مجموعة مستشفيات النور
AL NOOR HOSPITALS GROUP Plc

Annual Report & Accounts
2014

# Healthy growth

# Al Noor Hospitals Group Plc

Al Noor Hospitals Group Plc provides primary, secondary and tertiary care in the United Arab Emirates, through its portfolio of hospitals and medical centres.

As at 31 December 2014, the Company had 218 operational beds and 1,992,813 out-patient visits, more than any other private hospital in Abu Dhabi.

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# Business Highlights

## Financial Highlights

### Revenue

**+23.0%**

| | |
|---|---|
| 2014 | US$449.1m |
| 2013 | US$365.0m |
| 2012 | US$324.4m |

### Earnings per share

**+23.4%**

| | |
|---|---|
| 2014 | 69.5 cents |
| 2013 | 56.3 cents |
| 2012 | 60.5 cents |

### Underlying operating profit[1]

**+13.8%**

| | |
|---|---|
| 2014 | US$85.4m |
| 2013 | US$75.1m |
| 2012 | US$61.7m |

### Underlying net profit[2]

**+18.3%**

| | |
|---|---|
| 2014 | US$84.6m |
| 2013 | US$71.5m |
| 2012 | US$60.5m |

### Underlying EBITDA[1, 3]

**+18.5%**

| | |
|---|---|
| 2014 | US$98.1m |
| 2013 | US$82.8m |
| 2012 | US$70.8m |

### Total dividend[4]

**+32.0%**

| | |
|---|---|
| 2014 | 19.4 cents |
| 2013 | 14.7 cents |
| 2012 | nil |

1 Underlying operating profit is Results from operating activities before deducting non-underlying costs of US$0.8m and US$0.6m for the years 2013 and 2014 respectively.
2 Underlying net profit is Profit for the year before deducting non-underlying costs of US$9.8m and US$0.6m for the years 2013 and 2014 respectively.
3 Underlying EBITDA is calculated as underlying Results from Operating activities plus Depreciation and Amortisation. Underlying results from Operating activities can be obtained from the Consolidated Statement of Profit or Loss and Other Comprehensive Income, while Depreciation and Amortisation can be obtained from notes 4 and 5 on the Consolidated Financial Statements.
4 2014 dividends Include Proposed dividend of US$15.6m and Interim dividend of US$7.1m. Total dividends for 2014 in GBP comprises proposed final dividends of 9 pence per share and interim dividends paid of 3.7 pence per share. The percentage of increase is expressed in US$ terms.

## Operational Highlights

- Out-patient and In-patient volume grew 19.2% and 3.8% respectively
- Three medical centres were opened
- Gulf International Cancer Centre ('GICC') was acquired
- Construction of new hospital in Al Ain proceeding as planned and scheduled to open in 2016
- Expansions planned at Airport Road Hospital to double capacity

# At a Glance

## Who we are

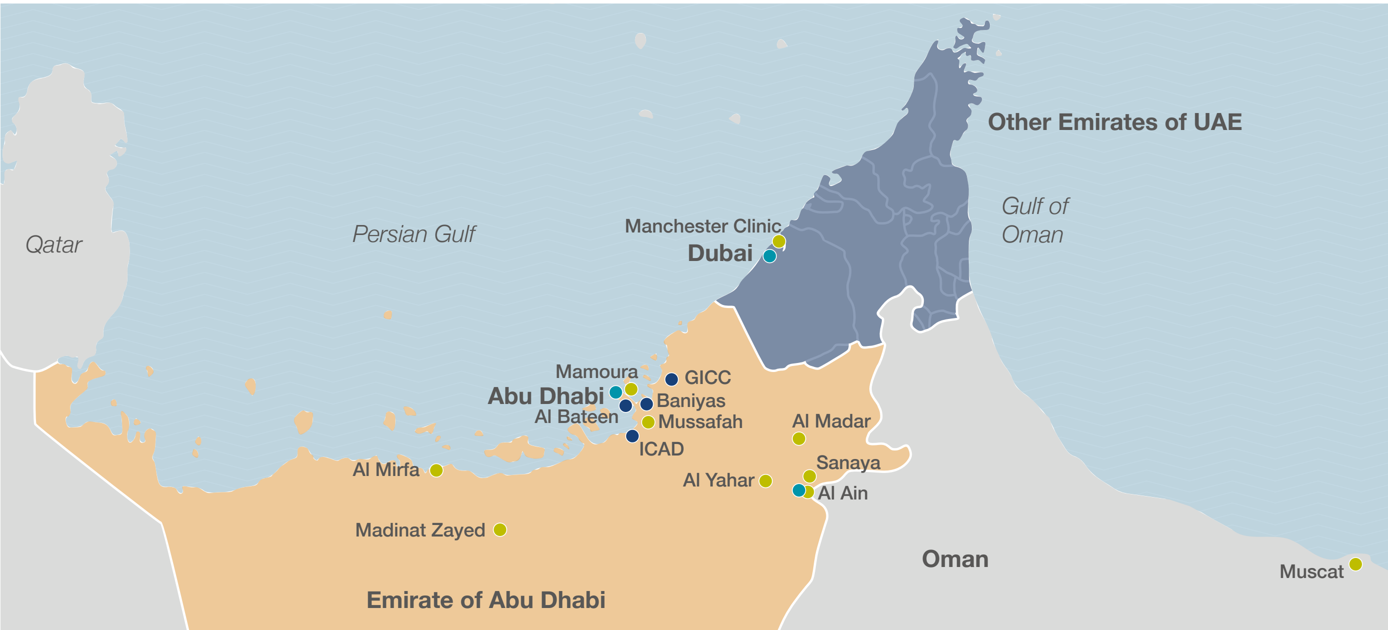
Al Noor Hospitals Group Plc ('Al Noor' or the 'Company') is the largest private healthcare company in Abu Dhabi, capturing 30% of all private in-patient admissions and 29% of all private out-patient hospital visits. Our Company currently operates within three hospitals and 17 medical centres and clinics which are primarily located in the Emirate of Abu Dhabi with one further clinic in Muscat, Oman. Al Noor employs more than 4,000 staff and approximately 5,400 patients entrust us with their health care needs every day.

