking employment on the basis of race, color, national origin, religion, sex, gender, pregnancy, physical or mental disability, medical condition, ancestry, marital status, age, sexual orientation, or citizenship. We apply this to all of our employment practices, including recruitment, selection, promotion, transfer, salary, training and development, demotion, and separation.

Managing diversity requires that we recognize and embrace people's differences and view these differences as a valuable and integral part of our organizational DNA. Inculcating this ethos into the Company ensures that we continue to prevent discrimination and promote inclusiveness, further strengthening our reputation as an employer of choice. Not only does this enable us to attract the best talent from a competitive labor pool, we are confident that this approach will save us both time and money in recruitment and turnover costs.

Our commitment to staff diversity is reflected by our staff distribution profiles based on both Nationality and Gender. It is a reflection of our continual effort to ensure that the best in field are recruited and that we seek excellence across all nationalities and across genders. In December 2012, the Cabinet of the UAE specifically promoted the inclusion of women on the boards of government companies and entities. As the role of women in the UAE workforce becomes more clearly defined, the directors are clear of the benefits that diversity in senior management and board positions can bring and will be actively seeking to emulate the lead given by the Cabinet of the UAE in this regard. The below graphs and tables reflect the true multinational nature of Al Noor and our staff, and the importance of women in our workforce.

DIVERSITY THROUGH NATIONALITY

OVERALL % ON TOTAL POPULATION

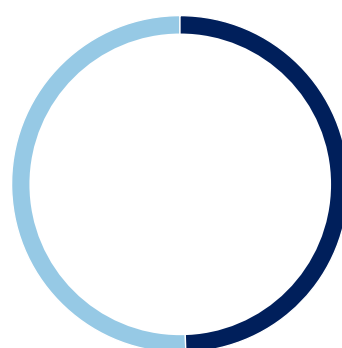


Nationality	Overall % on Total Population	Number of Staff
■ FILIPINO	32%	1,111
■ INDIAN	24%	831
■ SYRIAN	11%	390
■ EGYPTIAN	7%	230
■ PAKISTANI	5%	167
■ SUDANESE	4%	148
■ BANGLADESHI	4%	146
■ EUROPEAN	3%	92
■ JORDANIAN	3%	91
■ OTHER NATIONS	2%	66
■ IRAQI	2%	65
■ PALESTINIAN	2%	60
■ OTHER MIDDLE EASTERN	2%	56
■ BRITISH	1%	25
■ AMERICAN	1%	23
■ CANADIAN	0.4%	15
Total	100%	3,516

Excludes Al Madar, Manchester Clinic and Muscat Medical Center.

GENDER DIVERSITY

OVERALL % ON TOTAL POPULATION

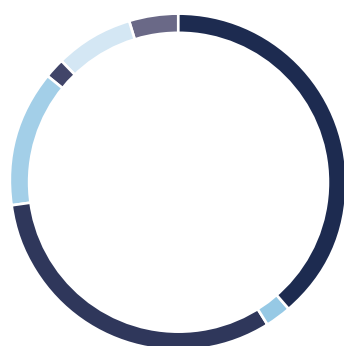


Gender	Overall % on Total Population	Number of Staff
■ Female	49.7%	1,746
■ Male	50.3%	1,770
Grand Total	100.0%	3,516

CORPORATE & SOCIAL RESPONSIBILITY

CONTINUED

DISTRIBUTION OF FEMALE STAFF IN EMPLOYEE GROUPS



Female Staff	Distribution of Female Staff in Employee Groups	1,746
Admin	39%	677
Doctor-Other	2%	42
Nurses	32%	553
Other Medical Staff	13%	228
Pharmacist/Asst	2%	35
Physicians	8%	132
Technician	5%	79
Senior Management	0%	0
Board	0%	0

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Company firmly believes in the dignity and individual rights of every human being as set forth in the Universal Declaration of Human Rights. These principles are reflected in all that we do and are fundamental to the practices of an ethical company. We are committed to supporting human rights through our compliance with laws and regulations in all aspects and geographies of our operations, as well as through our policies and programs. Our guidelines include:

- Encouraging open and honest communication between management and employees at all times.
- Complying with child labor laws.
- Complying with laws prohibiting forced, bonded, or indentured labor.
- Providing compensation and benefits that are competitive and comply with applicable laws for minimum wages, overtime hours, and mandated benefits.
- Providing a healthy and safe work environment, free of harassment and discrimination of any kind.
- Promoting workforce diversity.
- Protecting individual privacy.

The Company's position on human rights is reinforced through our employment and ethics policies which are designed to ensure that we conduct business in a legal and ethical manner at all times.

A RESPONSIBLE CORPORATE CITIZEN

CSR ACTIVITIES 2013

Al Noor Hospitals Group plc recognizes the importance of Corporate Social Responsibility, is committed to its Corporate Citizenship obligations, and acknowledges the potential impact its activities could have on the environment and community on both a Group-wide and a local level. Patient, public and environmental safety is of utmost importance to our organization. Together with the extensive health and safety measures taken to achieve JCI accreditation and ISO certification, the Company is the first private hospital in the Emirate to obtain the new Environment, Health and Safety Management System (EHSMS) Approval Certificate from the Health Authority of Abu Dhabi.

In addition to our efforts to ensure that the Company sustains best practice for our staff and patients, we are committed to our community and have embarked upon a variety of meaningful initiatives to improve the health and welfare of those around us.

RED CRESCENT INITIATIVES

The Company continues to support and contribute to initiatives rolled-out by the Red Crescent Society. In 2013, the group and its employees spared no effort in organizing a fund raising activity to support Syrian people who have been displaced from their homes and endured freezing conditions after snowstorms blanketed areas of the Middle East. This was part of a huge fundraising drive by Emirates Red Crescent's "Our Hearts are with the Syrian People" campaign.

Contributions of Al Noor Hospitals Group Plc included:

- Financial aid raised by the group's employees.
- Contribution of medical equipment and supplies.
- Contribution of medical staff to support the Syrian refugee camps.
- Contribution of relief supplies.

WORLD DIABETES DAY

As always, the Company marked World Diabetes Day with activities in all of our hospitals. The campaign centered on bringing attention to a disease that affects the health of many people. The events were packed with various awareness activities including diabetes screening, providing consultations, and educational activities regarding prevention and treatment.

WORLD HEART DAY

The Company is committed to raising awareness among the community on various important health topics, and World Heart Day is no exception. To celebrate and promote World Heart Day, a medical team specializing in cardiovascular diseases, conducted on-site workplace visits, where they conducted a number of ECG tests to educate people on their heart conditions, and to shed light on the importance of undergoing regular screening and check-ups.

MARRIAGE FUND

The Company participated in Abu Dhabi Marriage Fund Awareness Day organized with an aim to promote healthy living and prevent chronic diseases amongst its employees. A number of employees took part in the initiative, which included a series of medical tests.

A group of medical specialists from the Company were responsible for performing the various medical tests and extending information on the importance of adopting healthy lifestyles.

BREAST CANCER AWARENESS MONTH

In one way or another, cancer has touched the lives of many people. During the month of October, which has been declared by the WHO as International Breast Cancer Awareness Month, the Company held an awareness campaign at multiple facilities. Free clinical consultations, heavily discounted mammography screenings, tips provided by health educators and educational materials were extended to a large number of women.

COMMUNITY OUTREACH EVENTS

The Company stepped-up its community outreach efforts in 2013, holding up to six free events a month. Topics included a variety of issues of concern to the local population, and were targeting Women and Children as well as workplace health and were held in over a dozen local prominent businesses and academic institutions including First Gulf Bank, Emirates Aluminium, and the Emirate of Abu Dhabi Men's College. These events were well-attended and greatly appreciated by the communities. We look forward to continuing these efforts in 2014.

CORPORATE & SOCIAL RESPONSIBILITY

CONTINUED

CHARITABLE CONTRIBUTIONS

In addition to all of the above mentioned activities, the Company contributed directly to several organizations. Our charitable activities in 2013 were focused on organizations supporting people with special needs, and educational institutions. Recipients included:

- The Future Center for Special Needs.
- The Abilities Development Center for the Handicapped and,
- Al-Quds University.

A CULTURE OF CARING

Under the Company's brand proposition of 'Safe in our Hands', we take pride in delivering the highest standard of healthcare practice to our patients, while providing a family atmosphere. The Company's name resonates clearly in the hearts and minds of Emiratis – and more recently, expatriates – who have, for over 28 years, entrusted their healthcare with Al Noor physicians, nurses, and healthcare leaders. Over its history, the corporation has developed a reputation for quality patient care and has earned the trust of a loyal patient base. Recently, the Company has invested in training to enhance its customer service from front-desk to doctor, and this is now a fundamental part of all frontline staff's annual review, including physicians'. All the leaders and staff are committed to sustaining and building our reputation for being a healthcare organization that genuinely cares for patients.

EXHIBITIONS AND CONFERENCES

ARAB HEALTH

For the 6th consecutive year, the Company took part in "Arab Health", Middle East's largest healthcare exhibition, held annually at the Emirate of Dubai World Trade Center. As a platinum sponsor of the four day event, the Company's team was present to network, educate and learn about the latest developments in the healthcare sector. In addition, the team was readily available to answer numerous questions related to human resources, IT, procurement, marketing and more. It is worth mentioning that in its 39th edition, the event brought together a total of 3,900 exhibiting companies from 64 countries and 38 country pavilions.

EMIRATE OF ABU DHABI MEDICAL CONGRESS

The Company took part in the fastest growing event of its kind, the Emirate of Abu Dhabi Medical Congress. In its 7th edition, the event proved to be an excellent platform for healthcare professionals to network and showcase their latest products and services.

HEALTH AUTHORITY OF ABU DHABI (HAAD) CANCER WAVE PROMOTION PROJECT

The Company was proud to support the "Live healthy and Simply Check" campaign launched by the Health Authority of Abu Dhabi, in an effort to shed light on three major cancer types: Breast Cancer, Cervical Cancer and Colorectal Cancer. The campaign endeavored to increase the community's awareness of the importance of healthy living and early detection. As a major sponsor of the campaign, the Group contributed free clinical examinations throughout the breast cancer awareness month.

HEALTH AND AWARENESS DAY EVENTS

Multiple events were held in over a dozen local prominent businesses and academic institutions including First Gulf Bank, Emirates Aluminum, and Abu Dhabi Men's College.

CHARITABLE ACTIVITIES

The Company has extended its philanthropy to a host of local and international organizations including:

- Future Center for Special Needs – Sponsoring their annual fundraising gala plus education grants for 3 students.
- Abilities Development Center for Handicapped – Sponsoring the 5th Autism Awareness Campaign.
- Al-Quds University – Sponsoring their 10th Annual Charity Dinner.

MEDICAL COMMUNITY EDUCATION

CONTINUING MEDICAL EDUCATION DEPARTMENT REPORT 2013

The Al Noor Continuing Education (CE) Department has succeeded in organizing a multitude of continuing medical education events in 2013 some of which are in collaboration with various international healthcare organizations. These events have been accredited by the Health Authority-Abu Dhabi (HAAD), and are designed for and delivered to internal, local, and international audiences.

Various medical conferences have been held under the patronage of Sheikh Nahayan Mubarak Al Nahayan, Minister of Youth, Culture and Community Development, who has also personally inaugurated 8th ICAN and 3rd IDCAN events. A one day-seminar about Trauma management attracted almost 250 attendees from different disciplines. An exclusive face-to-face Healthcare Management Seminar titled: "Comprehensive Leadership for Senior-Level Executives" was held in collaboration with the American College of Healthcare Professionals (ACHE) for the first time in the Gulf Region. The 1st INCAN (Nursing) was held in collaboration with the Higher Colleges of Technology, and the 3rd IDCAN was held in collaboration with New York University College of Dentistry (NYUCD)-USA, and "Operation Smile UAE". This included two accredited Hands-on Workshops conducted by NYUCD's chair of Endodontics Department. An important Memorandum of Understanding was signed during 3rd IDCAN with "Operation Smile-UAE" to highlight the support for this international charity organization, which is specialized in helping children suffering from cleft lip and palate. The media coverage for these events was high, with more than 150 articles in Arabic and English UAE newspapers, three prime-time television coverage reports, and multiple local radio interviews.

Apart from the prestigious external events, the CE Department designed an in-house customized internal continuing education program to address the training needs of the healthcare professionals working specifically within the Company.

The CE Department is committed to gaining maximum benefit from technology in education: video-conferencing is used extensively to transmit in-house continuing education programs across the Company network. During 2013, monthly video-conference connection has occurred with Houston Methodist Global Health Care Services, USA, sharing in their scheduled lecture series.

Regarding in-house continuing medical education, each of the three main Al Noor Hospitals continues to hold weekly Continuing Medical Education (CME) sessions, and Continuing Nursing Education (CNE) sessions. These activities all support universal Al Noor staff access to learning and education, as well as the annual CME requirements for professional re-licencing.

CORPORATE & SOCIAL RESPONSIBILITY

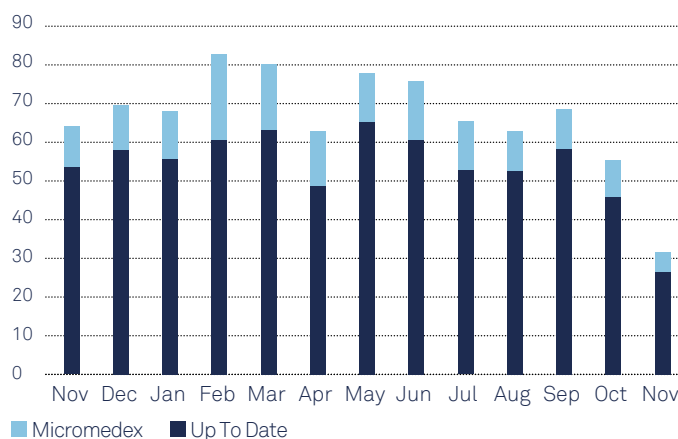
CONTINUED

The total hours of Continuing Education made available internally to Al Noor Hospitals Group's (ANH) staff increased by 30% from 435 hours in 2012, to 565 hours in 2013.

The total number of attendees of the CME events/sessions in 2013 reached 17,592 attendees.

Corporate-wide CME	Total Accredited CME Hours	Total Events	Total Attendees
	565	458	17,592

The Company's e-Library portal is an additional resource providing universal access to Al Noor staff. The number of views for January to mid November 2013 was 7,310 for both databases with an average of 591 logins per month (depicted for the whole group, per month in the chart opposite).



The number of registrations to this site has increased by 17.3% from 1,053 in 2012 to 1,235 in 2013, with a 41.5% reduction in the number of inactive users largely due to training sessions held in the first quarter of 2013.



THE ROLE OF THE BUSINESS ETHICS COMMITTEE

Conducting business in an ethical manner is at the core of what we do. In an effort to institutionalize and codify the importance of, and adherence to, ethical professional and clinical practices, the Company has taken several concrete actions which will have an organization-wide impact. In 2013, we developed and adopted our Code of Business Ethics, setting out the standards by which all employees of the Group are expected to conduct themselves in all of their professional interactions including, but not limited to, those with patients, their families, other health care providers, payers, suppliers and all other relevant entities. We are currently in the process of training all staff on the Company's Code of Business Ethics and have successfully rolled it out across both the corporate office and our hospitals and clinics. We have also incorporated it into our mandatory New Comers' Orientation so that all in-coming Company staff will be clear on the Company's expectations.

In addition to this, we have established a Group Business Ethics Committee, which is responsible for monitoring, overseeing and reviewing compliance by Senior Management and all other employees of the Group with the Code of Business Ethics. Emphasizing the importance of ethical

practices to Al Noor, Senior Management is fully represented on the committee. It is currently chaired by the COO, and its other members are the CFO, the CMO, the CSO, the Corporate HR Director, and the Internal Audit Director. In addition to normal reporting channels, a dedicated ethics email account has been set up through which an employee, or any other person, can reach out directly to the Committee Chairman and Members.

Lastly, in order to ensure consistent application of the Code of Business Ethics across the Company, the committee format and mandate has been rolled-out to all Al Noor hospitals. Hospital-level Ethics Committees report to the Group-level committee and must submit regular reports on activities, including meetings, minutes, complaints, findings, and actions. These are regularly reviewed by the Group Ethics Committee Chairman to ensure a uniform approach in the interpretation and implementation of the Code of Business Ethics. The Group Business Ethics Committee meets every quarter to review ethics related issues and take appropriate actions. Periodical updates are submitted to the Audit & Risk Committee on the progress and ethics reports received by the Company.

EXECUTIVE MANAGEMENT



DR. KASSEM ALOM
FOUNDER AND
CHIEF EXECUTIVE
OFFICER

Dr. Alom founded Al Noor Hospitals Group Plc in 1985, having previously owned his own clinic in Abu Dhabi focusing on internal medicine and gastroenterology. He serves as the Chairman of the Healthcare Sector of the Abu Dhabi Chamber of Commerce and Industry, and is a member of the Supreme Council Ministry of Health. Dr. Alom is a Fellow of the Royal Society of Medicine in London. He obtained his medical qualification from the University of Seville and post-graduate medical qualifications from the University of Madrid.



DR. JEFFREY STAPLES
CHIEF OPERATING
OFFICER

Dr. Staples joined the Company in 2012 having previously served as CEO of Sheikh Khalifa Medical City. Prior to that, he was Division President, China & North Asia Operations, for Parkway Health and Group Senior Vice President for Asia Pacific Health Partners. Dr. Staples received his MD from Columbia University.



DR. PETER JOHN HILL
CHIEF MEDICAL
OFFICER

Dr. Hill joined the Company in 2011 from Hamad Medical Corporation where he used to serve as Corporate Medical Director. Prior to that, he served for four years as full time Vice President of Medicine and subsequently Chief Medical Director for Fraser Health, one of the largest integrated healthcare authorities in Canada. Dr. Hill holds a M.B.Ch.B from the University of Liverpool, UK, and an M.R.C.O.G from the Royal College of Obstetricians in the UK, as well as M.R.C.S. (UK) and F.R.C.S. (Canada). He also completed an Executive Management program at Simon Fraser University in Canada in 2001.



**MR. PRAMOD
BALAKRISHNAN**
CHIEF FINANCIAL
OFFICER

Mr. Balakrishnan joined the Company in October 2011 having previously served as Finance Director of Topaz Energy and Marine. His prior experience includes Board membership and later Executive Director of Dunlop India, and finance leadership roles in companies across Oman, Qatar and the UAE. Mr. Balakrishnan is a Qualified Chartered Accountant from the Institute of Chartered Accountants of India, and a Qualified Cost Accountant from the Institute of Cost Accountants of India.



DR. SAMI ALOM
CHIEF STRATEGY
OFFICER

Dr. Alom joined the Company in 2011 and also serves as a member of the Policy Advisory committee of the Health Authority Abu Dhabi. Additionally he serves as Adjunct Assistant Professor at the College of Medicine and Health Sciences at the UAE University. He has previously worked at The Johns Hopkins Hospital Department of Perioperative Services and Department of Anesthesia and Critical Care Medicine. Dr. Alom holds a MPH, MBA and PhD from The Johns Hopkins University.

CORPORATE GOVERNANCE STATEMENT

1. INTRODUCTION

This report which is available on the Company's website explains key features of the Company's governance structure to provide a greater understanding of how the main principles of the UK Corporate Governance Code ("Code"), published in September 2012 by the Financial Reporting Council, have been applied and to highlight areas of focus during the year. The report also includes items required by the Disclosure and Transparency Rules.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts. It has considered and endorsed the arrangements to enable it to confirm 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.

2. COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE

The Company completed an IPO in June 2013 and is listed on the London Stock Exchange. Prior to its listing the Company had no obligation to comply with the requirements of the UK Corporate Governance Code. However, on listing and subsequently, with the exceptions as noted below, the Company has complied with the provisions of the Code.

- (i) **Code Provision B.1.2** – the number of Independent Non-Executive Directors, excluding the Chairman, constitutes less than half the Board;
- (ii) **Code Provision B.2.1** – a majority of members of the Nomination Committee are not independent Non-Executive Directors;
- (iii) **Code Provision C.3.1** – Ian Tyler, the Company Chairman, is also a member of the Audit & Risk Committee;
- (iv) **Code Provision D.2.1** – Faisal Belhoul, who is a member of the Remuneration Committee, is not an Independent Non-Executive Director and Ian Tyler, who is Chairman of the Board, is also the chairman of the Remuneration Committee;
- (v) **Code Provision E.2.4** – the Company should provide shareholders with twenty working days' notice of its AGM.

NON-COMPLIANCE – EXPLANATION

Code Provision B.1.2 – Investor-nominated and shareholder representatives have been appointed as Non-executive Directors and actively participate in the activities of the Company. They are represented on the Board by Faisal Belhoul, Sheikh Mansoor Bin Butti Al Hamed, Ahmad Nimer and Khaldoun Haj Hasan. The Board considers that their collective experiences, skills, knowledge and contributions enhance Board discussions and decision making.