## What we do

Al Noor offers a wide spectrum of healthcare services within the primary, secondary, and tertiary care sectors and is the only private healthcare organisation in 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.

Not only does our Company focus on providing the types of services needed across the Emirate, Al Noor is also dedicated to providing an exceptional patient experience. The latest Health Authority-Abu Dhabi ('HAAD') statistics show that, among private providers in Abu Dhabi, Al Noor is a leader when it comes to in-patient satisfaction with all three of its hospitals placed in the top four in Abu Dhabi.

## Geographic presence in Abu Dhabi, Dubai and Muscat, Oman




- Hospitals
- Medical Centres
- 2014 Additions

### Hospitals

**Central Region**
Khalifa Street Hospital
Airport Road Hospital

**Eastern & Western Region**
Al Ain Hospital

### Medical Centres

**Central Region**
Mussafah (2)
Al Mamoura

**Eastern & Western Region**
Madinat Zayed(2)
Al Ain(2)
Al Yahar
Al Mirfa
Sanaya
Al Madar Medical Centre

**Northern Emirates**
Manchester Clinic, Dubai

**International**
Muscat, Oman

### 2014 Additions

**Central Region**
Al Bateen Medical Centre
Baniyas Medical Centre
ICAD Medical Centre

**Acquisition**
**Central Region**
Gulf International Cancer Centre

## Leading Operator

Al Noor is devoted to ensuring that our services fully and effectively meet the needs of our patients and the communities we serve. We have opened facilities over a wide area of the Emirate of Abu Dhabi, providing 'closer to home' care to as many people as possible. Furthermore, our patients are able to receive all of their care, from treating an ear infection to cardiac surgery, within the Al Noor healthcare system.

Al Noor has a strategic presence in the three main geographical areas of the Emirate of Abu Dhabi: with medical centres in Abu Dhabi City, Al Ain, and the Western Region. The first two are densely populated and have high patient volumes. As flagship facilities, our three in-patient 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.



## 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.

**Operational beds**
**218**

**Physicians**
**450**

**Nurses**
**619**

**In-patients**
**42,033**

*For more information see pages 30 and 31*

## Medical Centres

The Company operates 17 out-patient medical centres in the Emirate of Abu Dhabi, the Emirate of Dubai, and the Sultanate of Oman, all of which opened between 2002 and 2014. The medical centres provide out-patient and diagnostic services, with general practice and some medical specialties.

**Number of Centres**
**17**

**Physicians**
**191**

**Nurses**
**177**

**Employees**
**868**

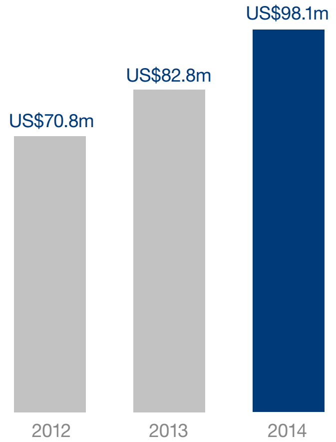
*For more information see page 30*

# Chairman's Statement

"The Company achieved good growth in 2014, with revenue increasing 23.0% to US$449.1m, and underlying EBITDA[1] growing 18.5% to US$98.1m."

**Ian Tyler**
Non-Executive Chairman

**Underlying EBITDA[1]**




1 Underlying EBITDA is calculated as underlying Results from Operating activities plus Depreciation and Amortisation. Underlying results from Operating activities can be obtained from the Consolidated Statement of Profit or Loss and Other Comprehensive Income, while Depreciation and Amortisation can be referred to notes 4 and 5 on the Consolidated Financial Statements.

"After last year's outstanding performance, I am pleased to report that this year has been another strong year. Furthermore, it has been a year of transition, with the appointment of a new Chief Executive and two more changes in the executive team. This team has been tasked with continuing to build on the successes of the past which have led to Al Noor being the market leader in the Emirate of Abu Dhabi. We have set the bar high, yet feel confident that the new leadership can take Al Noor into the future and through ever greater focus on our patients and services, deliver value to shareholders."

We continued to deliver well against our strategy in 2014. Our performance was driven by organic growth, fuelled by the expansion of services in our hospitals, and the opening of three new medical centres, with more planned to open in 2015. The acquisition of Gulf International Cancer Centre, the only private cancer centre in the Emirate of Abu Dhabi, strategically positions the Company to deliver care in the rapidly-growing oncology segment. Additionally, management continued to integrate the acquisitions made in 2013.

We have seen new competing physical capacity coming into the market in Abu Dhabi during the year and we expect further new capacity in 2015. However, our leading market position in Abu Dhabi supported by continuing investment in facilities, physicians, and new service lines and our focus on medical quality puts us in a strong position to continue to look after our patients and grow shareholders' value despite these long anticipated competitive challenges.

We continue to make the investments necessary to deliver growth. At least four additional medical centres are expected to become operational in 2015, including one in Sharjah, the third largest emirate of the UAE. Construction of the new 40-bed hospital in Al Ain is progressing and we anticipate it opening in 2016. We have continued to invest in the renewal of Khalifa Street Hospital, and we are planning the construction of a new building at Airport Road Hospital which is expected to double its capacity.

The business moved forward in all our operating regions.

I wish to acknowledge all of our staff who have made 2014 a successful year. Through my tours of our facilities and my interactions with our people, I have come to learn that their commitment to our patients is a key driver of our success. On behalf of Al Noor, I thank them for their dedication to the patients who choose to entrust us with their care.