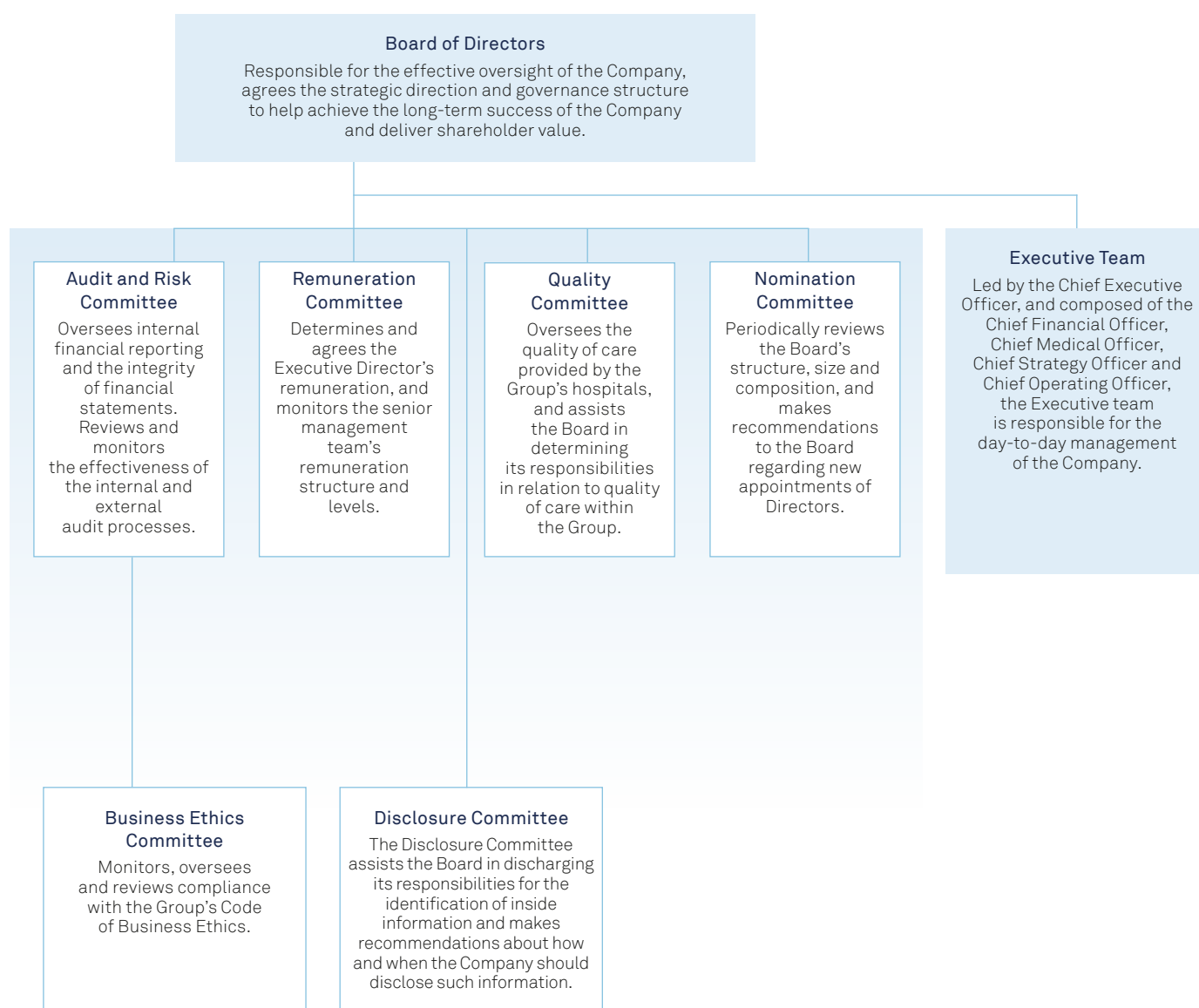
Code Provision B.2.1 – With the experience of Dr Kassem Alom in UAE Healthcare, and Ian Tyler through his previous experience within companies listed on the London Stock Exchange, their input to the acquisition of suitable directors is invaluable in this niche market, and both their presences on the Nomination Committee is crucial to optimize the effectiveness of its decision making, ensuring a high quality Board is in place.

Code Provision C.3.1 – Ian Tyler is a chartered accountant and has previously held the role of finance director. His broad range of experience, financial knowledge and skill are valuable additions to the Audit & Risk Committee and helps to ensure that this committee discharges its duties effectively and efficiently.

Code Provision D.2.1 – Investor-nominated and shareholder representatives have been appointed to the Board and actively participate in the activities of the Company and are represented on the Remuneration Committee through Faisal Belhoul. Ian Tyler's knowledge of remuneration best practice of UK listed companies is a valuable addition to this committee.

Code Provision E.2.4 – the complexities faced by the Company in collating information for its first Annual Report have meant that it was considered to be in the best interests of shareholders not to rush publication. Accordingly, shareholders have received less than the 20 working days' notice of the AGM specified by the Code. However, the Company has complied with and exceeded the requirements of the Companies Act 2006 to provide shareholders with 21 clear days' notice of the AGM.

3. GOVERNANCE OVERVIEW



CORPORATE GOVERNANCE STATEMENT CONTINUED

4. BOARD OF DIRECTORS DIRECTOR BIOGRAPHIES

1. Ian Tyler Chairman

Ian Tyler served as Chief Executive of Balfour Beatty Plc from January 2005 to March 2013, having been Chief Operating Officer since August 2002 and prior to that, Finance Director. He joined Balfour Beatty in 1996 from the Hanson Group where he was finance director of ARC, one of its principal subsidiaries. A former non-executive director of VT Group Plc, he is a non-executive director of Cable & Wireless Communications Plc, BAE Systems Plc, Cairn Energy Plc and Non-Executive Chairman of Bovis Homes Plc. Ian was appointed to Cairn Energy Plc and Bovis Homes Plc after his appointment to the Board of Al Noor Hospitals Group; the Board believes Ian remains committed to his role and has sufficient time to discharge his duties effectively. He is also president of Construction Industry Relief, Assistance and Support for the Homeless Ltd, the construction and property industry charity for the homeless, and a trustee of The BRE Trust, the largest UK charity dedicated specifically to research and education in the built environment. He is a chartered accountant.

2. Dr. Kassem Alom Founder and Chief Executive Officer

Dr. Alom has been a part of the Company since its inception in 1985, having previously owned a private clinic in Emirate of Abu Dhabi focusing on internal medicine and gastroenterology. He serves as the Chairman of the Syrian Business Council and of the Healthcare Sector of the Emirate of Abu Dhabi Chamber of Commerce, is a member of the Health Council of the Ministry of Health for Abu Dhabi. Additionally, Dr. Alom is a fellow of the Royal Society of Medicine in London, where he is Head of Internal Medicine & Gastroenterology. Dr. Alom holds an MBBS from the University of Seville and specialized in internal medicine and gastroenterology at the University of Madrid.

3. Seamus Keating Senior Independent Director

Seamus Keating has over 20 years' experience in the global technology sector in both finance and operational roles and was a main board director of Logica plc from 2002 until April 2012. He was Logica plc Chief Financial Officer from 2002 until 2010 when he became Chief Operating Officer and head of its Benelux operations. He also chaired the Group's worldwide Financial Services practice. Having implemented a major restructuring plan in the Benelux region, he left Logica plc, ahead of its acquisition by CGI of Canada, to take up a portfolio career. Prior to his role at Logica, he worked for the Olivetti Group from 1989 until 1999 in senior finance roles in the UK and Italy. Mr. Keating was non-executive director and chairman of the audit committee of Mouchel plc from November 2010 to September 2012. He is chairman of First Derivatives plc, a provider of software and consulting services to the global capital markets and a non-executive director of BGL Group, one of the largest personal insurance groups in the UK. Mr. Keating is a fellow of the Chartered Institute of Management Accountants.

4. Sheikh Mansoor Bin Butti Al Hamed Non-Executive Director

Sheikh Mansoor Bin Butti Al Hamed is the head of strategic relations at Mubadala Development Company PJSC. He represents SMBB on the Company's Board of Directors. Sheikh Mansoor is well connected in the business world in the GCC due to his position as a member of the board of the United Al Saqer Group, a highly diversified family business based in the UAE. The United Al Saqer Group's businesses include dealerships for BMW, Rolls Royce, Iveco, Tadano, Kawasaki, Mitsubishi, New Holland, TATA Daewoo, BEML and property management, construction and others.

5. Ahmad Nimer Non-Executive Director

Mr. Nimer is the CEO of United Al Saqer Group LLC, a board member of the Global Catering Company and Royal International Construction LLC. Prior to this he served as a partner of Deloitte & Touche LLP from 2002 to 2011. During this time, he gained extensive knowledge of the Emirate of Abu Dhabi healthcare sector as the audit partner in charge of the Al Noor Hospitals Group Plc, Cromwell Hospital in London, as well as the Group's internal audit partner. Mr. Nimer holds a number of professional qualifications and is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, a Certified Fraud Examiner, a Forensic Certified Public Accountant, a Certified Risk Professional and a Chartered Business Consultant. Mr. Nimer has a Bachelors' degree in Accounting from Yarmuk University in Jordan and a Graduate Diploma in Business Administration from the Canadian School of Finance and Management.

6. Faisal Belhoul Non-Executive Director

Faisal Belhoul is the Founder and Managing Partner of Ithmar Capital. He was also chairman of the board for a number of business groups and associations, including the UAE Private Hospitals Council, the UAE Private Schools Council and the Pharmaceutical and Healthcare Equipment Business Group of the Dubai Chamber of Commerce and Industry (DCCI). He is currently a board member of the DCCI by decree from the Ruler of the Emirate of Dubai as well as being a member of the Young Presidents Organization (YPO). Faisal also serves as chairman and board member on a number of publicly listed and private companies in the GCC and internationally. In 2007, Mr. Belhoul was recognized as one of the top 100 Executives in the Gulf region. Educated in the United States, he studied Manufacturing Engineering in Boston University.



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7. Khalidoun Haj Hasan Non-Executive Director

Mr. Haj Hasan is the co-founder of Ithmar Capital (Ithmar) which is one of the most prominent private equity houses targeting investments in growth and buyout situations across the GCC region. Since its inception in 2005, Ithmar has managed investments in excess of US\$800 million in various sectors including healthcare, education, construction, and engineering services. Prior to Ithmar, Mr. Haj Hasan held various senior management positions including Vice President at Abraaj Capital, acting CEO of Sheikh Khalifa Small and Medium Size Enterprises, Executive Director of Al-Bawardi Enterprises and Commercial Director of Al-Fahim Group. Throughout his career, he was primarily responsible for investment programs, and helping private companies in their expansion through M&A activities in addition to structuring and executing exit strategies. He has current board representations on a number of private and publicly listed companies across the region. Mr. Haj Hasan holds a Bachelor of Science and Masters of Science in Manufacturing Engineering as well as an MBA, all from Boston University.

8. William J. Ward Independent Non-Executive Director

William J. Ward, Jr. is the director emeritus of the Master of Health Administration Degree Programme at the Johns Hopkins Bloomberg School of Public Health and Faculty Director of the School's Sommer Scholars leadership programme. He is also a principal with Healthcare Management Resources, Inc., a Baltimore-area consulting firm. Mr. Ward is a former senior healthcare executive with more than 30 years of experience in healthcare finance and operations. Prior to joining the faculty, he served for a dozen years at the Johns Hopkins Bayview Medical Center, which he joined in 1982 when he was selected to be the Chief Operating Officer of Baltimore City Hospitals. He was a member of the Johns Hopkins management team that operated the hospital under a contractual agreement with the City of Baltimore. Since leaving Bayview Medical Center, Mr. Ward has provided a variety of consultative services to clients throughout the United States. He has worked on projects overseas in the Caribbean, Latin America, Asia and the Middle East. Mr. Ward is the author of two textbooks and numerous articles and has lectured widely on a variety of healthcare financial and operational subjects. In addition to his work with the Bloomberg School of Public Health, he is a member of the faculty at the Johns Hopkins University School of Nursing. For over 20 years, he taught financial management at the University of Maryland's School of Nursing and continues to guest lecture there. He also teaches at Singapore Management University.

9. Mubarak Matar Al Hamiri Independent Non-Executive Director

Mr. Al Hamiri has more than 20 years of professional experience in the field of international and local investment management (asset management, acquisitions, mergers and private equity). Mr. Al Hamiri joined the Private Department of His Highness the late Sheikh Zayed Bin Sultan Al Nahyan in 1992 as the head of the Investments Department, where he was responsible for overseeing the operation and performance of the private Department investment portfolio. He holds a bachelor's degree in Computer Science from Indiana State University and holds a certification in risk management and financial consultancy. Mr. Al Hamiri currently serves as Managing Director of the Royal Group, Chairman of Royal Capital PJSC, Chairman of Reem Finance PJSC and a board member of Al Daar Real Estate. He previously also served as Vice Chairman at Abu Dhabi Islamic Bank PJSC.

10. William S. Ward* Independent Non-Executive Director

Mr. William S. Ward has over 30 years of experience in the Healthcare sector. Mr. Ward gained extensive experience through his previous management positions which centered around the area of international healthcare. He joined BUPA Hospitals in 1992 and emerged to become Regional Manager of Hospitals and subsequently Director Of Strategic Development and Operations for Bupa Hospitals. In 1998 Mr Ward moved across to the health insurance divisions and became Managing Director of BUPA International, and then COO of BUPA International Markets (Europe, Middle East, Africa & Latin America), which focused on the strategic development and the operational performance of Bupa businesses. Between two spells with BUPA, Mr. Ward held the office of Chief Executive Officer for CIGNA Europe, and led three insurance businesses spanning Europe. Upon returning to BUPA, Mr. Ward became COO for International Businesses Worldwide when he also joined the boards of a number of BUPA businesses including BUPA Arabia PLC, Saudi Arabia, BUPA Australia and MAX BUPA India.

Prior to BUPA and from 1988 to 1992, Mr Ward served as Deputy Chief Executive Officer of Chase Farm Hospitals NHS Trust and had previously held senior management positions with a number of local Health Trusts in the Greater London area.

Mr. Ward is a qualified Chartered Secretary, obtaining the accreditation in 1987 from the Middlesex Business School, Middlesex University and also graduated from Management and Advanced Management Programmes offered by the London School of Economics, London Business School and Wharton Business School, Philadelphia, USA.

CORPORATE GOVERNANCE STATEMENT

CONTINUED

HOW THE BOARD WORKS

THE BOARD AND ITS COMMITTEES

The Board is responsible for the effective oversight of the Company. It also agrees the strategic direction and governance structure that will help achieve the long-term success of the Company and deliver shareholder value. The Board takes the lead in areas such as strategy, financial policy and making sure we maintain a sound system of internal control. The Board's full responsibilities are set out in the matters reserved for the Board.

The Board delegates authority to its Committees to carry out certain tasks on its behalf, so that it can operate efficiently and give the right level of attention and consideration to relevant matters. The composition and role of each committee is summarized on pages 66 to 69 and their full terms of reference are available on our website.

BOARD COMPOSITION, QUALIFICATION AND INDEPENDENCE

The composition, experience and balance of skills on the Board are regularly reviewed to ensure that there is the right mix on the Board and its committees and they are working effectively. There are currently 10 Directors on the Board, which comprises a non-executive Chairman (who, for the purposes of the Code was independent on appointment), one executive Director, four independent Non-executive Directors and four Non-executive Directors who are considered by the Board not to be independent. The current members of the Board have a wide range of skills and experience including expertise in the healthcare industry both within the UAE and internationally.

ROLE OF THE CHAIRMAN

The Board is chaired by Ian Tyler. It is the Chairman's duty to lead the Board and to ensure that Directors have sufficient resources available to them to fulfill their statutory duties. The Chairman is responsible for setting the Board's agenda, ensuring that adequate time is available for discussion of all agenda items and ensuring a particular focus on strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and by encouraging constructive relations between executive and non-executive directors.

ROLE OF THE CHIEF EXECUTIVE OFFICER

Dr Kassem Alom is the Group Chief Executive Officer. Through delegation from the Board he is responsible for executive management of the Group, including the implementation of the Group's strategic objectives. In fulfilling his duties, the Chief Executive Officer is supported by the senior management team whom he also leads (see page 58 to 59 for biographies of the senior management team).

INTERACTION BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE

The role of the Chairman and the Chief Executive Officer are separate with a distinct division of responsibilities. The partnership between Ian Tyler and Dr Kassem Alom is based on mutual trust and facilitated by regular contact between the two. The separation of authority enhances independent oversight of the executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) is Seamus Keating, who is available to shareholders if they have concerns that cannot be addressed through normal channels. The SID also acts as an internal sounding board for the Chairman and serves as intermediary for the other Directors with the Chairman when necessary. While there were no requests from shareholders or Directors for access to the SID during the year, the role of the SID is considered to be an important check and balance in the Group's governance structure. In Accordance with the Code, neither the Chairman nor the SID are employed as executives of the group.

NON-EXECUTIVE DIRECTOR INDEPENDENCE

The Board considers and reviews the independence of each non-executive Director on an annual basis as part of the Directors' performance evaluation. In carrying out the review, consideration is given to factors such as their character, judgment, commitment and performance on the Board and relevant committees and their ability to provide objective challenge to management. The Board has concluded that each of the independent non-executive Directors continues to demonstrate those behaviors and continues to be considered by the Board as independent.

APPOINTMENT AND TENURE

All Directors, with the exception of William S. Ward and Khaldoun Haj Hasan, were appointed on 5 June 2013. Both William S. Ward and Khaldoun Haj Hasan were appointed on 7 November 2013.

All Directors serve on the basis of letters of appointment which are available for inspection at the Company's registered office. The letters of appointment set out the expected time commitment of Non-executive Directors who, on appointment, undertake that they will have sufficient time to meet what is expected of them.

The Company does not place a term limit on Director's service as all continuing Directors will present themselves for annual re-election by shareholders at the Company's future Annual General Meetings.

DIRECTOR INDUCTION AND TRAINING

The Chairman, with the support of the Company Secretary, is responsible for the induction of new Directors and ongoing

development of all Directors. New Directors receive a full, formal and tailored induction on joining the Board designed to provide an understanding of the Group's business, governance and key stakeholders. The induction process may include provision of an induction pack, operational site visits, meetings with key individuals and briefings on key business, legal and regulatory issues facing the Group.

As the internal and external business environment changes, it is important to ensure the Directors' skills and knowledge are refreshed and updated regularly. Accordingly, the Chairman, with the assistance of the Company Secretary ensures that updates on corporate governance, regulatory and technical matters are provided to Directors at Board meetings. In this way, Directors keep their skills and knowledge relevant so as to enable them to continue to fulfill their duties effectively.

INFORMATION AND SUPPORT AVAILABLE TO DIRECTORS

All Board Directors have access to the Company Secretary, who advises them on Board and governance matters. The Chairman and the Company Secretary work together to ensure that Board papers are clear, accurate, delivered in a timely manner to Directors, and of sufficient quality to enable the Board to discharge its duties. As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

DIRECTOR ELECTION

Following recommendations from the Nomination Committee, the Board considers that all Directors continue to be effective, committed to their roles and have sufficient time available to perform their duties. Accordingly, all Directors will seek election at the Company's first AGM as set out in the Notice of AGM. In accordance with provision B.7.1 of the UK Corporate Governance Code and the Directors' letters of appointment the Directors will be subject to annual re-election.

DIRECTORS' CONFLICTS OF INTEREST

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Company, unless that conflict is first authorized by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. The Company's Articles of Association allow the Board to authorize such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. The Board deals with each appointment on its individual merit and takes into consideration all the circumstances.

All potential conflicts approved by the Board are recorded in a Conflicts of Interests Register, which is reviewed by the Board at least quarterly to ensure that the procedure is working effectively.

BOARD EVALUATION AND EFFECTIVENESS

The Board and its Committee were formed upon IPO in June 2013 and in February 2014 an internal evaluation commenced and was conducted by the Company Secretary under the direction of the Chairman. The Company Secretary had distributed a tailored, high level questionnaire for the Directors completion. The questionnaire was structured to provide Directors with an opportunity to express their views about:

- the performance of the Board and its committees, including how Directors work together as a whole;
- the balance of skills, experience, independence and knowledge of the Directors;
- individual performance, particularly considering whether each Director continues to make an effective contribution.

It is envisaged the Board's first evaluation process will be concluded by the end of March 2014.

CORPORATE GOVERNANCE STATEMENT CONTINUED

5. SHAREHOLDER ENGAGEMENT

Responsibility for shareholder relations rests with the Chief Strategy Officer. He ensures that there is effective communication with shareholders on matters such as governance and strategy, and is responsible for ensuring that the Board understands the views of major shareholders on matters such as governance and strategy. We are supported by our corporate brokers with whom we are in constant dialog.