Al Noor owes its success to its leadership and in particular to Dr. Kassem Alom who has founded, developed and led the Company from its inception in 1985. I am delighted that Dr. Alom has agreed to remain on the Board as Deputy Chairman following the handover of executive leadership to Ronald Lavater. As the market continues to evolve, I feel confident that Ronald and his team will take the Company through its next phase of growth, and one that will continue to bring success to the Company and value to shareholders.

**Ian Tyler**
Non-Executive Chairman

**→ Delivering on strategy**

## Development of Al Noor Hospital Civic Centre in Al Ain

- → state of the art 40 bed hospital
- → focus on Emiratis and high income expatriates
- → scheduled to open in 2016
- → 25 year lease

**Al Noor will open a new hospital in Al Ain in 2016, almost doubling our capacity in that city.**

This new hospital will be positioned to cater to Emirati and high income patients, with an emphasis on surgery. The addition of this new hospital will help Al Noor capture and retain market share in Al Ain.

# Chief Executive's Review

"I am truly honoured and excited to lead Al Noor through the next phase of expansion and look forward to using my more than twenty years of diverse healthcare experience to grow Al Noor and add to its success."

**Ronald Lavater**
Chief Executive Officer

"Prior to Johns Hopkins, my career at Hospital Corporation of America ('HCA'), the largest private hospital company in the United States, allowed me to provide leadership for both mid-sized and large tertiary hospitals in highly competitive, growing markets. My previous experience as both CEO and Chief Operating Officer in a number of hospitals demonstrated my professional passion – providing the highest quality healthcare to patients while supporting our most valuable resources – our doctors, nurses, clinical ancillary staff and administrative teams."

**Leading the Transition**
Building on a 29-year tradition of advancement and commitment to our patients, 2014 was a year of continued growth, clinical quality improvements, system enhancements, financial success and leadership transition for Al Noor.

As we move forward, with acknowledged challenges and equally clear opportunities, I value the trust and confidence the Company's Board has placed in me as successor to the pioneering visionary, Dr. Kassem Alom, who founded Al Noor in 1985. Dr. Alom, together with his team, created the largest and best private hospital group in the Emirate of Abu Dhabi and we are committed to building on his legacy. I am delighted that he will remain on the Board as Deputy Chairman.

As Al Noor prepares for the future, my immediate priorities are clear: solidify our leadership team and clarify our strategy for growth. This will also require our entire organisation to manage change effectively while reinforcing our commitment to excellent patient care. As CEO I remain committed to lead this transition by being transparent with employees, clear in my assessment of the challenges we have ahead and respectful of those who care for our patients every day; all with a focus on the Company's long-term vision.

As part of the process of putting together a new leadership team, I am pleased to report that we have successfully recruited two highly skilled individuals to fill key leadership positions.

- We welcomed Dr. Georges Feghali as our new Chief Medical Officer in January 2015. Dr. Feghali brings incredible clinical as well as management experience and will be highly effective in recruiting additional quality physicians to Al Noor.
- We also are delighted that David Hoidal – who joined the team in November 2014 as our interim Chief Operating Officer – has, as of February 2015, taken the role permanently. David is an exceptional operations manager with a proven track record of producing efficiencies while building solid organisational structures

With more placements to be announced later in 2015, we are building a talented leadership team with the right experience, right focus and a strong commitment to achieve Al Noor's strategy for clinical, service excellence and growth.

Parallel to solidifying a dynamic leadership team, has been my commitment to learning about Al Noor from its employees and patients. In recognition of the considerable challenge of succeeding Dr. Alom, I outlined my '100 Day Plan' at the start of my tenure which emphasised meeting as many employees as possible, talking with our patients and their families about their experiences and visiting all our patient care facilities. Through Town Hall meetings and other gatherings at all of our hospitals and medical centres, I have been warmly received by our clinical and administrative staff. The transition from Dr. Alom has been well organised and viewed positively by our employees as the next evolution for Al Noor.

**2014: Key Facts**

In 2014, our people have delivered improvements in quality, grown the business and been recognised for excellence. Below are just a few key facts from this past year.

***Continued Growth:***

- **Al Noor committed to expand our Airport Road campus**, doubling the size of our facility on that campus
- **In 2014 we opened three new Medical Centres** providing clinical services for our growing patient population
- **Construction is under way in Al Ain** that will bring an additional hospital online in the first half of 2016
- **Al Noor acquired Gulf International Cancer Centre ('GICC')** to expand its current team of experts and adopt more pioneering technologies and techniques dedicated to the coordination of oncology services across our system

***Focused on Clinical Quality and Innovation:***

- **Al Noor Hospital Khalifa Street Campus earns Joint Commission International ('JCI') Re-Accreditation in October** achieving the 'gold-seal' of approval from JCI, confirming the hospital's ongoing commitment to healthcare excellence
- **Al Noor Hospital Airport Road's innovative and successful cardiac surgery** saves a 36 year-old patient suffering from a congenital heart condition
- **Al Noor Hospital Airport Road Campus successfully performed 'Endoscopic Discectomy'**, a minimally invasive disc surgery on patients who suffer from disc pain.
- **Al Noor Hospital Airport Road Campus expanded its Cardiology Department** to include a 24-hour Heart Attack Centre for cardiac catheterisation
- **Al Noor Hospital Airport Road Campus, became the first hospital outside USA and Europe to introduce an innovative and advanced surgical tool** (the first and only 'fully motorised' stapler in the world) to its operating rooms
- **Al Noor Hospital Al Ain launches a state-of-the-art nuclear medicine department** in 2014
- **Al Noor prepares a team for 'K2 Fetal Monitoring & Perinatal Training'** – one of the first private sector providers in the Emirate of Abu Dhabi to complete the internationally acclaimed programme
- **Al Noor successfully transfers acute case across borders** from Al Noor Family Care Centre in Muscat, Oman to Al Noor Hospital safely and successfully for an emergency surgical treatment

***Recognised for Excellence:***

- **Al Noor wins 'Leadership Excellence in Healthcare Services' Award** at the prestigious 5th Middle East Business Leaders Awards
- **Al Noor Receives 'Best Healthcare Company' Award** at the *Gulf Business Industry Awards 2014* held in Dubai
- **Al Noor joins the AmCham Abu Dhabi 'WOMEN ACHIEVE' Initiative**, an innovative programme established by the Women in Business Committee promoting the professional advancement of women

***Critical Performance Elements:***

Continuing to grow a successful healthcare company requires attention to a number of performance elements. My executive leadership team is committed to high performance with a constant eye on these critical elements.

***Patient Care:***

At the core of our success will always be our commitment to patient care. Our enduring commitment to excellence has been the platform for Al Noor's strong reputation and for our financial success. I would like to recognise and thank all of our employees, management and staff alike, for their dedication and for the passion they bring every day towards improving the lives of our patients. They have been, and continue to be, the fundamental strength of Al Noor and reside at the heart of everything we do as we grow and serve and excel.

# Chief Executive's Review continued

***Recruiting High Quality Medical Staff:***
Maintaining and enhancing Al Noor's dedicated cadre of physicians remains key to our strategic and financial success. As we acquire more access points for patients and streamline to improve admissions, we must also keep pace with this increasing demand by recruiting highly skilled physicians. In addition, we target our recruitment efforts toward specialties that serve an ageing population and/or patients with specific lifestyle related conditions. We believe that the addition of highly skilled physicians remains essential to maintain our international standards of care, to meet our population's needs, and to serve our growing number of in-patient and out-patients.

***Greater Diversity of Services:***
In 2014, we continued to expand our range of primary, secondary, and tertiary care services. We have carefully invested in areas of high acuity such as cardiac surgery, cardiology, orthopaedics, and nuclear medicine. We now provide plastic and reconstructive surgery, colorectal surgery, and laparoscopic gynaecology. Our ability to offer patients a full spectrum of integrated and advanced services, increasingly a 'Continuum of Care,' differentiates us from our competitors. This, combined with our internationally recognised standards of quality care and patient safety, continues to position Al Noor as a market leader.

***Enhanced Patient Access:***
Our financial performance was driven by several factors including acquisitions such as Al Madar and our commitment to increase capacity at our medical centres and hospitals to meet our communities' demands for services.

We also continue to bolster our network of medical centres, opening three in 2014, expanding our hours for patients who need our services. We have strategically positioned new centres in residential areas that have been historically underserved and in newly populated communities where we can be '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.

***Financial Performance:***
Al Noor's financial performance continues to be strong with 23% growth in revenue driven by 19.2% and 3.8% growth in out-patient and in-patient volume respectively. Underlying EBITDA increased by 18.5% to US$98.1m, but Underlying EBITDA margin decreased to 21.9%. This was primarily due to losses in start-up medical centres, medical staff wage inflation and increased corporate infrastructure.

## Market Update

***Competitive Environment***
The healthcare delivery landscape in the Emirate of Abu Dhabi remains an attractive market for strong competitors and is expected to intensify as new providers open new facilities. We are watching a number of competitors with our strategy in mind and an eye toward their strength as a competitor or their potential as partner. For example, the Emirate of Abu Dhabi will see Cleveland Clinic Abu Dhabi, Danat Al Emarat Hospital, NMC's Brightpoint Royal Women's Hospital, NMC Royal Hospital at Khalifa City and Oasis Hospital all start operations in 2015. As a consequence, there will continue to be stiff competition for locally available medical staff and patients will have increased choices for medical services.

Should oil prices remain low, this could impact economic activity and the numbers of expatriate workers arriving or residing in the country, which could impact our performance due to the rate of population and growth. Additionally, government funded and subsidised health plants (Thiqa and Basic) could see budget pressures due to continued low oil prices. Providers and insurance companies who depend on the government for funding could see their budgets reduced due to lower oil prices.

However we believe that Al Noor's reputation, geographic coverage, commitment to quality and highly talented leadership teams will allow us to manage these challenges.

***Regulatory Environment***
The healthcare regulator in Abu Dhabi continues to raise standards and has set out an ambitious strategy to measure quality and report to the community the quality of healthcare services offered by the providers in the Emirate of Abu Dhabi. Al Noor is actively engaged with the regulator on this strategy, offering advice and guidance from the provider side. We believe that transparency about the quality of services will improve the healthcare delivery system for all, and will benefit the quality providers like Al Noor.

***Health Insurance Environment***
Our insurance partners continue to push for quality metrics as well as proper unitisation of services to reduce unnecessary visits and tests. We support these efforts and have participated in such initiatives.

Two such examples are with Daman, the largest insurance company in the Abu Dhabi market and our largest payer, are:

- The Maternity Management Programme aims to provide full support and care throughout the nine months of pregnancy and onwards ensuring safe pre-natal and post-natal care
- The Asthma Project is a cross-sector healthcare improvement partnership project by ANHAR, HAAD, DAMAN and NOVARTIS to improve the quality and safety of clinical care offered to asthma patients, both children and adults. By the end of the project ANHAR will be certified as Asthma Centre of Excellence by DAMAN health insurance

We enjoy a strong relationship with all our insurance companies in our market. During my first 100 days I met with each of the CEOs of our top insurance companies, covering nearly 90 percent of our business. I will continue to build on these relationships so that we will be appropriately paid for the quality of our services and the assets we put in place to serve the patient population.

"Our aim – and my commitment – is to meet the needs of our patients at all stages of their journey. As the leading private healthcare provider in the Emirate of Abu Dhabi, Al Noor will be the model of an integrated healthcare system. In turn, creating an integrated 'Continuum of Care' will provide a platform for additional growth and will also ensure the appropriate return on our investment."