As a part of a comprehensive investor relations programme, formal meetings with investors are scheduled to discuss the Group's interim and final results. In the intervening periods, the Company continues its dialog with the investor community by meeting key investor representatives and holding investor roadshows.

During the year, the Company met with 128 shareholders and potential shareholders. Presentations to analysts are posted on the Company's website at <http://www.alnoorhospital.com>

ANNUAL GENERAL MEETING ('AGM')

The Company's first AGM will take place at 1:00 pm on 1 April 2014 at the offices of Jefferies Hoare Govett, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM, can be found on our website <http://www.alnoorhospital.com/IRCompanyReports.asp> and in a booklet which is being mailed out at the same time as this Report. The Notice of AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

The AGM is the Company's principal forum for communication with private shareholders. The Chairman of the Board and the Chairman of the Committees, together with senior management will be available to answer shareholders' questions at the AGM.

6. COMMITTEE REPORTS

TABLE OF BOARD ATTENDANCE

There were three scheduled Board meetings held in the year and the table below summarizes the attendance of the Directors at those meetings.

Director	Attendance
Ian Tyler	3 of 3
Kassem Alom	3 of 3
Seamus Keating	3 of 3
Sheikh Mansoor Bin Butti Al Hamed	2 of 3
Ahmad Nimer	3 of 3
Faisal Belhoul	2 of 3
William J. Ward	3 of 3
William S. Ward*	1 of 1
Mubarak Matar Al Hamiri	2 of 3
Khalidoun Haj Hasan*	1 of 1

* appointed 7 November 2013

AUDIT & RISK COMMITTEE

Composition

The Committee is chaired by Seamus Keating, and its other members are Ian Tyler and William J. Ward. The Directors consider that Seamus Keating and Ian Tyler have recent and relevant financial experience for the purposes of the Code and the FRC's Guidance on Audit Committees. The Board is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in an effective, informed and challenging manner.

Role of the Audit & Risk Committee

The Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual and half-yearly financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control review function.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Committee gives due consideration to laws and regulations, the provisions of the Code and the requirements of the Listing Rules.

Meetings

The Committee discharges its responsibilities through a series of scheduled meetings during the year, the agenda of which is linked to events in the financial calendar of the Company. The Committee met three times during the financial year and attendance at those meetings is set out below.

Committee member	Attendance
Seamus Keating	3 of 3
Ian Tyler	3 of 3
William J. Ward	3 of 3

The Committee receives reports from external advisers and from the senior management team, as required, to enable it to discharge its duties. The Chief Finance Officer attends its meetings, as do the external Auditor and the Director of Internal Audit, both of whom have the opportunity to meet privately with the Committee Chairman, in the absence of Senior Management. The Chief Executive Officer and other members of the Senior Management team are also invited to attend Committee meetings.

Main Audit & Risk Committee Activities during 2013

- Reviewed financial results for publication
- Reviewed the risk management and controls frame work and its effectiveness
- Approved the Internal Audit Charter
- Reviewed the effectiveness of the Internal Audit function
- Reviewed the performance and effectiveness of the external auditors and considered their re-appointment
- Reviewed the non-audit services provided by the external auditor and the associated fees incurred
- Reviewed the Committee's terms of reference
- Recommended the 2013 Audit Committee Report to the Board for approval

In addition to the activities outlined above the Committee also reviewed the narrative and financial disclosures in this Annual Report.

Significant Issues

Summarized below are some of the significant issues the committee considered in relation to the financial statements during the year.

Revenue rejection rates and reconciliations with insurers: the Committee discussed and reviewed in detail the way the Company has assessed its measurement of revenue. As revenue is largely received from insurers, there is a process

of claim and counter-claim and therefore an element of estimation in reaching the revenue figure for the year. The committee has carefully considered the assumptions made in recording revenue. In addition the committee looked at the issues surrounding the timeliness of insurance company reconciliations.

Internal Control: the Committee discussed a review of the internal control environment carried out by the Internal Audit department and noted the recommendations and approved the actions required for implementing the recommendations.

The Committee also discussed legal claims, share based payments, cash and bank balances and segmental reporting.

Internal Audit

The Committee receives regular reports on the control environment from the Internal Audit Director supported by Deloitte. These reports highlight key improvement themes and recommend areas for focus. In addition, the Committee has visibility of management responsiveness in addressing audit actions. The internal audit charter, which contains mandatory, risk-based and cyclical reviews, was approved by the Committee in October 2013.

External Auditor Independence and Effectiveness

It is the Committee's responsibility to monitor the performance, objectivity and independence of the external auditor. In 2013 the Committee held 3 private meetings with the external auditors without management being present.

The effectiveness of the external auditors is evaluated by the Committee each year. The Committee examines five main performance criteria – robustness of the audit process, independence and objectivity, quality of delivery, quality of people and service, and value-added advice.

The Committee has recommended to the Board that the re-appointment of KPMG as the company's external auditors be proposed to shareholders at the 2014 AGM.

Provision of Non-Audit Services

Non-audit services provided by the external auditors are approved in accordance with the Company's policy on non-audit services.

The Chief Financial Officer is authorized to engage the external auditor to perform non-audit services up to an aggregate fee of US\$25,000 annually. The Chairman of the Committee is authorized to engage the external auditor to perform non-audit services up to an aggregate fee of US\$250,000 annually.

Approval is given on the basis the service will not compromise independence and is a natural extension of the audit or if there are overriding business or efficiency reasons making the external auditors most suited to provide the service.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The external auditors are prohibited from providing certain services, including bookkeeping, payroll administration services and management functions amongst others.

Total non-audit services provided by KPMG for the year ended 31 December 2013 were US\$1,615,000 (2012: US\$194,000) which is 332% (2012: 109%) of total audit and audit related fees. The year-on-year increase in fees paid to KPMG is primarily attributable to costs associated with the IPO.

DISCLOSURE COMMITTEE

Composition

The Disclosure Committee is chaired by Ian Tyler, and its other members are Dr. Kassem Alom, Pramod Balakrishnan, Dr Sami Alom.

Role of the Disclosure Committee

The Disclosure Committee assists the Board in discharging its responsibilities for the identification of Inside Information and makes recommendations about how and when the Company should disclose such information.

Main activities

- Reviewed the release of information within the Company's Half Year results;
- Reviewed and approved the contents of the Interim Management Statement; and
- Reviewed the disclosure of information within the Company's Annual Report and Accounts;

NOMINATION COMMITTEE

Composition

The Nomination Committee is chaired by Ian Tyler, and its other members are Dr. Kassem Alom and Mubarak Matar Al Hamiri and William S. Ward.

Role of the Nomination Committee

The Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and makes appropriate recommendations to the Board on such matters.

Meetings and main focus for 2013

The Committee met three times during the financial year and attendance at those meetings is set out below.

Committee member	Attendance
Ian Tyler	3 of 3
Kassem Alom	3 of 3
Mubarak Matar Al Hamiri	3 of 3
William S. Ward*	1 of 1

* appointed 7 November 2013

During 2013, the Committee's particular area of focus was the search for a new Independent Non-Executive Director. When recruiting Non-Executive Directors, the Committee evaluates the particular skills, knowledge, independence and experience that would benefit and balance the Board most appropriately for each appointment.

Heidrick and Struggles (UK) Limited specialize in the recruitment of high calibre executives and non-executive directors, were engaged to ensure that the widest possible pools of non-executive candidates were available to select from. A shortlist of potential appointees was considered by the Committee and candidates were invited for interview based on merit and against objective criteria, after assessing their relevant qualifications and time commitments. After interviewing suitable candidates, the Committee was pleased to recommend to the Board William S. Ward as a potential Non-Executive Director. The Committee were mindful of Mr Ward's long history in management positions at international healthcare companies and his experience of healthcare management in the Middle East when assessing his candidacy. He was appointed to the Board with effect from 7 November 2013.

QUALITY COMMITTEE

Composition

The Quality Committee is chaired by William J Ward, and its other members are Dr. Kassem Alom, Ian Tyler and Ahmad Nimer. Dr. Peter Hill is secretary of the Committee.

Role of the Quality Committee

The Quality Committee assists the Board in determining its responsibilities in relation to quality of care within the Group. The committee ensures an integrated and co-ordinated approach to the management and development of quality, patient experience and patient safety at a corporate level in the Group, including hospitals and medical centers. It leads on the development and monitoring of quality systems within the Group to ensure that quality is a key component of all Group activities and assures compliance with regulatory requirements and best practice within patient safety and patient experience. The duties of the Quality Committee include the performance of quarterly evaluations of the systems and quality at each hospital and medical center within the Group, including objective evaluations of the

leadership (administrative and clinical) of the entire quality initiative and its performance.

The Quality Committee receives, evaluates, and approves an annual "Quality and Patient Safety Report" from each hospital facility in the Group, and also receives, evaluates and approves at each calendar year end an annual "Quality Plan" for the forthcoming year for each hospital in the Group. The Quality Committee also conducts regular reviews of analysis of the quality metrics with respect to, amongst other things, data accuracy, interpretation, actions undertaken and improvements. The Quality Committee is also responsible for the assessment of patient satisfaction and actions implemented to improve patient satisfaction scores.

Meetings and main focus for 2013

The meetings and main focus for 2013 was to establish a set of Board-level performance indicators for Quality and Patient Safety and to support accreditation and certification standards and processes.

The Quality Committee met twice during the year and attendance at that meeting is set out below.

Committee member	Attendance
Ian Tyler	2 of 2
Kassem Alom	2 of 2
Ahmad Nimer	2 of 2
William J. Ward	2 of 2

BUSINESS ETHICS COMMITTEE

Composition

The Business Ethics Committee is chaired by Dr. Jeffrey Staples, and its other members are Pramod Balakrishnan, Dr. Peter Hill, Dr. Sami Alom, Muzaffer Nahvi (Corporate HR Director) and Mr Zaki El Saleh (Internal Audit Director).

Role of the Business Ethics Committee

The Group's Business Ethics Committee is an executive management committee and not a committee of the Board. The Company has adopted a code of business ethics setting out the standards by which all employees of the Group are expected to conduct themselves in their interaction with patients, their families, other health care providers, payers, suppliers and all other relevant entities. The Business Ethics Committee, pursuant to its charter, is responsible for monitoring, overseeing and reviewing compliance by Senior Management and all other employees of the Group with the Code of Business Ethics, as well as recommending applicable changes to the Code of Business Ethics to the CEO. It is also responsible for the initial review of all allegations of violation of the Code of Business Ethics and recommending the appropriate course of action to be taken, including whether any information needs to be provided to federal and/or regulatory authorities.

Meetings and main focus for 2013

The Business Ethics Committee met twice during the year.

In 2013, this committee focused on setting the committee charter, the roll out of the Code of Business ethics for the Company, and investigating reports and complaints sent to the committee.

Table of attendance

Committee member	Attendance
Dr Jeffrey Staples (Chairman)	2 of 2
Mr Pramod Balakrishnan	2 of 2
Dr Sami Alom	2 of 2
Dr Peter Hill	0 of 2
Mr Muzaffer Nahvi	2 of 2
Mr Zaki El-Saleh*	1 of 2

* appointed 14 November 2013

7. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognizes its responsibility to present a balanced and understandable assessment of the Group's position and prospects and has responsibility for ensuring that management maintain effective systems of risk management and internal control and for reviewing effectiveness of these systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Each year the Board reviews the effectiveness of our risk management and internal control processes that cover all material controls, including financial reporting, operational and compliance controls. The latest review covered the financial year to 31 December 2013 and the period to the approval of this Annual Report and Accounts.

The processes in place include identifying, assessing and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be responsive to the business as it develops and to the environment in which it operates. Our internal control process starts with identification of risks, documentation of controls in place and evaluating their effectiveness (both design and operational). We do this through routine reviews carried out by process owners and facilitated by relevant dedicated, specialist teams.

Risk registers are in place for all businesses and functions. We also maintain a Group level risks register which describes the key risks and assessment of their likelihood and impact as well as the controls implemented to manage these risks. Our current key risks are summarized in the Strategy section "Key Risks and Uncertainties" on pages 47 to 48.

DIRECTORS' REMUNERATION REPORT

LETTER FROM THE REMUNERATION COMMITTEE CHAIR

Dear Shareholder,

This year is Al Noor's first as a public company. The Committee has endeavored to ensure that the Company's remuneration structures evolve to adopt aspects of good practice which are expected of a company listed on the London Stock Exchange, whilst continuing to drive our strong record of performance.

In 2013, the Group performed well, delivering its forecast profits and continuing on the path of strong sustainable growth. During the year, we successfully concluded the purchase agreements for two acquisitions, opened three new medical centres and added 78 revenue-generating physicians, driving growth in patient volumes.

This success resulted in bonuses across the Leadership Team of 72.4% of their maximum award opportunities. The Chief Executive, Dr Kassem Alom (who is the Group's only executive director) is not eligible to receive a bonus during 2013 or 2014 under the terms of his service agreement negotiated at the time of the IPO. He will, however, participate in the 2015 executive bonus plan and receive long-term incentive awards from 2014 onwards.

REMUNERATION POLICY FOR 2014

During the latter half of last year the Remuneration Committee reviewed the remuneration policy that had been put in place on listing and confirmed it remains appropriate and should continue to operate for 2014 with no major changes:

- Base Compensation for the CEO will remain unchanged, having been set only recently at the time of listing. This is rather less than the average base compensation increase across the Group, which will be 8% for all employees, reflecting the continued high demand for healthcare professionals and the prevailing rate of inflation in the UAE.
- The structure and quantum of the annual bonus for the Leadership Team is set in line with market practice, with performance measures selected to drive alignment with shareholders' interests; the CEO will participate from 2015 onwards.
- Performance shares are granted annually under the long-term incentive, with vesting after three years based on earnings per share (EPS) growth and relative total shareholder return (TSR), conditions which we believe provide strong alignment between the Leadership Team and shareholders. This alignment is further strengthened by the operation of share ownership guidelines.

As shareholders may be aware, new legislation applied to the governance and reporting of remuneration for UK companies from October 2013 onwards. This report will be subject to two shareholder votes at the forthcoming AGM:

- The Directors' Remuneration Policy Report sets out the forward looking Directors' Remuneration Policy for the Company which will operate from 1 January 2014 and will, subject to shareholder approval, become formally effective from the 2014 AGM;
- The Annual Report on Remuneration provides details of how the policy for 2014 will be operated and the remuneration earned by Directors in the year ended 31 December 2013.

The Committee and I believe that our remuneration policies are the right ones for Al Noor, and hope we can count on your support for these resolutions. That said, we always welcome comments and feedback from our shareholders and would be pleased to hear from you.

Ian Tyler

Chair of the Remuneration Committee

POLICY REPORT

This part of the report sets out the remuneration policy for the Company and has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The policy has been developed taking into account the principles of the UK Corporate Governance Code 2012 and the views of our major shareholders and describes the policy to be applied from 2014 onwards. The Policy Report will be put to a binding shareholder vote at the 2014 AGM and the policy will take formal effect from that date.

POLICY OVERVIEW

The Committee is responsible, on behalf of the Board, for establishing appropriate remuneration arrangements for the CEO and other senior management in the Group.

In setting the remuneration policy for the CEO, the Committee will ensure that the arrangements are in the best interest of both the Group and its shareholders, by taking into account the following general principles:

- To lead the UAE market in medical quality by attracting, retaining and motivating the best person for each position, without paying more than is necessary.
- To ensure total remuneration packages are simple and fair in design so that they are valued by participants.
- To ensure that the fixed element of remuneration is determined in line with local market rates, taking account of individual performance, responsibilities and experience; and that a significant proportion of the total remuneration package is linked to financial rewards.
- To balance performance pay between the achievement of financial performance objectives and delivering sustainable stock market out-performance; creating a clear line of sight between performance and reward and providing a focus on sustained improvements in profitability and returns.
- To provide a significant proportion of performance linked pay in shares allowing senior management to build significant shareholding in the business and therefore, aligning management with shareholders' interests and the Group's performance, without encouraging excessive risk taking.

CONSIDERATION OF SHAREHOLDER VIEWS

The Company is committed to maintaining good communications with investors. The Committee considers the AGM to be an opportunity to meet and communicate with investors, giving shareholders the opportunity to raise any issues or concerns they may have. In addition, the Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Directors' Remuneration Policy.

DIRECTORS' REMUNERATION REPORT

CONTINUED

SUMMARY OF THE DIRECTORS' REMUNERATION POLICY

The following table sets out the key aspects of the Directors' remuneration policy¹.

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
Base compensation ²	To attract, retain and motivate talented individuals who are critical to the Group's success Set at a level to provide a core reward for the role and cover essential living costs in line with local market practice	Reviewed annually by the Committee or, if appropriate, in the event of a change in an individual's position or responsibilities Base compensation levels set at a level to reflect the experience and capabilities of the individual as well as the scope and scale of the role Increases to base compensation may reflect individual performance as well as the pay and conditions in the workforce	There is no prescribed maximum annual increase. The Committee takes into account remuneration levels in comparable organizations in the UAE and the GCC region and is guided by the increase for the workforce generally. On occasions, it may also recognize other factors such as additional responsibility, or an increase in the scale or scope of the role	N/A
Annual bonus	To encourage and reward delivery of the Group's annual financial and operational objectives To encourage share ownership and provide further alignment with shareholders	Performance targets are reviewed annually by the Committee and are set to ensure they are linked to strategic objectives and are appropriately demanding, taking into account economic conditions and risk factors 50% of any bonus earned is paid in cash and 50% is deferred in shares, which are released ratably over two years subject to continued employment Dividends that accrue on the deferred shares during the vesting period may be paid in cash or shares at the time of vesting Clawback provisions apply for overpayments due to misstatement or error and other circumstances	Maximum opportunity of 150% of base compensation Under his contract agreed at the time of IPO, the CEO will be eligible to participate in the annual bonus plan from 2015 onwards	At least 75% of the annual bonus will be based on Group financial performance ³ Performance below threshold results in zero payment. Payments increase from 0% to 100% of the maximum opportunity for levels of performance between threshold and maximum performance targets
Long-term incentive plan (LTIP) ⁴	To balance performance pay between the achievement of financial performance objectives and delivering sustainable stock market out-performance To encourage share ownership and provide further alignment with shareholders	Annual awards of conditional shares with vesting dependent on the achievement of performance conditions over a three year period Performance targets are reviewed annually by the Committee and are set appropriate to the economic outlook and risk factors prevailing at the time, ensuring that such targets remain challenging in the circumstances, whilst remaining realistic enough to motivate and incentivise management Dividends that accrue during the vesting period may be paid in cash or shares at the time of vesting, to the extent that shares vest Clawback provisions apply for overpayments due to misstatement or error and other circumstances	Maximum opportunity of 200% of base compensation	Performance is assessed against two metrics which are measured independently. 50% of the award is based on EPS growth and 50% on relative TSR ³ 25% of an award will vest for achieving threshold performance, increasing pro-rata to full vesting for achievement of maximum performance targets

Element of pay	Purpose and link to strategy	Operation	Maximum opportunity	Performance criteria
End of service gratuity	To provide an end of service gratuity, as required under the UAE Labor Law	The Company has no Group wide pension scheme In the case of UAE nationals, end of service gratuity contributions are made to the Abu Dhabi Retirement Pensions Benefits Fund	Company contributions are limited by UAE Labor Law to two years' wages ⁵	N/A
Benefits	To provide a market-competitive level of benefits to ensure the executive directors well being	Private medical insurance, use of a company car and driver, car insurance, private fuel card, airfare tickets, housing and utility expenses	Actual value of benefits provided	N/A
Non-Executive Directors' fee	Set to attract, retain and motivate talented individuals through the provision of market competitive fees	Reviewed periodically by the Committee or, if appropriate, in the event of a change in an individual's position or responsibilities Fee levels set by reference to market rates, taking into account the individual's experience, responsibility, time commitments and the pay and conditions in the workforce	As for the Executive Directors there is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader workforce but on occasion may recognize an increase in certain circumstances such as, assumed additional responsibility or an increase in the scale or scope of the role	N/A

¹ A description of how the Company intends to implement the above policy is set out in the Annual Report on Remuneration.

² Base compensation includes base salary plus fixed cash allowances, which are a normal part of the fixed remuneration package for employees in the UAE.

³ The annual bonus is focused predominantly on key financial performance indicators, to reflect how successful the Group has been in managing its operations. The balance is determined on how well the executive directors performed against annual operational targets including measures of clinical excellence.
The LTIP performance measures (EPS and TSR relative to other companies in the healthcare sector), reward significant long-term returns to shareholders and long-term financial growth.
Targets are set on sliding scales that take account of internal strategic planning and external market expectations for the Company. Only modest rewards are available for achieving threshold performance with maximum rewards requiring substantial out-performance of challenging strategic plans approved at the start of each year.

⁴ The Committee operates long-term incentive arrangements for the executive directors in accordance with their respective rules, the Listing Rules and the HMRC rules where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include (but are not limited to) the following:

- Who participates;
- The timing of the grant of award and/or payment;
- The size of an award (up to plan limits) and/or a payment;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes;
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring and special dividends); and
- The ability to adjust existing performance conditions for exceptional events so that they can still fulfill their original purpose.