**Looking Ahead**

I have assessed the key elements of the Company's strategic plan set out at IPO and found it to contain the right areas of focus to continue Al Noor's growth agenda. To move forward, we have developed a strategic framework to guide our initiatives which fall into three areas:

- **Grow the Current Asset Base** – this includes our continued plans for expansion of our facilities, enhancement and integration of our systems, adding facilities where appropriate, and capturing efficiencies. This will allow us to scale-up as a larger system of hospitals and medical centres.
- **Expand the 'Asset Portfolio'** this includes strengthening our "Continuum of Care" and diversifying services reaching beyond the existing clinical services at our hospitals and medical centres and positioning Al Noor with even greater presence and market leadership across Abu Dhabi.
- **Expand into New Markets** both within the UAE and beyond using a disciplined approach of M&A and greenfield projects.

This strategy will allow us to grow and build based on the strength of the Company, maintain our premier position in the immediate Abu Dhabi market and strengthen our Company infrastructure and 'platform' for growth in the wider UAE and beyond.

**My Personal Commitment**

We operate in one of the most dynamic healthcare environments in the Gulf region. We have a rapidly ageing demographic with an increasing incidence of lifestyle-related medical conditions such as diabetes and obesity. However, there are 'gaps in healthcare services' for some parts of our population and a serious lack of coordination providing access to appropriate care at the right time and in the right location. The UAE government is committed to encouraging the development of a healthcare industry that is comparable to the world's most developed nations to address the country's healthcare needs.

Al Noor is well positioned to respond to these needs, close the gaps and effectively deploy and demonstrate a new, more integrated healthcare delivery system. We have experienced tremendous growth over the last few years and while we have seen increasing competition in the region, we believe that Al Noor's reputation, geographic coverage, commitment to quality and highly talented leadership teams combined with the investments we continue to make in our medical staff and infrastructure will allow us to continue to experience strong growth. Al Noor will continue to expand our services and locations to meet the needs of our patients and the communities we serve and we will continue to provide high-quality care in a compassionate and friendly way and in so doing we will meet the expectations of our shareholders.

This is an exciting time in Al Noor's history. We have experienced tremendous growth over the last few years and will continue to expand our services and locations to meet the needs of our patients and the communities we serve. I am confident that working together as the Al Noor family, we will continue to provide high-quality care to our patients in a compassionate and friendly way and in so doing we will meet the expectations of our shareholders.

**Ronald Lavater**
Chief Executive Officer

# History & Milestones

**Brief History**

Al Noor was founded by Dr. Kassem Alom in 1985, with a small polyclinic and five employees. The following year the first Al Noor Hospital opened; one of the earliest private healthcare organisations in 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 and quality customer service that simply did not previously exist in the Emirate of Abu Dhabi.

During the 1990s, Al Noor became the first private hospital in Abu Dhabi to perform in vitro fertilisation ('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.

With burgeoning growth and an influx of expatriates, the government introduced compulsory healthcare insurance in 2007 and actively encouraged investment in private healthcare. Al Noor 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 centres, gave the Al Noor Group 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 Company has continued to expand its reach with two new medical centres and to grow its services in each hospital. Al Noor has also maintained its reputation for being first-to-market, being the first private hospital in Abu Dhabi to bring many services to the population.

**1985**

Established as a polyclinic and pharmacy in Abu Dhabi

**1986**

Expansion of polyclinic to become Al Noor Hospital – Khalifa Street

**1993**

First private hospital in Abu Dhabi with Fertility Centre

**2002**

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

Inauguration of Mussafah Medical Centre

**2003**

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

Inauguration of Madinat Zayed Medical Centre

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

## 2006

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

Inauguration of Al Noor Hospital – Al Ain

## 2010

First renal dialysis unit in a private hospital in Abu Dhabi


## 2011

Inauguration of Mirfa Medical Centre

## 2012

Inauguration of Al Yaher Medical Centre in Al Ain, awarded JCI Expansion Accreditation

## 2013

Listing on the premium segment of the London Stock Exchange

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

Acquisition of Al Madar Medical Centre

Inauguration of Al Mamoura Medical Centre and Sanaya Medical Centre


## 2014

Acquisition of GICC

Inauguration of Al Bateen, Baniyas and ICAD medical centres

# Market & Opportunity

As the sixth largest oil producer in OPEC benefiting from approximately 8.1% of the world's oil reserves, the UAE had a GDP of US$402.3bn in 2013, giving it one of the highest per capita GDP (US$43,049) in the world. According to The Economist Intelligence Unit, real GDP growth for the UAE is forecast at 3.6% in 2015 – 2019. As of 2013, the Emirate of Abu Dhabi accounted for approximately two-thirds of the UAE economy and almost 94% of its crude oil exports.

Over the last 20 years the Emirate of Abu Dhabi has been in the process of diversifying its economy away from oil revenues by establishing a number of industrial zones to foster private sector development, which is projected by the Statistics Centre of Abu Dhabi ('SCAD') to lead to a 6.5% growth rate in non-oil related GDP from 2013 to 2016 (as compared to an overall GDP growth rate of 5.7% for the same period).

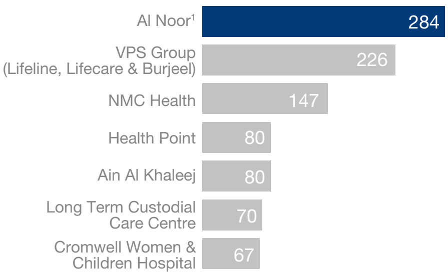
Healthcare is expected to be among the fastest growing industries in the UAE for the following reasons:

- **A population that is growing and rapidly ageing:** according to Global Insight, the population of the UAE is projected to increase by a CAGR of 1.7% from 2010 to 2030, while the population over 65 years of age is projected to increase by a CAGR of 9.2% over that same period
- **An increasing incidence of lifestyle-related medical conditions:** lifestyle diseases and conditions such as diabetes, obesity, cancer and cardiovascular diseases tend to occur more frequently in wealthier countries such as the UAE. In particular, with respect to diabetes and obesity, in 2011 the UAE was in the top 10 countries in terms of the percentage of its population that was defined as obese (30.4%), and in the top five countries in terms of the percentage of population with diabetes (18.9%), according to the International Diabetes Foundation Report (5th Edition, 2012 Update)
- **Service gaps in the current healthcare market:** HAAD has identified services for which the current supply does not meet demand in the Emirate of Abu Dhabi. These include obstetrics and gynaecology, paediatrics, neonatology, cardiology, oncology, intensive and critical care medicine, emergency medicine, and psychiatry
- **Growth in the privately insured population outside of the Emirate of Abu Dhabi:** Other Emirates, including Dubai, plan to implement healthcare reforms, such as mandatory health insurance. The Emirate of Abu Dhabi has seen higher per capita healthcare spending since its introduction in 2007

## Putting our patients first: Abu Dhabi private hospital sector landscape

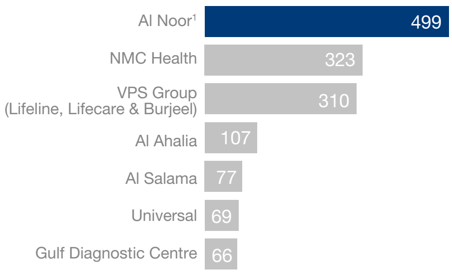
**Beds:**

**284**




**Physicians:**

**499**




*Source: Health Statistics 2013, HAAD.*

1 The basis for calculating the number of Beds and Physicians reported by HAAD for the year 2013 is different from that used by the company, and as a result, the number of beds and physicians shown by HAAD for the year 2013 is higher than 224 operational beds and 424 physicians reported by the company. HAAD has not yet published the Health Statistics for the year 2014. Hence the company has used Health Statistics 2013 Report to compare with the market.

## Trends driving demand for healthcare

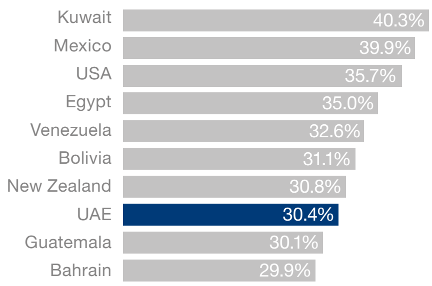
**Total of UAE population who are obese:**

**30.4%**

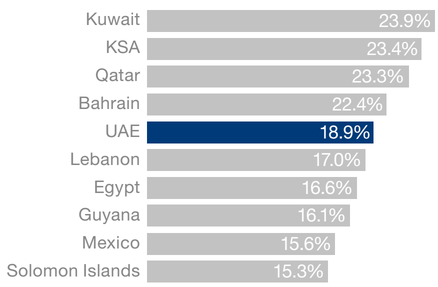
**Total of UAE population who have diabetes:**

**18.9%**

**Top 10 countries for obesity[1] (% of total population)**




**Top 10 countries for diabetes[2] (% of total population)**




*Source: WHO, OECD, International Diabetes Foundation, World Bank, Global Insight, The Economist Intelligence Unit, OPEC, SCAD, US Energy Information Administration.*

1 Obesity defined as a body mass index ('BMI') of 30 $kg/m^2$ or more. Obese population measured as per cent of population aged 15 or older (data as of 2011).

2 Diabetes comparative prevalence as per cent of population as defined by WHO. Excludes countries with population of less than 500,000 (estimates for 2012).