⁵ Wages include base salary but exclude all fixed cash allowances.

DIRECTORS' REMUNERATION REPORT

CONTINUED

PREVIOUS AWARDS

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honor any commitments entered into with current or former directors (such as, the vesting or exercise of past share awards).

The Committee considers pay and employment conditions of employees in the Group when determining Executive Directors' remuneration policy

When considering the Executive Directors' remuneration structure and levels, the Committee reviews base compensation and annual bonus arrangements for the management team, to ensure that there is a coherent approach across the Group. The annual bonus plan operates on a similar basis across the senior management team and aims to encourage a high level of employee share ownership. The key difference in the policy for Executive Directors is that remuneration is more heavily weighted towards long-term variable pay than other employees. This ensures that there is a clear link between the value created for shareholders and the remuneration received by the executive directors.

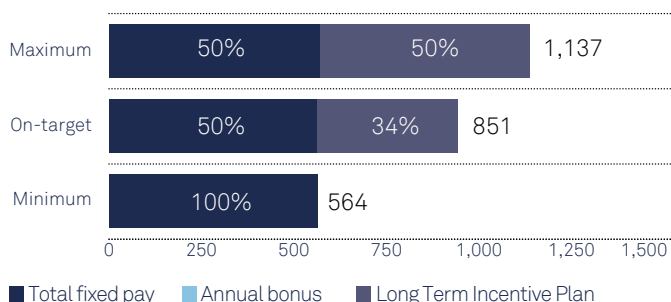
The Committee does not formally consult with employees in respect of the design of the Executive Director remuneration policy, although the Committee will keep this under review.

REMUNERATION SCENARIOS FOR THE CEO

The chart below shows an estimate of the potential future remuneration payable for the CEO in 2014 and 2015 at different levels of performance; two years' illustrations have been included to show the impact of the CEO's eligibility for an annual bonus from 2015 onwards. The chart highlights that the performance-related elements of the package comprise a significant portion of the CEO's total remuneration at on-target and maximum performance.

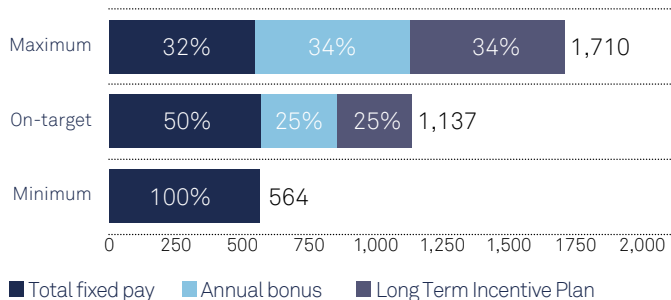
CHIEF EXECUTIVE OFFICER

TOTAL REMUNERATION 2014 (\$000)



CHIEF EXECUTIVE OFFICER

TOTAL REMUNERATION 2015 (\$000)



¹ Base compensation levels applying as at 1 January 2014.

² The value of taxable benefits is based on the cost of supplying those benefits (as disclosed in the Annual Report on Remuneration on page 70) for the year ended 31 December 2013.

³ The end of service gratuity is based on the provision accrued (as disclosed in the Annual Report on Remuneration on page 77) for the year ended 31 December 2013 in line with the UAE Labour Law limit.

⁴ Minimum performance assumes no award is earned under the annual bonus plan and no vesting is achieved under the LTIP; at on-target, 50% is earned under the annual bonus plan and 50% is achieved under the LTIP; and at maximum full vesting under both plans.

⁵ Share price movement and dividend accrual have been excluded from the above analysis.

DIRECTORS' RECRUITMENT AND PROMOTIONS

The policy on the recruitment or promotion of an executive director takes into account the need to attract, retain and motivate the best person for each position, while at the same time ensuring a close alignment between the interests of shareholders and management.

If a new Executive Director were appointed, the Committee would seek to align the remuneration package with the remuneration policy approved by shareholders, save that there would be discretion to award a combined annual bonus and LTIP of up to 400% of base compensation. Flexibility would be retained to set base compensation at the level necessary to facilitate the hiring of candidates of appropriate calibre in external markets and make awards or payments in respect of deferred remuneration arrangements forfeited on leaving a previous employer. In terms of remuneration to compensate for forfeited awards, the Committee would look to replicate the arrangements being forfeited as closely as possible and in doing so, would take account of relevant factors including the nature of the deferred remuneration, performance conditions and the time over which they would have vested or been paid.

For an internal appointment, any incentive amount awarded in respect of a prior role may be allowed to vest on its original terms, or adjusted as relevant to take into account the appointment. Any other ongoing remuneration obligations existing prior to appointment may continue.

The Committee may also agree that the Company will meet certain relocation and incidental expenses as appropriate.

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy at that time.

DIRECTORS' SERVICE AGREEMENTS AND PAYMENTS FOR LOSS OF OFFICE

The Committee seeks to ensure that contractual terms of the executive director's service agreement reflect best practice.

The CEO's service agreement is terminable on six months' notice. In circumstances of termination on notice the Committee will determine an equitable compensation package, having regard to the particular circumstances of the case. The Committee has discretion to require notice to be worked or to make payment in lieu of notice or to place the director on garden leave for the notice period.

In case of payment in lieu or garden leave, base compensation, benefits and end of service gratuity will be paid for the period of notice served on garden leave or paid in lieu. If the Committee believes it would be in shareholders interests payments would be made in phased instalments and in the case of payment in lieu will be subject to be offset against earnings elsewhere.

An annual bonus may be payable in respect of the period of the bonus plan year worked by the director; there is no provision for an amount in lieu of bonus to be payable for any part of the notice period not worked. The bonus will be scaled back pro-rata for the period of the incentive year worked by the director and would remain payable at the normal payment date.

Shares under the deferred annual bonus and long-term incentive arrangements are subject to the rules which contain discretionary provisions setting out the treatment of awards where a participant leaves for designated reasons (i.e. participants who leave early on account of injury, disability or ill health, death, a sale of their employer or business in which they were employed, statutory redundancy, retirement or any other reason at the discretion of the Committee). In these circumstances a participant's awards will not be forfeited on cessation of employment and instead will continue to vest on the normal vesting date or earlier at the discretion of the Committee, subject to the performance conditions attached to the relevant awards. The awards will, other than in exceptional circumstances, be scaled back pro-rata for the period of the incentive year worked by the director.

In addition to the above payments, the Committee may make any other payments determined by a court of law in respect of the termination of a director's contract.

In the event of a change of control all unvested awards under the deferred annual bonus and long-term incentive arrangements would vest, to the extent that any performance conditions attached to the relevant awards have been achieved. The awards will, other than in exceptional circumstances, be scaled back pro-rata for the period of the incentive year worked by the director.

The date of the CEO's service contract is:

Dr. Kassem Alom	20 June 2013
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The service contract is available for inspection during normal business hours at the Company's registered office, and available for inspection at the AGM.

NON-EXECUTIVE DIRECTORS' TERMS OF ENGAGEMENT

Non-Executive Directors are appointed by letter of appointment for an initial period of three years, which are terminable by three months' notice on either side. However, the Company intends to comply with provision B.7.1 of the UK Corporate Governance Code and accordingly all Directors will stand for annual re-election by shareholders at future AGMs until the Board determines otherwise.

In 2013 four Non-Executive Directors were considered to be independent of the Company.

DIRECTORS' REMUNERATION REPORT

CONTINUED

The dates of the terms of engagement of the Non-Executive Directors are:

Ian Tyler ¹	5 June 2013
Seamus Keating ¹	5 June 2013
Sheikh Mansoor Bin Butti	5 June 2013
Ahmad Nimer	5 June 2013
Faisal Belhoul	5 June 2013
William J Ward ¹	5 June 2013
Mubarak Matar Al Hamiri ¹	5 June 2013
William S. Ward	7 November 2013
Khaldoun Haj Hasan	7 November 2013

¹ Seamus Keating, William J. Ward, William S. Ward and Mubarak Matar Al Hamiri were considered to be independent Non-Executive Directors of the Company.

² Ian Tyler was considered independent on appointment and in accordance with provision B.1.1 of the UK Corporate Governance Code is no longer considered to be independent.

ANNUAL REPORT ON REMUNERATION

This part of the report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the 2014 AGM. The information on pages 78 to 79 has been audited.

RESPONSIBILITIES OF THE COMMITTEE

The Committee is responsible for determining and agreeing with the Board the policy on Executive Directors' remuneration, including setting the over-arching principles, parameters and governance framework and determining the initial remuneration package of each executive director. In addition, the Committee monitors the structure and level of remuneration for the senior management team and is aware of pay and conditions in the workforce generally. The Committee also ensures full compliance with the UK Corporate Governance Code in relation to remuneration.

MEMBERS AND ACTIVITIES OF THE COMMITTEE

The members of the Committee during 2013 were Ian Tyler (chair), Seamus Keating and Faisal Belhoul. All members were Non-Executive Directors, save Ian Tyler, who was Non-Executive Chairman. None of the Committee members have day-to-day involvement with the business nor do they have any personal financial interest, except as shareholders, in the matters to be recommended. The Company Secretary acts as Secretary to the Committee. The number of formal meetings held and the attendance by each member is shown in the table below. The Committee also held informal discussions as required.

	Number of meetings attended out of a potential maximum
Ian Tyler	2 out of 3
Seamus Keating	3 out of 3
Faisal Belhoul	3 out of 3

EXTERNAL ADVICE RECEIVED

During the year, the Committee received independent advice on remuneration matters from New Bridge Street (NBS), a trading name of Aon plc. The Committee also consulted with the CEO but not in relation to his own remuneration.

NBS is a member of the Remuneration Consultants Group and adheres to the Voluntary Code of Conduct in relation to executive remuneration consulting in the UK.

The fees paid to NBS for advice to the Committee from the date of listing onwards was £48,050. NBS also provided support to the Company prior to and in preparation for listing. No additional fees were paid by the Group to NBS or any other part of Aon plc in respect of other services.

SHAREHOLDER VOTING AT AGM

The 2013 Directors' Remuneration Report will be the first Directors' Remuneration Report for the Company.

Implementation of the Remuneration Policy for 2014

BASE COMPENSATION

The CEO's base compensation was reviewed on listing and, given the recency of this review, the Committee considered that no adjustment was required for 2014. By way of context, the Committee considered the increase in base compensation for the senior management team and the workforce generally, where the average increase across the Group will be 8%. Accordingly, base compensation for 2014 will be as follows:

	Base compensation from 1 January 2014 \$000	Base compensation from 1 January 2013 \$000	% increase
Dr. Kassem Alom ¹	382	382	(+0%)

¹ Dr. Kassem Alom's remuneration is paid in UAE Dirhams and reported in US\$ using an exchange rate of US\$1/AED3.67.

ANNUAL BONUS FOR 2014

Under the terms of his employment contract agreed at IPO, the CEO is ineligible to participate in the annual bonus plan for 2014. He will participate in the executive bonus plan from 2015 onwards.

For 2015 the annual bonus opportunity will be 150% of base compensation. The annual bonus will be assessed against financial and operational objectives, including measures of clinical excellence, to provide a rounded assessment of the Group and individual's performance.

50% of the bonus payable will be paid in cash and 50% will be deferred into shares. Clawback provisions will apply to both the cash and share elements.

LONG TERM INCENTIVE TO BE GRANTED IN 2014

The Committee intends to grant an LTIP award to the CEO in 2014 over shares with a value of 150% of base compensation. Vesting of 50% of the award will be based on EPS growth and the remaining 50% will be determined by TSR, with half of that amount measured relative to the FTSE World Healthcare Index and the other half against a tailored group of healthcare companies operating in markets similar to our own.

EPS and relative TSR are considered to be the most appropriate measures of long-term performance, in that they ensure the CEO is incentivised and rewarded for the financial performance of the Group as well as creating value for shareholders.

The award will be subject to clawback provisions.

Performance condition	Threshold target (25% vesting)	Stretch target (100% vesting)
EPS growth	6% per annum	15% per annum
TSR vs. World Healthcare Index	In line with index	8.5% per annum above the index
TSR vs. Healthcare sector peers	Median of peers	Upper quartile of peers

END OF SERVICE GRATUITY

As required under the UAE Labor Law, the Company accrues for the end of service gratuity entitlement in respect of the CEO, whereby the gratuity shall be 21 days' wages¹ for each year of the first five years of employment and 30 days' wages for each additional year of employment thereafter, on the condition that the total gratuity does not exceed two years' wages.

- (i) Wages include base salary but exclude all fixed cash allowances.

FEES FOR THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The Chairman and Non-Executive Directors' remuneration is determined by the Board, based on the responsibility and time committed to the Group's affairs and appropriate market comparisons. Individual Non-Executive Directors do not take part in discussions regarding their own fees. The Chairman and Non-Executive Directors receive no other benefits and do not participate in short-term or long-term reward schemes. A summary of the current fees and those for 2014 are set out below. No change to fees for 2014 was considered appropriate, since these levels were recently determined:

	Fee from 1 January 2014 £000	Fee from 1 January 2013 £000	% increase
Chairman	200	200	0%
Base fee	65	65	0%
Additional fees:			
Senior Independent Director	5	5	0%
Audit & Risk Committee Chair	10	10	0%
Remuneration Committee Chair	10	10	0%

DIRECTORS' REMUNERATION REPORT

CONTINUED

DIRECTORS' REMUNERATION EARNED IN 2013

The table below summarizes Directors' remuneration received in 2013.

		Base compensation ¹ and fees \$000	Benefits ² \$000	End of service gratuity \$000	Annual Bonus \$000	Long Term Incentives ³ \$000	Other \$000	Total Remuneration \$000
Executive Directors								
Dr. Kassem Alom ⁴	2013	382	155	27 ⁵	— ⁶	—	—	564
	2012	327	163	27 ⁵	—	—	—	517
		Fees £000						Total Remuneration £000
Non-Executive Chairman								
Ian Tyler	2013	114						114
	2012	—						—
Non-Executive Directors								
Seamus Keating ⁷	2013	46						46
	2012	—						—
William J. Ward ⁷	2013	43						43
	2012	—						—
Mubarak Matar Al Hamiri ⁷	2013	37						37
	2012	—						—
William S. Ward ⁸	2013	10						10
	2012	—						—
Sheikh Mansoor Bin Butti ^{7,9}	2013	—						—
	2012	—						—
Ahmad Nimer ^{7,9}	2013	—						—
	2012	—						—
Faisal Belhoul ^{7,9}	2013	—						—
	2012	—						—
Khaldoun Haj Hasan ^{8,9}	2013	—						—
	2012	—						—
Non-Executive Director Total	2013	250						250
	2012	—						—

¹ Base compensation includes base salary plus fixed cash allowances which are a normal part of the fixed remuneration package and usual local practice.

² Benefits include private medical insurance, the use of a company car and driver, car insurance, private fuel card, airfare tickets, housing and utility expenses.

³ No LTIP awards vested by reference to performance for the year ended 31 December 2013.

⁴ Dr. Kassem Alom's remuneration is paid in UAE Dirhams and reported in US\$ using an exchange rate of US\$1/AED 3.67.

⁵ End of service gratuity is the provision accrued for the year.

⁶ The CEO did not participate in the executive bonus plan for 2013.

⁷ Seamus Keating, William J. Ward, Mubarak Matar Al Hamiri, Sheikh Mansoor Bin Butti, Ahmad Nimer and Faisal Belhoul were appointed as Non-Executive Directors on 5 June 2013.

⁸ Khaldoun Haj Hasan and William S. Ward were appointed as Non-Executive Directors on 7 November 2013.

⁹ Sheikh Mansoor Bin Butti, Ahmad Nimer, Khaldoun Haj Hasan and Faisal Belhoul (all of whom are shareholder representatives) received no payment from the Company for their services as a Director.

LONG TERM INCENTIVE AWARDS GRANTED DURING THE YEAR AND DIRECTORS' INTERESTS IN SHARE PLAN AWARDS

No awards were granted to the CEO under the 2013 Long-term Incentive Plan, or another other plan, during the year.

As at 31 December 2013, the CEO has no interests in any long-term incentive awards.

DIRECTORS' INTERESTS IN ORDINARY SHARES

Through participation in performance linked share-based plans, there is strong encouragement for Executive Directors to build and maintain a significant shareholding in the business.

The Committee has adopted a formal policy requiring any executive director to build and maintain a shareholding in the Company equivalent to 200% of base compensation. Until this threshold is achieved they are required to retain no less than 50% of the net of tax value of any share award that vests. Dr. Kassem Alom exceeded this requirement throughout the year. The Chairman and Non-Executive Directors are encouraged to hold shares in the Company but are not subject to a formal shareholding guideline.

The beneficial interests of the Directors in the share capital of the company at 31 December 2013 was as follows:

	Beneficially owned at 31 Dec 2013	Beneficially owned at 31 Dec 2012	Outstanding LTIP awards	Outstanding DAB awards	Outstanding share awards	Shareholding requirement met?
Dr. Kassem Alom	12,216,039 ¹	–	–	–	–	Yes
Ian Tyler	–	–	–	–	8,695 ²	n/a
Seamus Keating	–	–	–	–	–	n/a
William J. Ward	–	–	–	–	–	n/a
William S. Ward	–	–	–	–	–	n/a
Mubarak Matar Al Hamiri	–	–	–	–	–	n/a
Sheikh Mansoor Bin Butti	–	–	–	–	–	n/a
Ahmad Nimer	–	–	–	–	–	n/a
Faisal Belhoul	–	–	–	–	–	n/a
Khaldoun Haj Hasan	–	–	–	–	–	n/a

¹ Number of shares following admission.

² On 20 June 2013 the Board granted Ian Tyler £50,000 ordinary shares at a share price of £5.75. The shares will vest net of any tax on the third anniversary of grant subject to continued employment.

³ There were no changes to the interests of the Directors in the ordinary shares of the Company in the period from 1 January 2014 to 2 March 2014.

⁴ Full details of the Directors' shareholdings and share allocations are given in the Company's Register of Directors' Interests, which is open to inspection at the Company's registered office during business hours.

DIRECTORS' PENSION ENTITLEMENT

The Company does not operate a pension scheme and accordingly no element of remuneration is pensionable.

PAYMENTS TO FORMER DIRECTORS

No payments were made to past executive directors during the year ended 31 December 2013.

PAYMENTS FOR LOSS OF OFFICE

No payments were made in respect of loss of office during the year ended 31 December 2013.

DIRECTORS' REMUNERATION REPORT

CONTINUED

PERCENTAGE CHANGE IN REMUNERATION LEVELS

The table below shows base compensation, benefits and annual bonus for the CEO in the 2013 financial year, compared to that for the average employees:

	% change
Chief Executive Officer	
Base compensation	0%
Benefits	(4.9)%
Bonus	0%
All employees	
Base compensation	11.5%
Benefits	27.1%
Bonus	1.2%

RELATIVE IMPORTANCE OF THE SPEND ON PAY

The table below shows the spend on staff costs in the 2013 financial year, compared to distributions to shareholders:

	2013 \$000	2012 \$000	% change
Staff costs	154,249 ¹	133,309	15.7%
Distributions to shareholders	17,189	N/A ²	N/A

¹ Excluding directors' fees and equity-settled share-based payment arrangements.

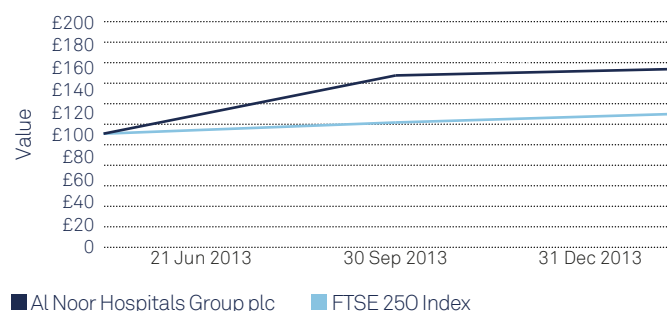
² The Company listed on 21 June 2013; distributions to shareholders prior to the listing have been excluded.

PERFORMANCE GRAPH AND CEO PAY

The graph below shows the growth in value of a notional £100 invested in the Company since inception compared to the FTSE 250 Index.

TOTAL SHAREHOLDER RETURN

source: Thomson Reuters



The total remuneration figures for the CEO during the 2013 financial year are shown in the table below. Consistent with the calculation methodology for the single figure for total remuneration, the total remuneration figure includes the total annual bonus award based on that year's performance and the LTIP award based on the three year performance period ending in the relevant year. The annual bonus payout and LTIP award vesting level as a percentage of the maximum opportunity are also shown for this year.

	Year ending 31 December	
	2013	2012
Chief Executive Officer	Dr. Kassem Alom	Dr. Kassem Alom
Total Remuneration \$000	564	517
Annual bonus %	–	–
LTIP vesting %	–	–

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The Directors' Remuneration Report, including both the Directors' Remuneration Policy and the Annual Report on Remuneration, was approved by the Board on 2 March 2014.