# Case Study

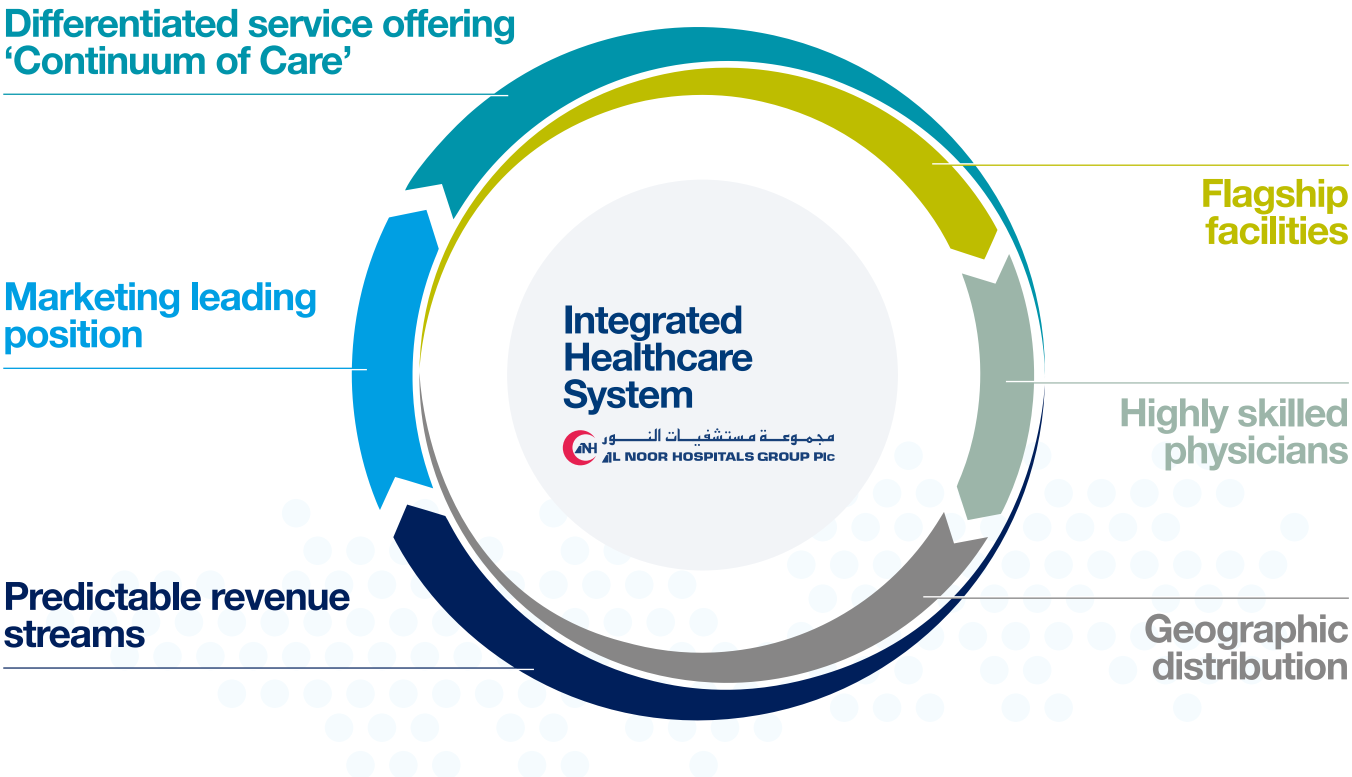
### Multidisciplinary Approach to Care

At Airport Road Hospital, a mother and her baby were saved thanks to the efforts of a multidisciplinary team comprised of the ICU team, the NICU team, a cardiologist, a cardiac surgeon, and an obstetrician.

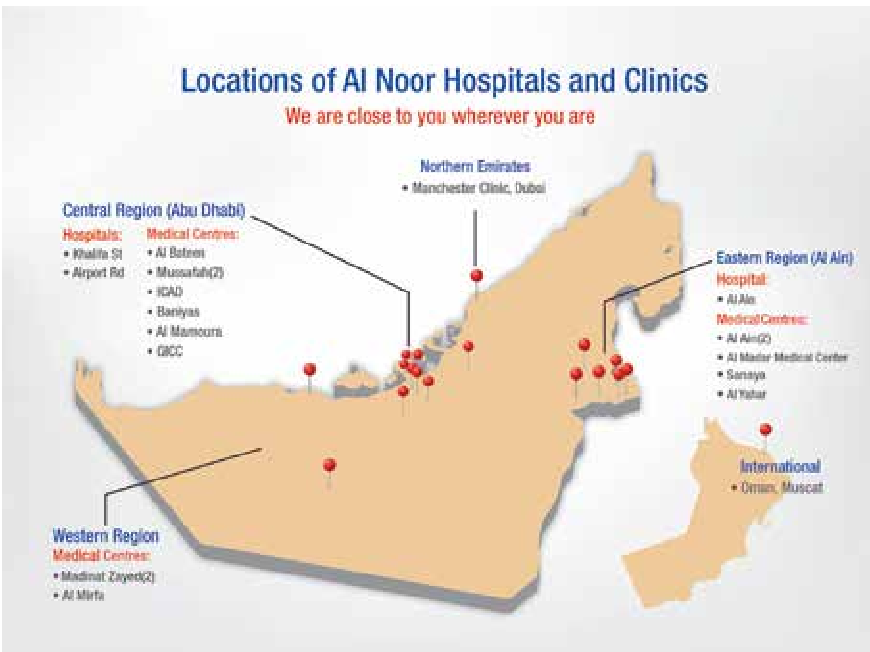
A female patient who was 26 weeks into her pregnancy presented with a pulmonary embolism. She was admitted to the ICU after being diagnosed in our emergency room. After two weeks in the ICU, she suddenly developed a massive pulmonary embolism with cardiac arrest. Cardiopulmonary resuscitation ('CPR') was started and the decision to conduct an emergency Caesarean section was taken. The procedure was performed on the ICU bed while the mother was undergoing CPR and the baby was received by the neonatal ICU ('NICU') team and stabilised. After one hour of CPR, the patient was resuscitated, and, after spending a few days in hospital to ensure she had adequately recovered, was safely discharged with her healthy newborn baby.

# Business Model & Key Strengths

Our integrated healthcare service offering is one of the most comprehensive amongst healthcare providers in the UAE. Our geographic distribution, high quality of care and scope of services have resulted in our position as one of the leading healthcare providers in the Emirate of Abu Dhabi.




**Geographic Distribution**
Al Noor is devoted to ensuring that our services fully and effectively meet the needs of our patients and the communities we serve. We have opened facilities over a wide area of the Emirate of Abu Dhabi, providing 'closer to home' care to as many people as possible. Al Noor has a strategic presence in the three main geographical areas of the Emirate of Abu Dhabi: Abu Dhabi City, Al Ain City, and the Western Region. The first two are densely populated and have high patient volumes. As flagship facilities, our three in-patient 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.





## 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 the Emirate of Abu Dhabi.

We are also the preferred private hospital for out-patients and in-patients in the Emirate of Abu Dhabi, including, in particular, Thiqa (the plan for UAE Nationals) and Enhanced (the insurance segment for high income expatriates) patients, based on a survey of patients' preferred hospitals for in-patient and out-patient care conducted by GRMC Advisory Services in 2013.