Ian Tyler

Chair of the Remuneration Committee

2 March 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts, including the consolidated financial statements and the Company financial statements, the Directors' Report, including the Remuneration Report and the Strategic Review, in accordance with applicable law and regulations. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company on a consolidated and individual basis and of the profit or loss of the Company on a consolidated basis for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is not appropriate to presume that the company will continue in business.

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 company's financial position and enable them to ensure compliance with the Companies Act 2006 ; they are also responsible for safeguarding the company's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors whose names and functions are listed on page 58 (Dr Kassem Alom only) and on pages 62 and 63 confirms that:

- to the best of their knowledge, the consolidated financial statements and the Company financial statements, which have been prepared in accordance with IFRS as issued by the IASB and IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company on a consolidated and individual basis;
- to the best of their knowledge, the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces; and
- they consider that 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.

By order of the Board

Ian Tyler

2 March 2014

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AL NOOR HOSPITALS GROUP PLC ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Al Noor Hospitals Group Plc for the year ended 31 December 2013 set out on pages 86 to 122. In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the group financial statements the risk of material misstatement that had the greatest effect on our group audit was as follows:

RECOGNITION OF REVENUE

Refer to page 67 (Audit & Risk committee report), page 94 (accounting policy) and page 104 (financial disclosures)

- The risk: Revenue is stated net of potential estimated insurance claims considered likely to be rejected from, inter alia, disputes with insurers over the medical necessity of services provided and administrative errors in claims processing. A small change in the group's estimate of the rejection rate could have a material impact on the income statement.
- Our response: Our audit procedures in this area included, amongst others:
 - Assessing the accuracy of the group's forecasting of rejection rates through a comparison of historic actual claims settled to the original gross claims on a sample basis. Such past experience gives a proxy rejection rate to be applied to current revenues enabling a comparison with the revenue recorded in the income statement. We use our understanding of current insurance practice and our review of historic trends in claim rejections to assess the appropriateness of using prior experience as a basis for forecasting;
 - Obtaining reconciliations of insurance claims agreed between the group and its insurance companies and assessing whether the latest positions were used by the group in forming the rejection rate estimate;
 - Testing the accuracy and completeness of underlying data to assess whether there was full capture of gross revenue. We tested IT system based controls to check the completeness of the daily transfer of data from the group's health information system (HIS) (where patient information is stored) to its enterprise resource planning module (ERP) where the general ledger is maintained. We also test the group's monthly reconciliation controls between HIS and ERP and between ERP and eClaims, which is the system where insurance claims are submitted for reimbursement; and
 - We have also considered the adequacy of the group's disclosures in respect of the recognition of revenue.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the group financial statements as a whole was set at US\$3.6 million. This has been determined with reference to a benchmark of underlying group profit before taxation (of which it represents 5%) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of US\$0.2 million, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The audit of the group financial statements and all subsidiaries is performed by a single team, with their work conducted at a single location (except for visits paid to regional clinics for the purposes of performing tests of controls or making enquiries of regional management). Accordingly, all subsidiaries were in-scope for the completion of the group audit.

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 90, in relation to going concern;
- the part of the Corporate Governance Statement on pages 60-69 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE OF REPORT AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities Statement set out on page 82, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London

2 March 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

	Note	2013 US\$'000	2012 US\$'000
Non-current assets			
Property and equipment	4	27,261	20,557
Intangible assets and goodwill	5	21,479	747
Deferred tax assets	23	134	–
Total non-current assets		48,874	21,304
Current assets			
Inventories	6	16,483	14,239
Trade and other receivables	8	85,887	83,889
Amounts due from related parties	7(d)	1,219	20
Short term deposit	10	–	5,450
Cash and cash equivalents	9	107,549	55,659
Total current assets		211,138	159,257
Total assets		260,012	180,561
Equity			
Share capital	11	18,076	–
Share premium reserve	11	693,549	–
Statutory reserve	11	4,114	4,114
Merger reserve	11	(700,009)	(128,092)
Retained earnings		160,089	121,066
Share option reserve	16	2,897	–
Equity attributable to owners of the Company		178,716	(2,912)
Non-controlling interest	11	1,477	–
Total equity/(deficit)		180,193	(2,912)
Non-current liabilities			
Trade and other payables	13	2,188	272
Bank loans	14	–	96,236
Employee benefits	15	11,430	8,385
Total non-current liabilities		13,618	104,893
Current liabilities			
Trade and other payables	13	63,372	44,603
Amounts due from related parties	7(c)	2,634	4,810
Bank overdraft	9	195	–
Bank loans	14	–	29,167
Total current liabilities		66,201	78,580
Total liabilities		79,819	183,473
Total equity and liabilities		260,012	180,561

These consolidated financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf on 2 March 2014 by:

Chairman

Chief Executive Officer

The notes on pages 90 to 122 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Note	For the year ended 31 December 2013			For the year ended 31 December 2012		
		Underlying US\$'000	Non- underlying US\$'000	Total US\$'000	Underlying US\$'000	Non- underlying US\$'000	Total US\$'000
Revenue	17	365,041	–	365,041	324,363	–	324,363
Cost of sales	18	(210,503)	–	(210,503)	(188,692)	–	(188,692)
Gross profit		154,538	–	154,538	135,671	–	135,671
Administrative expenses	19	(79,483)	(822)	(80,305)	(73,966)	–	(73,966)
Results from operating activities		75,055	(822)	74,233	61,705	–	61,705
Listing transaction costs	22	–	(6,134)	(6,134)	–	–	–
Finance cost	21	(5,094)	(2,881)	(7,975)	(2,444)	–	(2,444)
Finance income	21	1,412	–	1,412	1,220	–	1,220
Net finance cost		(3,682)	(2,881)	(6,563)	(1,224)	–	(1,224)
Profit for the year before tax		71,373	(9,837)	61,536	60,481	–	60,481
Taxation	23	134	–	134	–	–	–
Profit for the year		71,507	(9,837)	61,670	60,481	–	60,481
Other comprehensive income – Items that will never be reclassified to profit or loss:							
Re-measurement of defined benefit liability	15	(1,660)	–	(1,660)	–	–	–
Total comprehensive income for the year		69,847	(9,837)	60,010	60,481	–	60,481
Profit attributable to:							
Owners of the Company		71,228	(9,837)	61,391	60,481	–	60,481
Non-controlling interest	11	279	–	279	–	–	–
		71,507	(9,837)	61,670	60,481	–	60,481
Total comprehensive income attributable to:							
Owners of the Company		69,568	(9,837)	59,731	60,481	–	60,481
Non-controlling interest	11	279	–	279	–	–	–
		69,847	(9,837)	60,010	60,481	–	60,481
Earnings per share							
Basic earnings per share (cents)	26(a)	65.3	(9.0)	56.3	60.5	–	60.5
Diluted earnings per share (cents)	26(b)	65.2	(9.0)	56.2	60.5	–	60.5

The notes on pages 90 to 122 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to equity shareholders of the Company								
	Share capital US\$'000 (Note 11)	Share premium reserve US\$'000 (Note 11)	Statutory reserve US\$'000 (Note 11)	Merger reserve US\$'000 (Note 11)	Retained earnings US\$'000	Share option reserve US\$'000 (Note 16)	Total US\$'000	Non-controlling interest US\$'000 (Note 11)	Total equity/ (deficit) US\$'000
At 1 January 2013	–	–	4,114	(128,092)	121,066	–	(2,912)	–	(2,912)
Total comprehensive income:									
Profit for the year	–	–	–	–	61,391	–	61,391	279	61,670
Other comprehensive income (refer note 16)	–	–	–	–	(1,660)	–	(1,660)	–	(1,660)
Total comprehensive income	–	–	–	–	59,731	–	59,731	279	60,010
Transactions with owners of the Company:									
Contribution and distributions:									
Group restructuring (refer note 11)	15,467	556,450	–	(571,917)	–	–	–	–	–
Shares issued at IPO (refer note 11)	2,609	147,391	–	–	–	–	150,000	–	150,000
Equity settled share-based payment (refer note 16)	–	–	–	–	–	2,897	2,897	–	2,897
Listing transaction costs (refer note 22)	–	(10,292)	–	–	–	–	(10,292)	–	(10,292)
Dividends paid (refer note 12)	–	–	–	–	(20,708)	–	(20,708)	–	(20,708)
Total contribution and distribution	18,076	693,549	–	(571,917)	(20,708)	2,897	121,897	–	121,897
Changes in ownership interest:									
Acquisition of subsidiaries	–	–	–	–	–	–	–	1,198	1,198
At 31 December 2013	18,076	693,549	4,114	(700,009)	160,089	2,897	178,716	1,477	180,193
At 1 January 2012	–	–	4,087	8,175	91,188	–	103,450	–	103,450
Total comprehensive income:									
Profit for the year	–	–	–	–	60,481	–	60,481	–	60,481
Total comprehensive income	–	–	–	–	60,481	–	60,481	–	60,481
Transactions with owners of the Company:									
Contribution and distributions:									
Group restructuring	–	–	27	(27)	–	–	–	–	–
Dividends paid (refer note 12)	–	–	–	–	(30,603)	–	(30,603)	–	(30,603)
Share premium distribution (refer note 11)	–	–	–	(136,240)	–	–	(136,240)	–	(136,240)
At 31 December 2012	–	–	4,114	(128,092)	121,066	–	(2,912)	–	(2,912)

The notes on pages 90 to 122 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

	Note	2013 US\$'000	2012 US\$'000
Operating activities			
Profit for the year before tax		61,536	60,481
Adjustments for:			
Depreciation and amortisation	4,5	7,769	9,119
Other non-cash items		6	151
Finance costs	21	7,975	2,429
Interest income	21	(1,368)	(1,220)
Employee benefit charge	15	1,711	2,560
Listing transaction costs	22	3,802	–
Equity-settled share-based payment transactions	16	2,897	–
Provision for impairment loss on other receivables		58	228
(Reversal)/provision for impairment loss on amounts due from related parties		(848)	848
Acquisition related costs	30	507	–
Net cash from operating activities		84,045	74,596
Change in inventories	6	(1,977)	(67)
Change in trade and other receivables	8	(521)	(7,170)
Change in amounts due from related parties	7(d)	(351)	(4,748)
Change in trade and other payables	13	8,190	520
Change in amounts due to related parties	7(c)	(2,176)	(10,360)
Cash generated from operations		87,210	52,771
Employee benefits paid	15	(946)	(527)
Net cash generated from operating activities		86,264	52,244
Investing activities			
Interest received		1,513	1,220
Short term deposit	10	5,450	(5,450)
Payment for property and equipment	4	(12,280)	(6,730)
Payment for intangible assets	5	(7,043)	–
Investment in subsidiaries, net of cash acquired (including acquisition related costs)	30	(4,058)	(488)
Net cash used in investing activities		(16,418)	(11,448)
Financing activities			
Proceeds from issue of shares	11	150,000	–
Listing transaction costs	22	(14,094)	–
Loan from bank	14	–	125,844
Repayment of loan	14	(128,726)	–
Facility charges on loan		–	(3,590)
Interest paid		(4,623)	(1,870)
Dividend paid	12	(20,708)	(30,603)
Distribution of share premium	11	–	(136,240)
Net cash used in financing activities		(18,151)	(46,459)
Net increase/(decrease) in cash and cash equivalents		51,695	(5,663)
Cash and cash equivalents at 1 January	9	55,659	61,322
Cash and cash equivalents at 31 December	9	107,354	55,659

The notes on pages 90 to 122 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 STATUS AND ACTIVITY

Al Noor Hospitals Group Plc (the “Company” or “Parent”) is a Company which was incorporated in England and Wales on 20 December 2012. The Company is a public limited liability company operating mainly in the United Arab Emirates (“UAE”). The address of the registered office of the Company is C/O Capita Company Secretarial Services, 2nd Floor, Ibex House, 42-47 Minorities, London, EC3N 1DX. The registered number of the Company is 8338604. There is no ultimate controlling party.

The Company changed its name from Al Noor Hospitals Plc to Al Noor Hospitals Group Plc on 21 June 2013, when it also completed its Premium Listing on the London Stock Exchange.

The activities of the subsidiaries are the operation of medical hospitals and clinics and the sale of pharmaceuticals, medical supplies and related equipment. These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (collectively referred to as “the Group”) (refer note 3(a)).

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 2 March 2014 and the consolidated statement of financial position was signed on the Board’s behalf by the Chairman and the Chief Executive Officer.

The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement that form a part of these consolidated financial statements.

2 BASIS OF PREPARATION

Al Noor Holdings Cayman Limited (the previous parent company to the Group), a company incorporated in the Cayman Islands, issued financial statements for the year ended 31 December 2012 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Those financial statements were approved by the Board of Directors on 20 March 2013. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. Those financial statements were included in the short form section of the prospectus for the Initial Public Offering by the Company on 21 June 2013.

The financial information presented for the year ended 31 December 2013 and for the year ended 31 December 2012 essentially represents the financial performance and position of the same continuing business albeit that the parent company of the group has changed in both 2012 and 2013 as a result of group re-organisations.

On 14 June 2013, as part of a group re-organisation and as a necessary step to its Initial Public Offering on 21 June 2013, the Company issued 100 million shares to the shareholders of the previous parent company of the Group, Al Noor Holdings Cayman Limited (“ANHC”), in exchange for 100% of the issued shares of ANHC. This transaction has been treated as a common control transaction, i.e. there is no new business combination to be accounted for and book values have been used as the basis for the accounting.

The common control transaction which took place on 14 June 2013 to position the Company as the new parent of the group is treated, for accounting purposes, as if the Company had always been the parent company. The impact of this is to alter the equity section of the prior year’s statement of consolidated financial position.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (adopted IFRS) and the Companies Act 2006.

(b) Going Concern

These consolidated financial statements have been prepared on the going concern basis. At 31 December 2013, the Group had net assets amounting to USD 180.2 million, principally as a result of the proceeds from the Initial Public Offering on 21 June 2013 and net profit for the year ended 31 December 2013. At 31 December 2012, the Group had net liabilities of USD 2.9 million, largely as a result of distributions to shareholders. The Group is profitable, cash generative and has access to an undrawn committed borrowing facility of up to USD 81.7 million. Having considered the Group’s cash forecast for a period of 12 months from the date of signing the consolidated statement of financial position, the Directors have a reasonable expectation that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these consolidated financial statements. Thus, they continue to adopt the going concern basis in preparing the financial information.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except where adopted IFRS mandates that fair value accounting be required.

(d) Functional and presentation currency

The consolidated financial statements and financial information are presented in United States Dollar (US\$), rounded to the nearest thousand. The functional currency of the majority of the Group’s entities is the United Arab Emirates Dirham (AED) and is the currency of the primary economic environment in which the Group operates. The United Arab Emirates Dirham (AED) is currently pegged against the United States Dollar (USD) at a rate of 3.67 per US Dollar.

(e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Information about judgements, estimates and assumptions in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 17 – Revenue
- Note 8 – Provision for doubtful debts

(f) Non-underlying items in the consolidated statement of comprehensive income

Items that are usual or infrequent in nature are presented as non-underlying items in the income statement. The Directors are of the opinion that the separating of non-underlying items provides helpful information about the Group's underlying business performance. Non-underlying items included the following items:

- Acquisition related costs (*refer note 30*)
- Finance charges (*refer note 21*)
- First time registration fees in London Stock Exchange (*refer note 19*)

3 SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application 1 January 2013.

- Presentation of items of other comprehensive income (OCI) (Amendments to IAS 1)
- IFRS 13 Fair value Measurement
- IAS 19 Employee Benefits (2011)

The adoption of these standards and amendments to standards had no material effect on these consolidated financial statements.

(a) Basis of consolidation

(i) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3(e)). Any given bargain purchase is recognised in the profit and loss account immediately. Transaction

costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit and loss account.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is reclassified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in the profit and loss account.

Fair values in respect of identifiable assets and liabilities acquired through business combination are determined for measurement based on the following methods.

Plant and equipment

The fair value of items of plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

Inventories

The fair value of inventories is determined based on the estimated selling price in the ordinary course of business less estimated costs of sale.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Financial liabilities

The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(v) List of subsidiaries

The Company's effective shareholding in its subsidiary entities is set out below:

Name of the Company	Country of Incorporation	Beneficial interest	
		2013	2012
Al Noor Holdings Cayman Limited (ANHC) ¹	Cayman Islands	100.0%	–
ANMC Management Limited (ANMC) ²	Cayman Islands	100.0%	–
Al Al Noor Commercial Investment LLC (ANCI) ³	UAE	99.0%	–
Al Noor Golden Commercial Investment LLC (ANGCI) ⁴	UAE	99.9%	100.0%
Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC ⁵	UAE	99.9%	100.0%
Abu Dhabi Medical Services LLC ⁶	Sultanate of Oman	99.9%	100.0%
Al Noor Hospital Family Care Center – Al Mamoura LLC ⁷ (refer note 30)	UAE	99.9%	–
Al Madar Group LLC ⁸ (refer note 30)	UAE	74.9%	–
Manchester Clinic LLC ⁸ (refer note 30)	UAE	74.9%	–
British Urology Center LLC ⁸	UAE	99.9%	–

¹ Al Noor Hospitals Group Plc acquired 100% of share capital of ANHC on 14 June 2013.

Further, this company owns 48% of the issued share capital of ANGCI.

² Al Noor Hospitals Group Plc acquired 100% of share capital of ANMC on 14 June 2013.

Further, this company owns 1% of the issued share capital of ANGCI.

³ ANCI owns 51% of the issued share capital of ANGCI and 1% of share capital of Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC. Pursuant to a shareholders' agreement and a Muradaba agreement, 99% of its profit or loss should be distributed to ANHC.

⁴ ANGCI was incorporated and established on 25 July 2012 in the Emirate of Abu Dhabi, UAE. 48% of ANGCI's share capital is owned by ANHC.

⁵ ANGCI and ANCI acquired 99% and 1% of the issued share capital of Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC respectively.

⁶ In October 2012, Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC acquired 70% of Abu Dhabi Medical Services LLC's share capital. The other shareholder agreed to become a bare nominee for the Company resulting in the Company holding a 100% beneficial interest in Abu Dhabi Medical Services LLC.

⁷ Pursuant to a share sale and purchase agreement entered into in January 2013, Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC and ANGCI acquired a clinic, Al Noor Hospital Family Care Center – Al Mamoura LLC, formerly known as Solutions Medical Center LLC located in the Emirate of Abu Dhabi. The owners of Al Noor Hospital Family Care Center – Al Mamoura LLC are Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC (99%) and ANGCI (1%).

⁸ Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC and ANCI acquired 48% and 27% respectively of the issued share capital of Al Madar Group LLC and 75% of issued share capital of Manchester Clinic LLC on 31 October 2013. Further, Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC and ANCI acquired 73% and 27% respectively of issued share capital of British Urology Center LLC (also known as Manchester International Medical Center LLC) on the same date.

(vi) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date that the transfer occurred. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for the acquisition is recognised directly in equity.

Although legal control over the Group by the Company was only attained in 2013, the consolidated financial statements have been prepared as if the Company had always been the holding company and control is deemed to have been effective throughout the two year period presented.

(b) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss arising on the disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount with the difference being recognised in the profit and loss account.

(ii) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the profit and loss account as incurred.

(iii) Depreciation

Depreciation is based on cost of an asset less its residual value. Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful economic lives of each component of an item of property and equipment. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the lease will be renewed on expiry. The estimated useful lives for the current and comparative years are as follows:

Leasehold improvements	4 years
Medical equipment and tools	4-11 years
Furniture, fixtures and office equipment	4 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date and adjusted if appropriate. During the year ended 31 December 2013, the Group has reassessed the useful lives of its medical equipment and tools to be in the range of 4 – 11 years (31 December 2012: 5 years). The impact of this change in estimate is provided in note 4.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value and comprise pharmaceutical and medical supplies. Cost is calculated using the weighted average method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated selling and distribution expenses.

(d) Financial liabilities

Derivative financial liabilities, including hedge accounting

The Group from time to time holds derivative financial instruments to hedge its interest rate risk exposure. On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedge instrument and the hedge item, including the risk management objectives and strategy in undertaking the hedge transaction and hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within the range of 80% – 125%. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit and loss account incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect the profit and loss account, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised in the profit and loss account. The amount accumulated in equity is reclassified to the profit and loss account in the same period that the hedge item affects the profit and loss account. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or is exercised, or the designation is revoked, the hedge accounting is discontinued prospectively.

(e) Impairment

Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

(f) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and the risks specific to the liability.

(g) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit and loss account in the period during which services are rendered by employees. The Group did not operate or own a defined contribution plan during the year or as at the reporting date.

Monthly pension contributions are made in respect of UAE national employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi - Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Group currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Such benefits are based on the applicable provisions of the UAE Labour Law. The discount rate is the yield at valuation date, on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is the relevant proxy market as determined by the actuaries.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the profit and loss account on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit and loss account. The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income and all expenses related to defined benefit plans within the profit and loss account. Gains and losses on the curtailment or settlement of a defined benefit plan are recognised when the curtailment or settlement occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of a past service provided by the employee, and the obligation can be estimated reliably.

(iv) Share-based payments transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(h) Finance income and finance costs

Finance income comprises interest income on fixed deposits. Interest income is recognised as it is earned.

Finance costs comprise interest expense on borrowings, bank charges, the ineffective portion of financial derivatives and impairment losses recognised on financial assets (other than trade receivables) that are recognised in the profit and loss account. The unamortised facility costs written off as a result of the Company's IPO have been recognised under non-underlying items (refer to note 21).

(i) Revenue recognition

Revenue represents the invoiced value of medical services rendered and pharmaceutical goods sold during the year, and is stated net of discounts.

Revenue from the provision of medical services to inpatients and outpatients is recognised in the profit and loss account in proportion to the stage of completion of the medical service at the reporting date. As a result of the majority of patients having medical insurance cover, the Group's revenue is largely derived from insurers and therefore is stated net of potential estimated insurance claims likely to be rejected. The Group estimates potential insurance claim rejections based on historical trends and treats this as a discount which is recognised as a reduction of service revenue.

Revenue from the sale of pharmaceutical goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(j) Goodwill and other intangible assets

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets including software that is acquired by the Group having finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Software is amortised on a straight-line basis in the profit and loss account over its estimated useful life from the date that it is available for use. The estimated useful life of software is 4 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit and loss account as incurred.

(k) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Segments are disclosed based on the components of the entity that management monitors in making decisions about operating segments (the "management approach"). Such components are identified on the basis of internal reports that the entity's Chief Operating Decision Maker (CODM) reviews regularly. All operating segments' results are reviewed by the Group's CODM to make decisions about resources to be allocated to the segments and assess their performance, for which discrete financial information is available.

(l) Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

(m) Lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(n) Listing transaction costs

Transaction costs of the Initial Public Offer (IPO) that are directly attributable to the issue of new shares are accounted for as a deduction from share premium. Cost relating to the issue of existing shares are expensed in the profit and loss account. Marketing costs for the IPO do not meet the definition of directly attributable expenses and are therefore expensed through the statement of profit or loss under non-underlying items together with the indirect costs related to the IPO as appropriate.

(o) New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the period ended 31 December 2013 have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on these

consolidated financial statements of the Group, except for IFRS 9 “*Financial instruments*” which could change the classification and measurement of the financial assets. The full extent of the impact has not yet been determined.

4 PROPERTY AND EQUIPMENT

During the year ended 31 December 2013, the Group reassessed the useful lives of its medical equipment and tools to be in the range of 4-11 years (31 December 2012: 5 years). The effect of these changes on actual and expected depreciation expense, included in ‘cost of sales’ and ‘administrative expenses’, was as follows:

	2013	2014	2015	2016	2017	Later
Increase/(decrease) in depreciation expenses (US\$’000)	(1,468)	(430)	306	440	538	614

Depreciation is included in the following captions:

	2013 US\$’000	2012 US\$’000
Cost of sales	5,983	7,562
Administrative expense	1,637	1,557
	7,620	9,119

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	Leasehold improvement US\$'000	Medical equipment and tools US\$'000	Furniture, fixtures and office equipment US\$'000	Motor vehicles US\$'000	Capital work in progress US\$'000	Total US\$'000
Cost						
At 1 January 2012	4,434	44,527	9,506	1,758	–	60,225
Acquisition through business combinations	–	167	–	–	–	167
Additions	399	4,436	1,857	38	–	6,730
Write-offs	–	(34)	(54)	(81)	–	(169)
At 31 December 2012	4,833	49,096	11,309	1,715	–	66,953
At 1 January 2013	4,833	49,096	11,309	1,715	–	66,953
Additions	1,520	7,444	1,814	300	1,202	12,280
Acquisition through business combinations (refer note 30)	883	3,597	282	9	350	5,121
Transfers	774	65	49	–	(888)	–
Transferred to intangible assets (refer note 5)	–	–	(1,305)	–	–	(1,305)
Write-offs	–	(228)	–	(490)	–	(718)
Reclassification	–	(86)	–	86	–	–
At 31 December 2013	8,010	59,888	12,149	1,620	664	82,331
Accumulated depreciation						
At 1 January 2012	3,122	26,405	6,558	1,337	–	37,422
Charge for the year	852	6,707	1,366	194	–	9,119
Write-offs	–	(32)	(32)	(81)	–	(145)
At 31 December 2012	3,974	33,080	7,892	1,450	–	46,396
At 1 January 2013	3,974	33,080	7,892	1,450	–	46,396
Acquisition through business combinations (refer note 30)	220	1,961	105	1	–	2,287
Charge for the year	598	5,401	1,427	194	–	7,620
Transferred to intangible assets (refer note 5)	–	–	(521)	–	–	(521)
Write-offs	–	(227)	–	(485)	–	(712)
Reclassification	–	(56)	–	56	–	–
At 31 December 2013	4,792	40,159	8,903	1,216	–	55,070
Carrying amounts						
At 31 December 2013	3,218	19,729	3,246	404	664	27,261
At 31 December 2012	859	16,016	3,417	265	–	20,557

5 INTANGIBLE ASSETS AND GOODWILL

	Goodwill US\$'000	Software US\$'000	Software under Development US\$'000	Total US\$'000
Costs				
At 1 January 2012	–	–	–	–
Additions	747	–	–	747
At 31 December 2012	747	–	–	747
At 1 January 2013	747	–	–	747
Acquisition through business combinations (refer note 30)	13,046	9	–	13,055
Transferred from property and equipment (refer note 4)	–	1,305	–	1,305
Additions	–	50	6,993	7,043
Transfers	–	295	(295)	–
At 31 December 2013	13,793	1,659	6,698	22,150
Amortisation/impairment				
At 1 January 2012	–	–	–	–
Charge during the year	–	–	–	–
At 31 December 2012	–	–	–	–
At 1 January 2013	–	–	–	–
Acquisition through business combinations (refer note 30)	–	1	–	1
Transferred from property and equipment (refer note 4)	–	521	–	521
Charge during the year	–	149	–	149
At 31 December 2013	–	671	–	671
Carrying amounts				
At 31 December 2013	13,793	988	6,698	21,479
At 31 December 2012	747	–	–	747

GOODWILL

(a) On 9 October 2012, the Group acquired a clinic in the Sultanate of Oman. There are no material separate tangible and intangible assets and therefore the majority of the purchase consideration is for goodwill, representing the location and future earning potential of the clinic. Operation of this clinic has started during the year.

(b) In February 2013, the Group acquired a clinic, Al Noor Hospital Family Care Center – Al Mamoura LLC, formerly known as Solutions Medical Center LLC located in the Emirate of Abu Dhabi (refer note 30). There are no material separately identifiable tangible and intangible assets and therefore the majority of the purchase consideration is for goodwill, representing the location and future earning potential of the clinic. Operation of this clinic has started during the year.

(c) On 31 October 2013, the Group acquired 75% of the shares and voting interests in Al Madar Group LLC and Manchester Clinic LLC (refer note 30). There are no material separate tangible and intangible assets and therefore the majority of the purchase consideration is for goodwill, representing the location and future earning potential of the clinic.

The majority of the Group's goodwill balance is generated from the acquisition of Al Madar Group LLC and Manchester Clinic LLC. In the two months to the year end, the entities performed as expected and no indications of impairment of the goodwill have been identified at 31 December 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6 INVENTORIES

	2013 US\$'000	2012 US\$'000
Pharmacy items	11,771	10,528
Consumables	4,803	4,111
	16,574	14,639
Less: allowance for inventory obsolescence	(91)	(400)
	16,483	14,239

The movement in the allowance for inventory obsolescence during the year was as follows:

	2013 US\$'000	2012 US\$'000
At 1 January	400	463
Provided during the year	–	127
Written off	(309)	(190)
At 31 December	91	400

Management has estimated the recoverability of inventory balances and considered the allowance required for inventory obsolescence based on the current economic environment and past obsolescence history.

7 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the parent, the ultimate parent, the Shareholders, key management personnel and those entities over which the parent, the ultimate parent, the directors or the Group can exercise significant influence or which can significantly influence the Group. In the ordinary course of business, the Group receives goods and services from, and provides goods and services to, such entities on rates, terms and conditions agreed upon by management.

(a) Key management personnel compensation:

The compensation of key management personnel during the year was as follows:

	2013 US\$'000	2012 US\$'000
Salaries and short-term benefits for C level executives*	3,050	2,221
Directors' emoluments	448	–
End of service benefits	175	66
Equity-settled share-based payment transactions (refer note 16)	565	–

* Key management personnel include C level executives and hospital directors.

(b) Other related party transactions:

	2013 US\$'000	2012 US\$'000
Rent expenses	10,885	10,154
Purchases	7,880	6,239
Revenue	444	318

(c) Amounts due to related parties:

	2013 US\$'000	2012 US\$'000
Al Saqar Property Management Establishment	1,153	4,035
Gulf & World Traders LLC	925	475
Al Bahiya Trading & Services Est.	284	137
Pharma World LLC	148	142
Safe Travel Establishment	124	21
	2,634	4,810

The above amounts due to related parties is non-interest bearing and repayable on demand.

(d) Amounts due from related parties:

	2013 US\$'000	2012 US\$'000
Amount due from a shareholder	1,219	–
ANMC Management Limited	–	20
	1,219	20

8 TRADE AND OTHER RECEIVABLES

	2013 US\$'000	2012 US\$'000
Trade receivables	69,721	73,400
Staff advances and other receivables	11,141	6,170
Prepayments	5,025	4,319
	85,887	83,889

The average credit period on the sale of goods or fees for the provision of services is 45-60 days. No interest is charged on trade and other receivables. Trade and other receivable balances that are past due are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

Before accepting any new customers, the Group assesses the potential credit quality of the customer. Out of the trade receivables balance at the end of the year, US\$62.3 million representing 89% of the total trade receivables (31 December 2012: US\$67.8 million representing 92% of the total trade receivables) is due from insurance companies.

Ageing of trade receivables:

	2013 US\$'000	2012 US\$'000
Not past due	60,894	53,814
Due for 1 to 30 days	8,827	16,098
Due for 31 to 60 days	–	3,488
	69,721	73,400

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9 CASH AND CASH EQUIVALENTS

	2013 US\$'000	2012 US\$'000
Cash in hand	162	130
Cash at bank	39,128	8,387
Term deposit	68,259	47,142
	107,549	55,659
Bank overdraft	(195)	–
Total cash and cash equivalents for cash flow purpose	107,354	55,659

10 SHORT TERM DEPOSIT

	2013 US\$'000	2012 US\$'000
Fixed deposit	–	5,450

The maturity date of the deposit at 31 December 2012 was more than 3 months and the effective interest rate on the deposit was 3.25%.

11 EQUITY

	2013 US\$'000	2012* US\$'000
Al Noor Hospitals Group Plc		
Issued and fully paid 116,866,203 shares of GBP 10 pence each (converted to US\$ at 1.5467)	18,076	–

* Issued and fully paid 100 shares of AED 0.0001 each (converted to US\$ at 3.67).

Movement of issued share capital and share premium:

	Number of shares (000)	Ordinary shares US\$'000	Share premium US\$'000	Total US\$'000
At 1 January 2013	–	–	–	–
Issue of new shares ¹	100,000	15,467	556,450	571,917
Issue of new shares – IPO ²	16,866	2,609	147,391	150,000
Less: flotation cost ³ (refer note 22)	–	–	(10,292)	(10,292)
At 31 December 2013	116,866	18,076	693,549	711,625

¹ The Group was restructured on 14 June 2013 when the Company acquired its investment in Al Noor Holdings Cayman Limited ("ANHC") by way of a share for share exchange with the shareholders of ANHC being identical to the shareholders of the Company. 100,000,000 shares were issued to the shareholders of the ANHC creating share premium of US\$556,450 thousand.

² On 21 June 2013, Al Noor Hospitals Group Plc completed its Premium Listing on the London Stock Exchange and raised US\$150,000 thousand from the issue of 16,866 thousand new ordinary shares, thereby diluting existing shareholders' equity interest to 85.57%.

³ During the year ended 31 December 2013 costs of US\$16,426 thousand were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US\$10,292 thousand has been deducted from the share premium account and US\$6,134 thousand has been charged to the consolidated statement of profit or loss in accordance with the requirements of IAS 32 – Financial Instruments: Disclosure and Presentation (refer note 22).

Merger reserve

As at 1 January 2013, the merger reserve represents the difference between the consolidated net assets of Al Noor Holdings Cayman Limited and the retained earnings and statutory reserve of the Group at 31 December 2012. On 14 June 2013, a group re-organisation occurred when the Company acquired Al Noor Holdings Cayman Limited in a share for share exchange which has been accounted for as a common control transaction. 100,000,000 new ordinary shares of GBP 10p were issued out of merger reserve on acquisition creating share premium of US\$556,450 thousand based on the cost of acquisition of Al Noor Holdings Cayman Limited.

Share premium reserve

Share Premium represents the difference between the new shares listed on the London Stock Exchange at £5.75 and the par value of £0.10. In addition, the share premium was created upon the group reorganisation when the Company acquired Al Noor Holdings Cayman Limited. In 2012, the Group had distributed US\$136,240 thousand from share premium account to its previous shareholders in accordance with a Board resolution dated 14 October 2012.

Other class of shares outstanding as at 31 December 2013

	No. of shares	Amount US\$
Preference shares (redeemable non-voting)	50,000	77,335
Subscriber shares	10	2

Statutory reserve

The Statutory reserve is a reserve which is made in the financial statements of individual subsidiaries in accordance with UAE Federal Law No. 8 of 1984 (as amended). This amount is not available for distribution.

Non-controlling interest

	2013 US\$'000	2012 US\$'000
At 1 January	–	–
Share of total net assets	1,198	–
Share of results for the year	279	–
At 31 December	1,477	–

12 DIVIDENDS

The Company (or its predecessor) paid dividends to Shareholders as set out below:

	2013 US\$'000	2012 US\$'000
Dividend paid*	20,708	30,603

* This dividend was paid to previous owners of the Group on 20 March 2013.

Proposed final dividend for the year to 31 December 2013 at 14.709cents per share (2012: nil)**	17,189	–
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** The proposed final dividend for the year ended 31 December 2013 is subject to approval by equity shareholders of the Company and hence has not been included as a liability in the consolidated financial statements at 31 December 2013.

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13 TRADE AND OTHER PAYABLES

	2013 US\$'000	2012 US\$'000
Trade payables	33,549	28,187
Accrued liabilities	17,333	14,623
Other payables	3,377	1,739
Amounts payable for investment in subsidiaries*	11,240	–
Financial liability	61	326
	65,560	44,875

Trade and other payables are repayable as follows:

	2013 US\$'000	2012 US\$'000
Within one year	63,372	44,603
After one year	2,188	272
	65,560	44,875

The average credit period on the purchase of goods is 60-90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame (refer to note 28(d) for liquidity risk analysis).

* Amounts payable for investment in subsidiaries include an amount of USD 2.8 million as contingent consideration on the acquisition of Al Madar Group LLC (refer to note 30).

14 BANK LOANS

	2013 US\$'000	2012 US\$'000
Term loan	–	125,403
Disclosed as:		
Current portion	–	29,167
Non-current portion	–	96,236
	–	125,403

The Group obtained a syndicated term loan amounting to US\$136 (AED 500) million from Standard Chartered Bank, HSBC Middle East and Mashreq Bank during the year ended 31 December 2012. This loan has been fully repaid during the year ended 31 December 2013 and accordingly the unamortised facility cost incurred on this loan was charged in full in the statement of profit or loss during the year under non-underlying items, amounting to US\$2,880 thousand (refer to note 21).

The Group entered into a facility agreement for a term loan of US\$40,840 thousand and US\$40,872 thousand (AED 150,000 thousand) on 21 May 2013 to provide working capital for the Group. This facility was not drawn as at 31 December 2013.

15 EMPLOYEE BENEFITS

The Group's obligation in respect of retirement benefits is recognised in the statement of financial position at the present value of the defined benefit at the end of the reporting period, including any adjustments for past service costs. The defined benefit plan is unfunded.

The following are the principal actuarial assumptions at the respective reporting date (expressed as weighted averages):

	2013	2012
Discount rate at 31 December	4.25%	3.50%
Future salary increases	3.50%	3.00%
Average retirement age	55 years	55 years
Annual turnover rate	9.00%	9.00%

	2013 US\$'000	2012 US\$'000
Benefit obligation	11,430	8,385
Unrecognised net actuarial gain/(loss)	–	–
Unrecognised past service benefit/(cost)	–	–
Total employee benefit liability	11,430	8,385

Movement in the present value of the defined benefit obligation:

	2013 US\$'000	2012 US\$'000
End of service benefit obligation at 1 January	8,385	6,352
Acquisition through business combinations (refer note 30)	620	–
Included in the statement of profit and loss:		
Current service costs and interest	1,711	1,417
Benefits paid	(946)	(527)
Loss on re-assessment	–	1,143
Included in other comprehensive income:		
Actuarial loss	1,660	–
End of service benefit obligation at 31 December	11,430	8,385

The expense is recognised in the following line items in the consolidated statement of profit and loss account

	2013 US\$'000	2012 US\$'000
Current service costs	1,417	1,111
Interest on obligations	294	306
Loss on re-assessment	–	1,143
	1,711	2,560

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The expense is recognised in the following line items in the consolidated statement of profit and loss account:

	2013 US\$'000	2012 US\$'000
Cost of sales	1,243	1,524
Administrative expenses	468	1,036
	1,711	2,560

Historical information:

	2013	2012	2011	2010	2009
Present value of the defined benefit obligations (US\$'000)	11,430	8,385	6,352	5,183	3,179
Discount rates	4.25%	3.50%	4.25%	5.00%	5.50%

The Group expects service costs of US\$1,917 thousand and interest costs on obligation of US\$382,000 for the year ending 31 December 2014.

Sensitivity analysis:

	Increase	2013 US\$'000 Decrease	Increase	2012 US\$'000 Decrease
Discount rate (1% movement)	(782)	305	(414)	458
Future salary increases (1% movement)	304	(790)	470	(433)

16 EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENTS

On 26 June 2013, the Group established an equity-settled share-based payment arrangement under the Company's Long Term Incentive Plan (LTIP) that entitles selected key management personnel to be awarded with shares of the Company. No consideration was paid for granting of the awards, which are structured as conditional awards as explained below.

The awards will vest in two equal tranches: one tranche is subject to the satisfaction of a performance conditions set by Remuneration Committee of the Group, measure over a performance period of three financial years ending 31 December 2015; the second tranche will vest on 31 December 2016 provided the participant remains employed by the Group on that date.

The fair value of the above arrangement has been measured based on the quoted share price of the Group available on the London Stock Exchange at grant date of the above awards. As at 31 December 2013, no shares have been forfeited and it is assumed that all the shareholders under the above arrangement will satisfy all the performance conditions set by Remuneration Committee of the Group.

Furthermore, the Board approved a share award to senior management in relation to the IPO. No consideration was paid for granting of the awards, which are structured as non-conditional awards and granted as at the date of the IPO. The fair value of this arrangement has been measured based on the quoted share price of the Group available on the London Stock Exchange at grant date of the awards.

17 REVENUE

	2013 US\$'000	2012 US\$'000
Inpatient	90,563	83,373
Outpatient	274,478	240,990
	365,041	324,363

Revenue is stated after potential insurance claim rejections and discounts provided to insurance companies. Management estimates these claim rejections based on historic trends, its experience in dealing with insurance companies and the current economic environment. The actual rejected claims in the past have not differed materially from those estimated by management.

18 COST OF SALES

Cost of sales, analysed by category, is as follows:

	2013 US\$'000	2012 US\$'000
Cost of medicine and consumables	86,488	82,806
Medical staff cost	118,032	98,324
Depreciation	5,983	7,562
	210,503	188,692

19 ADMINISTRATIVE EXPENSES

Administrative expenses, analysed by category, are as follows:

	Underlying	
	2013 US\$'000	2012 US\$'000
Other administrative expenses	23,264	21,846
Rent expenses	16,094	14,868
Staff costs	37,230	35,149
Depreciation and amortisation	1,788	1,557
Selling and distribution expenses	1,107	546
	79,483	73,966
	Non-Underlying	
Non-underlying administrative expenses*	822	–
Total administrative expenses	80,305	73,966

*Non-underlying administrative expenses is included the following items:

	2013 US\$'000	2012 US\$'000
Acquisition related costs	507	–
First time registration fees in London Stock Exchange	315	–
	822	–

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20 STAFF COSTS AND DIRECTORS' EMOLUMENTS

The average number of persons employed by the Group during the year, analysed by category, is as follows:

	2013	2012
Medical staff	2,003	1,671
Administrative staff	1,658	1,624
	3,661	3,295

The aggregate payroll costs of these persons including key management personnel and contracted outside doctors were as follows:

	2013 US\$'000	2012 US\$'000
Wages and salaries	130,871	112,646
End of service benefits (<i>refer note 15</i>)	1,711	2,560
Directors' emoluments	448	–
Equity-settled share-based payment transactions (<i>refer note 16</i>)	565	–
Fees paid to contracted outside doctors	21,667	18,267
	155,262	133,473

21 NET FINANCE COST

	Underlying	
	2013 US\$'000	2012 US\$'000
Finance income		
Interest income	1,368	1,220
Foreign currency exchange gain	44	–
	1,412	1,220
Finance expenses		
Interest expense	(3,898)	(1,870)
Foreign currency exchange loss	–	(15)
Ineffective portion of hedge	(29)	(326)
Finance charges	(1,167)	(233)
	(5,094)	(2,444)
Net finance cost – underlying	(3,682)	(1,224)
	Non-underlying	
	2013 US\$'000	2012 US\$'000
Finance expenses		
Finance charges (<i>refer note 14</i>)	(2,881)	–
Net finance cost – non-underlying	(2,881)	–
Total net finance costs	(6,563)	(1,224)

22 LISTING TRANSACTION COSTS

	2013 US\$'000	2012 US\$'000
Listing transaction costs recognised in the profit and loss account (<i>non-underlying</i>)*	6,134	–
Listing transaction costs recognised in share premium reserve (<i>refer note 11</i>)	10,292	–
	16,426	–

* included in the listing transaction costs recognised in the profit and loss account is USD2.3 million for share awards to management that are recognised as a share based payment expense (refer to note 16).

Transaction costs arising on the issue of equity instruments do not include indirect costs, such as the costs of management time and administrative overheads, or allocation of internal costs that would have been incurred had the shares not been issued. Transaction costs of the Initial Public Offer (IPO) that are directly attributable to issue of new shares are accounted for as a deduction from share premium. Cost relating to the issue of existing shares are expensed in the profit and loss account.

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

23 TAXATION

The Group operates solely in the United Arab Emirates and Sultanate of Oman. There is no corporate or other tax in the United Arab Emirates ("UAE") and therefore the Group has no tax liability arising in the UAE.

In the Sultanate of Oman, the Group's operations have reported a loss for the year ended 31 December 2013 and accordingly a deferred tax asset amounting to US\$134,000 has been recognised in the profit and loss account as at 31 December 2013.

The Group's parent company is registered in the UK and has recorded a loss for the year ended 31 December 2013. No deferred tax asset has been accounted for as recovery of this loss against future UK tax profit is uncertain.

24 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 by the Group.

	2013 US\$'000	2012 US\$'000
Fees paid and accrued to the Company's auditor for the Company's annual accounts	285	144
Fees paid and accrued to the Company's auditor for the other services:		
– audit related assurance	202	34
– other assurance services and corporate finance services	1,380	161
– non audit services	235	33
Total auditor's remuneration	2,102	372
Offset against share premium	(605)	–
Total recognised in the consolidated statement of profit or loss	1,497	372

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

Of total fees payable to the auditor in 2013, US\$251,000 was payable to KPMG LLP, in the United Kingdom, and the remainder was payable to an associate of the auditor based in the UAE.

All the 2012 fees were paid to an associate of the auditor based in the UAE and this has been paid for the audit of annual accounts of Al Noor Holdings Cayman Limited as it was the parent company of the Group in 2012.

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25 CONTINGENT LIABILITIES AND COMMITMENTS

	2013 US\$'000	2012 US\$'000
Bank guarantees	2,786	3,143
Letters of credit	–	681
Capital commitment	3,501	4,253

The above bank guarantees were issued in the normal course of business.

The Group defends various legal claims raised against it in the normal course of business. Where it considers that it is probable that it will settle a claim, management estimate the likely amount of settlement and provide accordingly. Claims that are considered remote or only possible represent contingent liabilities of the Group. If the Group's defense against these contingent liabilities is not successful, the Group may ultimately become liable for settlement. The Group's Medical Malpractice Insurance Policy covers all settlements made by the Group subject to insurance deductibles and the overall coverage provided by the policy. The Board of Directors and Management do not expect actions arising from the claims currently classified as contingent liabilities to have a material effect on the Group's future financial position.

26 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding.

	2013	2012
Profit for the year (US\$'000)	61,391	60,481
Weighted-average number of ordinary shares (basic)	108,965	100,000

(b) Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding after adjustments for the effect of all dilutive potential ordinary shares.

	2013	2012
Profit for the year (US\$'000)	61,391	60,481
Weighted-average number of ordinary shares (diluted)	109,240	100,000
<i>Weighted-average number of ordinary shares (diluted) is calculated as follows:</i>		
Weighted-average number of ordinary shares (basic)	108,965	100,000
Effect of equity-settled share-based payment arrangement	275	–
Weighted-average number of ordinary shares (diluted) as at 31 December	109,240	100,000

27 OPERATING LEASES

Total commitments under operating leases which expire in the following time period are:

	2013 US\$'000	2012 US\$'000
Less than one year	16,863	14,451
Between one and five years	54,104	43,243
More than five years	150,003	166,458
	220,970	224,152

The Group leases a number of premises under operating leases with an option to renew the lease after that date. The majority of the above rent is paid to a related party of the Group (refer to note 7(b)).

28 FINANCIAL INSTRUMENTS

(a) Capital management

The Board's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. In recent years, the Group has been strongly cash generative and this has allowed the Board to declare dividend payments in each of the last two years. The Company raised US\$150 million from Premium Listing on the London Stock Exchange during the year. Accordingly, the capital based has increased by the same amount.

The Group entered into a new banking arrangement which funded this distribution and the Board is confident that the ability of the business to generate cash will be sufficient to meet the repayment terms for the debt as well as providing sufficient new capital out of profits to allow the business to operate effectively. The Board's policy is to develop and maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. The Board believes that the Group can sustain an amount of debt so as to be financially efficient and regularly reviews its optimal target gearing ratio. In the event that the Group wishes to undertake any significant expansion requiring the raising of new capital, the Board will carefully consider what the appropriate ratio of debt to equity should be.

Retained earnings, cash reserves and bank facilities available to the Group are used within the business and are considered to be the capital of the Group.

(b) Financial risk management objectives

The Group is exposed to the following risks related to financial instruments-credit risk, liquidity risk, foreign currency risk and interest rate risk. During the current year, the Group does not enter into or trade in any new financial instruments, investments in securities, including derivative financial instruments, for speculative or risk management purposes.

(c) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2013 US\$'000	2012 US\$'000
Trade and other receivables	8	80,862	79,570
Cash and cash equivalents	9	107,387	55,529
Amounts due from related parties	7(d)	1,219	20
Short term deposit	10	–	5,450
		189,468	140,569

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group, and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties; significant revenue is generated by dealing with high profile customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have a low credit risk of default since these banks are highly regulated by the central bank of the United Arab Emirates.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. All balances with banks represent local and international commercial banks. The fixed deposits accounts are made in various local and international commercial banks. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations generally approximates their carrying value.

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(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors of the Group, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The table below summarises the maturity profile of the Group's non-derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the end of reporting period to the contractual repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the liabilities at the end of reporting period based on existing contractual repayment arrangements was as follows:

	Carrying amount US\$'000	Contractual cash flows US\$'000	1 year or less US\$'000	More than 1 year US\$'000
31 December 2013				
Trade and other payables	65,560	(65,560)	(63,372)	(2,188)
Amounts due to related parties	2,634	(2,634)	(2,634)	–
Bank overdraft	195	(195)	(195)	–
	68,389	(68,389)	(66,201)	(2,188)
31 December 2012				
Trade and other payables	44,875	(44,875)	(44,603)	(272)
Amounts due to related parties	4,810	(4,810)	(4,810)	–
Bank loans	128,726	(144,501)	(31,833)	(112,668)
	178,411	(194,186)	(81,246)	(112,940)

(e) Foreign currency risk management

The Group does not have any significant exposure to currency risk as most of its assets and liabilities are denominated in UAE Dirhams or in US Dollars, the latter being currently pegged to the UAE Dirham at a fixed rate of exchange of 3.67 AED/US\$.

(f) Interest rate risk

The Group adopts a policy of ensuring that at any time at least 50% of the debt exposure to changes in interest rate on borrowings of the Group is hedged, provided the total debt exceeds US\$25 million. The Group has not entered into any new hedge contract during the year ended 31 December 2013.

The Group has recognised the ineffective portion amounting to US\$29,000 (31 December 2012: US\$326,000) of the hedge in the profit and loss account during the year ended 31 December 2013 as part of net finance cost. This hedging transaction was fully settled as at 31 December 2013 as the underlying hedge item was already paid off.

Fair value of financial instruments

Management considers that the fair values of financial assets and financial liabilities approximate their carrying amounts as stated in the consolidated financial statements.

As at 31 December 2013 and 2012, the Group did not have any material financial assets and liabilities that are measured subsequent to initial recognition at fair value.

29 OPERATING SEGMENTS

The Group has the following major reportable segments, which are the Group's strategic business units for which the Group's CODM reviews internal management reports. The Group operates in the Emirate of Abu Dhabi, Dubai and the Sultanate of Oman and the following summary describes the operations in each of the Group's reportable segments:

Reportable segments	Operations
Central region	Operation of hospitals, clinics and pharmacies in Abu Dhabi. The hospitals cater to both inpatient and outpatient care.
Western and Eastern region	Operation of hospitals, clinics and pharmacies in Abu Dhabi. The hospitals cater to both inpatient and outpatient care.
International	Operation of clinic and pharmacies in the Sultanate of Oman. The clinic caters to outpatient care.
Northern Emirates	Operation of clinic and physiotherapy in Dubai. The clinic caters to outpatient care.

Performance is measured based on segment profit as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of each segment.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. As a result of the Group's liabilities not being directly reviewed by the Group's CODM, segment liabilities have not been disclosed in the consolidated financial statements.

Information about reportable segments:

	Central region US\$'000	Western and eastern region US\$'000	International US\$'000	Northern Emirates US\$'000	Total US\$'000
31 December 2013					
Revenue	277,751	86,866	30	253	364,900
Net profit/(loss)	78,708	19,886	(784)	(16)	97,794
Interest expense	(227)	(38)	(2)	(5)	(272)
Depreciation	(4,998)	(2,054)	(51)	(26)	(7,129)
Capital expenditure	7,530	3,597	427	–	11,554
Segment total assets	81,166	38,654	2,392	5,516	127,728
31 December 2012					
Revenue	251,046	73,133	–	–	324,179
Net profit	70,241	11,082	–	–	81,323
Interest expense	(227)	(23)	–	–	(250)
Depreciation	(6,097)	(2,666)	–	–	(8,763)
Capital expenditure	4,517	1,156	–	–	5,673
Segment total assets	76,021	23,835	915	–	100,771

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Reconciliations of reportable segment revenue, net profit and segment total assets:

	2013 US\$'000	2012 US\$'000
Revenue		
Total revenue for reportable segments	364,900	324,179
Other revenue	141	184
Total revenue for the year	365,041	324,363
	2013 US\$'000	2012 US\$'000
Net profit		
Total net profit for reportable segments	97,794	81,323
Other loss	–	(11)
Other income	242	2
Interest income	1,412	1,220
Unallocated corporate expenses:		
Depreciation	(642)	(356)
Interest expenses	(7,703)	(2,179)
Other expenses	(23,299)	(19,518)
Listing transaction costs	(6,134)	–
Net profit for the year	61,670	60,481
	2013 US\$'000	2012 US\$'000
Total assets		
Total assets for reportable segments	127,728	100,771
Unallocated assets:		
Short term deposit	–	5,450
Cash and cash equivalents	107,549	55,659
Head office assets	23,516	18,661
Amounts due from a related party	1,219	20
Total assets	260,012	180,561

Reconciliations of reportable segment revenue, net profit and segment total assets:

	Reportable segment totals US\$'000	Adjustments US\$'000	Total US\$'000
Other material items for the year ended 31 December 2013			
Interest expenses	(272)	(7,703)	(7,975)
Depreciation and amortisation	(7,129)	(640)	(7,769)
Capital expenditure	11,554	7,769	19,323
Other material items for the year ended 31 December 2012			
Interest expenses	(250)	(2,194)	(2,444)
Depreciation	(8,763)	(356)	(9,119)
Capital expenditure	5,673	1,057	6,730

Major customer

Revenue from the following customers of the Group represented approximately 68.1% (2012: 64.2%) of total revenue of the Group.

	2013 US\$'000	2012 US\$'000
Customer I	209,430	166,579
Customer II	39,341	41,575
	248,771	208,154

30 ACQUISITION OF SUBSIDIARIES

(a) Al Madar Group LLC

On 31 October 2013, the Group acquired 75% of the shares and voting interests in Al Madar Group LLC which includes Al Madar Medical Center Pharmacy, Aquacare Medical Center and Al Madar Medical Center, for US\$11.2 million (AED 41.25 million). Total consideration amount included under other payables as at 31 December 2013.

Acquisition-related costs

The Group incurred acquisition-related costs of US\$128,000 on legal fees and due diligence costs. These costs have been included in "Administrative expenses" under non-underlying.

(b) Manchester Clinic and British Urology Center LLC

On 31 October 2013, the Group acquired 75% of the shares and voting interests in Manchester Clinic LLC and 100% beneficial ownership of British Urology Center LLC, for an amount of US\$4.8 million (AED 17.5 million).

Acquisition-related costs

The Group incurred acquisition-related costs of US\$95,000 on legal fees and due diligence costs. These costs have been included in "Administrative expenses" under non-underlying.

(c) Al Noor Hospital Family Care Center – Al Mamoura LLC

In February 2013, the Group acquired a clinic, Al Noor Hospital Family Care Center – Al Mamoura LLC, formerly known as Solutions Medical Center LLC located in the Emirate of Abu Dhabi. The Group owns 100% of share capital of this company. There are no material separately identifiable tangible and intangible assets and therefore the majority of the purchase consideration is for goodwill, representing the location and future earning potential of the clinic. Operation of this clinic commenced during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Identifiable assets acquired and liabilities assumed on above companies

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Al Madar US\$'000	Manchester US\$'000	Al Mamoura LLC US\$'000	Total US\$'000
Property and equipment	2,029	488	325	2,842
Inventories	183	–	84	267
Trade and other receivables	1,517	163	–	1,680
Cash and cash equivalents	2,347	107	–	2,454
Bank overdraft	–	(197)	–	(197)
Trade and other payables	(885)	(342)	–	(1,227)
Employee benefits obligations	(240)	(380)	–	(620)
Total identifiable net assets acquired	4,951	(161)	409	5,199
% share of total net assets paid/accrued for	3,714	(121)	409	4,002
<i>Purchase consideration:</i>				
Cash paid in 2013 for purchase	–	4,763	1,045	5,808
Payables as at 31 December 2013*	11,240	–	–	11,240
	11,240	4,763	1,045	17,048
Goodwill**	7,526	4,884	636	13,046
Reconciliation to consolidated statement of cash flow:				
Cash paid in 2013 for purchase				5,808
Less: cash and cash equivalents acquired				(2,454)
Plus: bank overdraft acquired				197
Plus: acquisition related costs				507
				4,058

* The Group has included US\$2.8 million as contingent consideration payable to the selling shareholders of Al Madar Group LLC if the acquiree's target quarterly profit of US\$545,000 is achieved over the next 11 quarters (refer to note 13).

** Goodwill arose on the above business acquisitions during the year, is attributable to the client/patient lists, location, skills of the doctors and nurses of each subsidiaries' work force (refer note 5).

(d) Emirates American Company for Medical Services LLC

During the year 2013, the Group entered into a conditional contract to acquire 100% of the shares and voting interests in Emirates American Company for Medical Services LLC (also known as "Gulf International Cancer Center"/"GICC") (refer note 32). As a result of this, the Group incurred acquisition-related costs of US\$284,000 on legal fees and due diligence costs. These costs have been included in non-underlying administrative expenses. The transaction completed on 10 February 2014 with control being deemed to transfer on that date.

31 NON-CONTROLLING INTEREST (NCI)

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	Al Madar US\$'000	Manchester US\$'000	Total US\$'000
Non-current assets	2,389	462	2,851
Current assets	4,822	170	4,992
Non-current liabilities	(266)	(384)	(650)
Current liabilities	(859)	(424)	(1,283)
Net assets/(deficit)	6,086	(176)	5,910
Carrying amount of NCI/(deficit)	1,521	(44)	1,477
Revenue	2,768	253	3,021
Profit	1,134	(16)	1,118
OCI	–	–	–
Total comprehensive income/(loss)	1,134	(16)	1,118
Profit/(loss) allocated to NCI	283	(4)	279
Cash flows operating activities	(698)	(102)	(800)
Cash flows investment activities	(444)	–	(444)
Cash flows financing activities	(6)	–	(6)
Net decrease in cash and cash equivalents	(1,148)	(102)	(1,250)

32 SUBSEQUENT EVENTS

On 30 December 2013, the Group announced its intention to acquire 100% of the issued share capital of Emirates American Company for Medical Services LLC (also known as Gulf International Cancer Center/ "GICC") for a consideration of US\$21.8 million (AED 80 million). An additional payment of US\$2.7 million will be paid upfront for lease rent, and additional payments of up to US\$2.2 million will be payable subject to performance up to the end of 2014. Whilst the Sale and Purchase Agreement (SPA) was concluded on 29 December 2013, the SPA included certain conditions that needed to be fulfilled before the transaction could be completed. The conditions remained to be met at 31 December 2013 and therefore, GICC was not accounted for as a subsidiary in the Group's 31 December 2013 financial statements.

The principal conditions to complete the transaction were met on 10 February 2014 when control is deemed to have passed to Al Noor. As management has only recently had full access to the books and records of GICC, it has not been possible to complete an allocation of the purchase price for inclusion in these financial statements. A purchase price allocation of the consideration across the intangible and tangible net assets acquired will be performed and will be presented in the Group's 30 June 2014 half year condensed interim financial statements.

33 COMPARATIVE INFORMATION

During 2013, the Group modified the classification of the following significant balance sheet captions to reflect more appropriately the way in which economic benefits are derived from its use. As a result, the following reclassification was made in the comparative information of the consolidated financial statements:

- US\$1.2 million was reclassified from trade and other payables to trade and other receivables (*refer note 8 and 13*).
- US\$137,000 was reclassified from trade and other payables to amount due to related parties (*refer note 13 and 7*).
- US\$114,000 was reclassified from trade and other receivables to cash and cash equivalents (*refer note 8 and 9*).

34.1 STATEMENT OF FINANCIAL POSITION – COMPANY

AS AT 31 DECEMBER 2013

	Note	2013 US\$'000
Non-current assets		
Investment in subsidiary	34.7	705,492
Current assets		
Prepayments		283
Amount due from related party	34.8(a)	760
Total current assets		1,043
Total assets		706,535
Equity		
Share capital	34.9	18,076
Share premium	34.9	693,549
Accumulated loss		(8,183)
Share option reserve	16	2,897
Total equity		706,339
Current liabilities		
Other payables		196
Total equity and liabilities		706,535

34.2 STATEMENT OF CHANGES IN EQUITY – COMPANY

FOR THE PERIOD* ENDED 31 DECEMBER 2013

	Share capital US\$'000 (Note 34.9)	Share premium US\$'000 (Note 34.9)	Accumulated loss US\$'000	Share option reserve US\$'000 (Note 16)	Total US\$'000
At the beginning of the period*	–	–	–	–	–
Loss for the period*	–	–	(8,183)	–	(8,183)
Total comprehensive loss	–	–	(8,183)	–	(8,183)
<i>Transactions with owners of the Company:</i>					
Group restructuring	15,467	556,450	–	–	571,917
Shares issued at IPO	2,609	147,391	–	–	150,000
Equity-settled share-based payment (refer note 16)	–	–	–	2,897	2,897
Listing transaction costs (refer note 22)	–	(10,292)	–	–	(10,292)
At 31 December 2013	18,076	693,549	(8,183)	2,897	706,339

* The period from 20 December 2012 (date of incorporation) to 31 December 2013.

34.3 STATEMENT OF CASH FLOWS – COMPANY

FOR THE PERIOD* ENDED 31 DECEMBER 2013

	Note	2013* US\$'000
Operating activities		
Loss for the period*		(8,183)
Adjustments for:		
Equity-settled share-based payment transactions	16	2,897
Listing transaction costs	22	3,802
Net cash from operating activities before movements in working capital		(1,484)
Change in prepayments		(283)
Change in amount from a related party	34.8(a)	(760)
Change in other payables		196
Net cash used in operating activities		(2,331)
Investing activities		
Capital contribution	34.7	(133,575)
Financing activities		
Proceeds from issue of shares	34.9	150,000
Listing transaction costs	22	(14,094)
Net cash from financing activities		135,906
Net movement in cash and cash equivalents		–
Cash and cash equivalents at the beginning of the period*		–
Cash and cash equivalents at the end of the period*		–

* The period from 20 December 2012 (date of incorporation) to 31 December 2013.

NOTES TO THE COMPANY FINANCIAL STATEMENTS – COMPANY

34.4 STATUS AND ACTIVITY

Al Noor Hospitals Group Plc (the “Company” or “Parent”) is a Company which was incorporated in England and Wales on 20 December 2012. The Company is a public limited liability company operating solely in the United Arab Emirates (“UAE”). The address of the registered office of the Company is C/O Capita Company Secretarial Services, 2nd Floor, Ibex House, 42-47 Minories, London, EC3N 1DX. The registered number of the Company is 8338604. There is no ultimate controlling party.

The Company changed its name from Al Noor Hospitals Plc to Al Noor Hospitals Group Plc on 21 June 2013.

The Company completed its Premium Listing on the London Stock Exchange on 21 June 2013.

These financial statements are the separate financial statements of the Parent Company only and the financial statements of the Group are prepared and presented separately. The financial statements are available at the registered office of Al Noor Hospitals Group Plc C/O Capita Company Secretarial Services, 2nd Floor, Ibex House, 42-47 Minories, London, EC3N 1DX, UK.

34.5 BASIS OF PREPARATION

These are the first financial statements of the Company for the period from 20 December 2012 to 31 December 2013 (“the period”). Hence, comparative information is not presented.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRS) and the Companies Act 2006.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

No profit and loss account is prepared by the Company as permitted by Section 408 of the Companies Act 2006.

(c) Functional and presentation currency

The consolidated financial statements and financial information are presented in United States Dollar (US\$), rounded to the nearest thousand. The functional currency of the majority of the Group’s entities is the United Arab Emirates Dirham (AED) and is the currency of the primary economic environment in which the Group operates. The United Arab Emirates Dirham (AED) is currently pegged against the United States Dollar (US\$) at a rate of 3.67 per US Dollar.

34.6 SIGNIFICANT ACCOUNTING POLICIES

Except for the changes below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application 1 January 2013.

- *Presentation of items of other comprehensive income (OCI) (amendments to IAS 1)*
- IFRS 13 Fair value Measurement
- IAS 19 Employee Benefits (2011)

The adoption of these standards and amendments to standards had no material effect on these financial statements.

(a) Financial assets

The Company’s financial assets comprise amount due from a related party.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire; or it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

(b) Financial liabilities

The Company’s financial liabilities comprise of other payables. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. The Company has no compound financial instruments.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company comprise ordinary shares and are recorded at the proceeds received, net of direct issue costs.

(ii) Debt instruments

Other payables are classified as ‘other financial liabilities’ and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognises financial liabilities when its contractual obligations are discharged, cancelled or expire.

NOTES TO THE COMPANY FINANCIAL STATEMENTS – COMPANY CONTINUED

(c) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability.

(d) Finance income

Finance income comprises foreign currency exchange differences.

(e) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(f) Earnings per share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

(g) New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the period ended 31 December 2013 have not been applied in preparing these financial statements. None of these is expected to have a significant effect on these financial statements of the Company, except for IFRS 9 “Financial instruments”, which could change the classification and measurement of the financial assets. The extent of the impact has not yet been determined.

(h) Listing transaction costs

Transaction costs of the Initial Public Offer (IPO) that are directly attributable to issue of new shares are accounted for as a deduction from share premium. Cost relating to the issue of existing shares are expensed in the profit and loss account. Marketing costs for the IPO do not meet the definition of directly attributable expenses and are therefore expensed through the statement of profit or loss under non-underlying items together with the indirect costs related to the IPO.

34.7 INVESTMENT IN SUBSIDIARIES

	Ownership %	2013 US\$'000
Al Noor Holdings Cayman Limited (ANHC)	100%	705,492
Initial investment based on the net asset of investee		571,917
Additional capital contribution		133,575
Total investment in subsidiaries		705,492

This investment is stated at cost less impairment, if any. This represents the cost of investment in Al Noor Holdings Cayman Limited (previous parent company), a wholly owned subsidiary of the Company. Al Noor Hospitals Group Plc issued shares to the existing shareholders of Al Noor Holdings Cayman Limited in exchange for shares already held in all the operating companies. The cost of investment represents the Company's shares of net assets of Al Noor Holdings Cayman Limited at the date of the Group restructuring. In addition, the Company has made an additional capital contribution to the equity capital of Al Noor Holdings Cayman Limited amounting to US\$133,575 thousand.

The activities of the subsidiary are the operation of medical hospitals and clinics and the sale of pharmaceuticals, medical supplies and related equipment.

The Group's effective shareholding in its subsidiary entities is set out below:

Name of the Company	Country of Incorporation	2013
Al Noor Holdings Cayman Limited (ANHC)	Cayman Islands	100.0%
ANMC Management Limited (ANMC)	Cayman Islands	100.0%
Al Noor Commercial Investment LLC (ANCI)	UAE	99.0%
Al Noor Golden Commercial Investment LLC (ANGCI)	UAE	99.9%
Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC	UAE	99.9%
Abu Dhabi Medical Services LLC	Sultanate of Oman	99.9%
Al Noor Hospital Family Care Center – Al Mamoura LLC	UAE	99.9%
Al Madar Group LLC	UAE	74.9%
Manchester Clinic LLC	UAE	74.9%
British Urology Center LLC	UAE	100.0%

34.8 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the subsidiaries, the Shareholders, key management personnel and those entities over which the parent, the ultimate parent, the directors or the Company can exercise significant influence or which can significantly influence the Company.

(a) Amount due to a related party:

	2013 US\$'000
Al Noor Holdings Cayman Limited	760

(b) Key management personnel compensation:

The compensation of key management personnel during the period* was as follows:

	2013* US\$'000
Directors' remuneration*	448
Equity-settled share-based payment transactions (refer note 16)	565

* Directors' remunerations include directors' fees and additional fees for the period ended 31 December 2013.

* The period from 20 December 2012 (date of incorporation) to 31 December 2013.

34.9 SHARE CAPITAL

	2013 US\$'000
Issued and fully paid 116,866,203 shares of GBP 10 pence each (converted to US\$ at 1.5467)	18,076

Movement of issued share capital and share premium:

	Number of shares 000	Ordinary shares US\$'000	Share premium US\$'000	Total US\$'000
At the beginning of the period*	–	–	–	–
Issue of new shares ¹	100,000	15,467	556,450	571,917
Issue of new shares – IPO ²	16,866	2,609	147,391	150,000
Less: flotation cost ³ (refer note 22)	–	–	(10,292)	(10,292)
At 31 December 2013	116,866	18,076	693,549	711,625

¹ The Company was restructured on 14 June 2013 when the Company acquired its investment in Al Noor Holdings Cayman Limited by way of a share for share exchange with the shareholders of those companies being identical to the shareholders of the Company. 100,000,000 shares were issued to the shareholders of the Al Noor Holdings Cayman Limited creating share premium of US\$556,450 thousand.

² On 21 June 2013, the Company completed its Premium Listing on the London Stock Exchange and raised US\$150,000 thousand and from the issue of 16,866 thousand new ordinary shares, thereby diluting existing shareholders' equity interest to 85.57%.

³ During the period ended 31 December 2013 costs of US\$16,426 thousand were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US\$10,292 thousand has been deducted from the share premium account and US\$6,134 thousand has been charged to the statement of profit or loss in accordance with the requirements of IAS 32 – *Financial Instruments: Disclosure and Presentation* (refer note 22).

* The period from 20 December 2012 (date of incorporation) to 31 December 2013.

Other class of shares outstanding as at 31 December 2013

	No. of shares	Amount US\$
Preference shares (redeemable non-voting)	50,000	77,335
Subscriber shares	10	2

NOTES TO THE COMPANY FINANCIAL STATEMENTS – COMPANY CONTINUED

34.10 AUDITOR'S REMUNERATION

The Company paid an amount of US\$24,600 to its auditor in respect of the audit of the Company's annual accounts together with US\$25,600 in respect of the audit related assurance services for the period ended 31 December 2013.

34.11 FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure it is able to continue as a going concern while maximising the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. The Company's overall strategy remains unchanged from the prior year. The Company is not subject to externally imposed capital requirements.

(b) Financial risk management objectives

The Company is exposed to the following risks related to financial instruments-credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company does not enter into or trade in financial instruments, investments in securities, including derivative financial instruments, for speculative or risk management purposes.

(c) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. There is no credit risk involved on the Company's financial statements except for the amount due from a related party disclosed below:

	2013 US\$'000
Amount due from a related party	760

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors of the Company, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. The table below summarises the maturity profile of the Company's non-derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the end of reporting period to the contractual repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the liabilities at the end of reporting period based on existing contractual repayment arrangements was as follows:

	Carrying amount US\$'000	Contractual cash flows US\$'000	1 year or less US\$'000	More than 1 year US\$'000
31 December 2013				
Other payables	196	(196)	(196)	–

ADDITIONAL DISCLOSURES

The Directors' Report, prepared in accordance with the requirements of the Companies Act 2006 and the UK Listing Authority's Listing, and Disclosure and Transparency rules, comprises 1 to 82 and pages 123 to 125.

DIRECTORS

Directors who served during the year
The Directors who served during the year were:

Mr Mubarak Matar Al Hamiri – appointed 5 June 2013
Mr Khaldoun Haj Hasan – appointed 7 November 2013
Dr Kassem Alom – appointed 20 June 2013
Mr Faisal Belhoul – appointed 5 June 2013
Sheikh Mansoor Bin Butti Al Hamed – appointed 5 June 2013
Mr Seamus Keating – appointed 5 June 2013
Mr Ahmad Nimer – appointed 5 June 2013
Mr Ian Tyler – appointed 5 June 2013
Mr William J Ward – appointed 5 June 2013
Mr William S Ward – appointed 7 November 2013

Directors' biographies can be found on page 58 (Dr Kassem Alom only) and 62 to 63.

Powers of Directors

Our Directors' powers are determined by UK legislation and our Articles of Association (the 'Articles'). The Articles may be amended by a special resolution of the members. The Directors may exercise all of the Company's powers provided that the Articles or applicable legislation do not stipulate that any such powers must be exercised by the members.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in our Articles. They provide that Directors may be appointed by ordinary resolution of the members or by a resolution of the Directors. Directors must retire and put themselves forward for election at their first Annual General Meeting ('AGM') following their appointment. Since the Company is holding its first AGM on 1 April 2014, every Director will be retiring and seeking election at this meeting.

Directors wishing to continue to serve as members of the Board, will seek re-election annually in accordance with provision B.7.1 of the UK Corporate Governance Code. Members may remove a Director by passing an ordinary resolution of which special notice has been given, in accordance with the Companies Act 2006.

Indemnification of Directors

The indemnification for Directors provided by the Company has been arranged in accordance with the Company's Articles and the Companies Act 2006. As far as is permitted by legislation, all Officers of the Company are indemnified out of the Company's own funds against any liability incurred while conducting their role in the Company; other than any liability to the Company or an associated company.

Compensation for loss of office

We do not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the company's share plans may cause options and awards granted under such plans to vest on a takeover.

Statement on disclosure to auditors

So far as each Director is aware, there is no relevant information, which would be needed by the Company's auditors in connection with preparing their audit report (which appears on page 58 (Dr Kassem Alom only) and 62 to 63), of which the auditors are not aware; and each Director, in accordance with section 418(2) of the Companies Act 2006, has taken all reasonable steps that he ought to have taken as a director to make himself aware of any such information and to ensure that the auditors are aware of such information.

POLITICAL DONATIONS

No political donations were made during the year.

UAE LAW AND REGULATION

The company is regulated by several local regulators including the Ministry of Labor, the Emirate of Abu Dhabi Municipality, Emirate of Abu Dhabi Civil Defense and Emirate of Abu Dhabi Department of Economic Development. Our relationship with the healthcare regulator, the Health Authority – Abu Dhabi (HAAD) is of particular importance.

Healthcare regulator

A number of provisions of Emirate of Abu Dhabi law and regulation apply to the Company because we operate a group of hospitals and medical centers in the emirate. The regulator's key responsibilities involve the licensing of medical professionals, the licensing of facilities, setting reimbursement rules and schemes, and investigating patient complaints. HAAD sets the criteria for the licensing and re-licensing of medical staff, in addition to administering licensing examinations and interviews. It also sets standards and specifications of healthcare facilities, and conducts licensing and re-licensing surveys. HAAD sets the rules for reimbursement, defining reimbursement schemes, boundaries, setting basic product reimbursement rates, and acting as the arbiter in payer/provider disputes. Finally, HAAD investigates complaints brought forth by patients against providers and, if necessary, may take action against a medical professional of healthcare facility.

UAE Ownership Requirement

The UAE Companies Law provides that "every company incorporated in the state must have one or more national partners whose shares in the company's capital must not be less than 51 per cent. of the company's capital". Consequently, at least 51 per cent. of the share capital of a UAE-incorporated company must be registered in the name of one or more UAE nationals or entities wholly owned by UAE nationals.

SHARE CAPITAL AND CONTROL

Details of our issued share capital as at 31 December 2013 can be found in Note 11 and 34.9 to the financial statements, on page 100 and 121. The Company's share capital comprises three different classes; ordinary shares, redeemable non-voting preference shares, and subscriber shares. Unlike the other share classes, our ordinary shares are the listed on the London Stock Exchange. The ordinary share class represents 99.96% of the Company's total issued share capital, and the redeemable non-voting preference shares and subscriber share classes combined represent 0.04% of the Company's total issued share capital.

There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers or on voting rights.

Shares acquired through our share schemes and plans rank equally with the other shares in issue and have no special rights.

Ordinary shares

Holders of ordinary shares are entitled to receive dividends (when declared), copies of the Company's Annual Report, attend and speak at general meetings of the company, appoint proxies and exercise voting rights.

There are no restrictions on the transfer, or limitations on the holding, of ordinary shares and no requirements to obtain approval prior to any transfers. No ordinary shares carry any special rights with regard to control of the company and there are no restrictions on voting rights. Major shareholders have the same voting rights per share as all other shareholders.

Redeemable non-voting shares

The redeemable non-voting preference shares ('redeemable shares') carry no rights to receive any of the profits of the Company available for distribution by way of dividend or otherwise. In the event of a winding up or otherwise, the holders of the redeemable shares will be the first repaid for the amount paid up on such shares. Subject to the provisions of the Companies Act 2006, the Company may redeem the redeemable shares at their nominal amount at any time specified by either the Directors or the holders of the redeemable shares, provided always that if the Company shall at any time be unable in compliance with the provisions of the Companies Act. Further details can be found in the Company's Articles of Association which can be found on the Company's website. The holders of the redeemable shares are not entitled to receive notice of or attend and vote at any general meeting of the Company, save for a resolution being proposed to wind up the Company or which would vary, modify, alter or abrogate any of the rights attaching to their shares.

Subscriber shares

The subscriber shares carry no rights to receive any of the profits of the Company available for distribution by way of dividend or

otherwise. In a winding-up or otherwise, the holders of the subscriber shares will be the first repaid for the amount paid up on such shares. The holders of the subscriber shares are not entitled to receive notice of or attend and vote at any general meeting of the Company, save for a resolution being proposed which would vary, modify, alter or abrogate any of the rights attaching to the subscriber shares.

PARTICULARS OF ACQUISITIONS OF OWN SHARES

The Company has not acquired its own shares in the financial year to 31 December 2013, nor in accordance with any post balance sheet event.

The Company is due to have its first AGM on 1 April 2014, whereby the Directors will be seeking approval from shareholders, to authorize the Company to purchase up to 10% of its existing ordinary share capital. This authority would expire one year later at the Company's 2014 AGM, however it is intended that this authority be renewed each year. For more information on this resolution refer to the Notice of AGM and explanatory notes, which are being sent separately to shareholders entitled to vote at the AGM.

MAJOR SHAREHOLDERS AND SHAREHOLDER AGREEMENT

As at 2 March 2014 Astro II SPV, SMBB and Dr. Kassem Alom (the "Principal Shareholders") hold 27.3%, 28.3% and 10.3%, respectively, of the issued ordinary share capital of the Company.

The Principal Shareholders, along with Ithmar Capital and Ithmar (as associates of Astro II SPV), and the Company have entered into a relationship agreement, the principal purpose of which is to ensure that the Company is capable of carrying out its business independently of the Principal Shareholders and their associates and that transactions and relationships with the Principal Shareholders and their associates are at arm's length and on normal commercial terms (subject to the rules on related-party transactions in the listing rules of the FCA).

In accordance with the terms of the Relationship Agreement for every 10% of the issued ordinary share capital of the Company (or an interest which carries 10% or more of the aggregate voting rights in the Company from time to time) held by a Principal Shareholder Group, the relevant Principal Shareholder shall be entitled to appoint one Director to the Board, up to a maximum of two Directors save that Astro II SPV agreed that it shall not exercise its right to appoint a second Director until following the appointment of an additional Independent Non-Executive Director to the Board, provided that such appointment takes place within 90 days of Admission. Following the appointment of William S. Ward to the Board on 7 November 2013 as an Independent Non-Executive Director Astro II SPV exercised its right to appoint a second Director to the Board. Accordingly, on 7 November 2013 Khaldoun Haj Hasan was appointed to the Board as a Non-Executive Director.

ADDITIONAL DISCLOSURES

CONTINUED

If in respect of a Principal Shareholder or Ithmar Capital ceases to hold 10% of the Company's share capital (or 10% of the aggregate voting rights in the Company), the rights and obligations of that Principal Shareholder and any member of its Principal Shareholder Group under the Relationship Agreement shall terminate. If there ceases to be any Principal Shareholder holding 10% of the Company's share capital (or 10% of the aggregate voting rights in the Company), the Relationship Agreement shall terminate. The Ordinary Shares owned by the Principal Shareholders rank pari passu with the other Ordinary Shares in all respects.

RISK REGARDING THE USE OF FINANCIAL INSTRUMENTS

The financial risk management objectives and policies are disclosed in Note 28 to the financial statements on pages 86 to 122.

POST-BALANCE SHEET EVENTS

Subsequent to the balance sheet date the company has completed the acquisition of Emirates American Company for Medical Services LLC, also known as Gulf International Cancer Center 'GICC' in Emirate of Abu Dhabi. There have been no other material events since the year end.

For and on behalf of the Board

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IAN TYLER
 CHAIRMAN

2 March 2014

SHAREHOLDER INFORMATION

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 DECEMBER 2013

The following table includes a brief analysis of shareholder numbers and shareholdings as at 31 December 2013.

Size of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
1 – 50	2	0.8889	14	
51 – 100	1	0.4444	65	0.0001
101 – 500	26	11.5556	7,536	0.0064
501 – 1,000	18	8.0000	12,828	0.0110
1,001 – 10,000	63	28.0000	233,700	0.2000
10,001 – 50,000	45	20.0000	1,258,461	1.0768
50,001 – 100,000	14	6.2222	1,025,085	0.8771
100,001 – 500,000	34	15.1111	8,390,788	7.1798
500,001 – 1,000,000	8	3.5556	6061,766	5.1869
1,000,001+	14	6.2222	99,875,960	85.4618
Total	225	100	116,866,203	100

Annual General Meeting

Will be held at 1.00pm on Tuesday 1 April 2014 at Jeffries Hoare Govett, Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ.

Shareholder enquiries

Enquiries relating to shareholdings should be made to the Company's Registrars, Capita Registrars Limited. If you have a query regarding your shareholding please contact them directly by using the dedicated telephone enquiry line 0871 664 0300. (Calls cost 10p per minute plus network extras. Lines are open from 8.30am – 5.30pm Monday-Friday). You can also use the Registrars website to check and maintain your records. Details can be found at www.capitaassetservices.com.

Capita Registrars Limited
The Registry
34, Beckenham Road
Beckenham
Kent
BR3 4TU

Share dealing service

The Registrars offer a share dealing service which allows you to buy and sell the Company's shares if you are a UK resident. You can deal in your shares on the internet or by telephone. Log onto <http://www.capitadeal.com> or call 0871 664 0364 (calls cost up to 10p per minute plus network extras) for more details on this service.

Dividend

The Directors are recommending a final dividend of 9p per ordinary share to be paid on 11 April 2014 to all ordinary shareholders who were on the register of members at the close of business on 14 March 2014

ShareGift

If you only have a small number of shares whose value makes it difficult to sell, you may wish to consider donating to charity through ShareGift, an independent charity share donation scheme. For further details please contact Capita Registrars, or ShareGift, telephone +44 (0) 20 7930 3737 or visit www.sharegift.org.

Share price information

The Company's ordinary shares are listed on the London Stock Exchange. Share price information can be found on the website <http://www.alnoorhospital.com> or through your broker.

ISIN Number GB00B8HX8Z88
SEDOL Number B8HX8Z8
EPIC Number ANH

Registered office

If you would like to contact us:

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EC2N 1DX

Company number
8338604

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