We are committed to hiring the most highly skilled and experienced physicians available in the UAE. 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, which is designed to provide the highest quality of medical care through a single vertically integrated healthcare network, has allowed us to capture and retain the broadest possible patient base. The higher value Thiqa and Enhanced plan patient segments relative to Abu Dhabi Basic plan holders (the plan for lower income expatriates) have historically accounted for the majority of our patient population. In 2014, our Thiqa, Enhanced and Basic plan holders accounted for 25.2%, 39.6% and 35.2%, respectively, of our total insured out-patient volumes and 22.2%, 41.7% and 36.1% respectively, of our total insured in-patient volumes. The Thiqa and Enhanced patient populations also generate a higher value per claim than Basic plan holders as illustrated by the table below which provides information compiled by HAAD:

| | Average Net Claim (US$) | |
|---|---|---|
| | In-patient | Out-patient |
| Thiqa | 3,934 | 140 |
| Enhanced | 2,768 | 92 |
| Basic | 2,475 | 47 |

Source: Health Statistics 2013, HAAD

## Scope of Services

In addition to providing core medical, surgical and emergency services, we have differentiated ourselves in the Abu Dhabi healthcare market by offering specialised and complex services such as cardiothoracic surgery, bariatric surgery, renal dialysis, nuclear medicine and a fertility centre. We believe that our integrated healthcare service offering is one of the most comprehensive amongst healthcare providers in the Emirate of 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 assuring the best possible healthcare for those we serve.

# Our Strategy

## Al Noor Strategic Framework

"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."

**Ronald Lavater, CEO**

Strength &

### Locally Focused Hospitals with Centres of Excellence

We continue to position our hospitals as acute care hubs for our network. Our hospitals will diversify services and specialise in key areas to meet the needs of our local patient population. Designated 'centres of excellence' will emerge as part of this strategy. Centres of excellence in healthcare involve selected clinical programmes or service lines providing specialised expertise, and state-of-the-art technology within established best-practice guidelines – intentionally designed to create and sustain exemplary quality outcomes. Centres of excellence typically carry an imprimatur either through formal certification or by reputation. Al Noor's work in cardiology, oncology and maternal/child services might evolve toward and become certified as Centres of Excellence. Developing service lines with this designation creates a clear competitive advantage and is often recognised favourably by health insurance companies.

### Medical Centres Positioned to Protect Market Share

The 17 Al Noor medical centres provided services for 611,495 patients in 2014. Each medical centre and the affiliated physicians focused on providing quality care for their patients. As we evolve in our ability to share systems and to coordinate required referrals for follow up care, our hospitals and our medical centres will function even more effectively as a network – as a more integrated care provider. This strategy of defining and managing our out-patient and our in-patient populations combined with the continued placement of medical centres in key population sectors will ensure that Al Noor can improve access for its patients.

### Establishing a 'Continuum of Care' within the Al Noor System

As Al Noor increasingly becomes 'the healthcare home' for our patient population, we must create a more comprehensive 'Continuum of Care'. Such a continuum covers the delivery of healthcare over a period of time through a complete array of health services spanning many levels and intensity of care. Services typically include preventative services, urgent care, ambulatory and diagnostic care, acute care, extended care, home care and rehabilitation to name a few key components of the continuum.

As part of our five-Year Strategy, Al Noor has recognised an opportunity to enhance healthcare services through greater integration of the organisation's facilities and personnel to become a dominating healthcare network of inter-related and self-referring services.

Today, the Company's promise of a '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 family of services and professionals. We are confident that no other private sector provider can make such a promise.

# growth

## A well-established 'Continuum of Care' provides care from 'home to hospital and back home again' and from 'birth to end of life'.

A true continuum includes the availability of these services as well as an integrated mechanism to track patient needs, guide them toward the most appropriate access to care and then track the health information that drives efficiencies in the delivery and payments for care. Although building an integrated "Continuum of Care" is not a short-term achievement, once established, Al Noor becomes the healthcare home for our patients at every stage of life.

## Creating an Integrated Healthcare System

The concept of an integrated system in healthcare remains a 'work in progress' and long-term journey. Market leaders do seem to agree, however, that a healthcare delivery system is best positioned to grow and compete when it:

- Positions comprehensive services across a 'Continuum of Care';
- Understands the needs of its patient population;
- Establishes standards for care delivery that produce cost effective, quality outcomes;
- Builds an information system that improves patient interactions, clinical decision-making and financial tracking; and
- Creates an organisational culture to effectively coordinate and collaborate among physicians, diagnostic facilities, hospital services and managers within the system.

"We do know that strengthening our hospitals, coordinating our medical centres and expanding services to provide a 'Continuum of Care' must be supported by our ability to share information, establish standards of care and capture efficiencies across our network for care delivery. As we build toward this kind of system, Al Noor will become the model of an integrated healthcare system and our success will be beneficial for our patients and for our investors."

**Ronald Lavater, CEO**

## Strategy in Action

# World-class expertise

## Cardiac Services at Airport Road Hospital

Airport Road Hospital has significantly grown its cardiac services offering in 2014. Recognising the strong unmet demand for complex cardiac services in the community, the management team successfully recruited the doctors and other medical staff needed and invested in the equipment necessary to deliver more comprehensive cardiac services.

**The cardiac services team at Airport Road Hospital has highly-skilled physicians including:**

- One cardiac surgeon;
- Three cardiologists;
- Five interventional cardiology consultants;
- Three cardiac intensivists;
- 24/7 in-house on call; and
- A team of catheterisation lab and cardiac nurses and technicians.

**The Cardiology services performed by this team include:**

- Non-invasive cardiac procedures and diagnostic testing including transthoracic and transesophageal echocardiography, Stress ECG, Stress Echocardiography, Dobutamine Stress Test, Tilt Table Test, Ambulatory Blood Pressure monitoring, Holter monitoring and Cardioversion;
- A full range of invasive cardiac interventions including Percutaneous Transluminal Coronary Angioplasty (‘PTCA’), Intravascular Ultrasound (‘IVUS’), Fractional Flow Reserve (‘FFR’), Optical Coherence Tomography (‘OCT’), Pacemaker insertion, Intracardiac defibrillator (‘ICD’) implantation. Inferior Vena Cava (‘IVC’) filter insertion, Pericardiocentesis, Temporary pacemaker insertion and Reveal Device implantation; and
- The cardiac surgery services performed include coronary artery bypass graft (‘CABG’) surgery, mitral valve replacement, and atrial septic defect repairs.

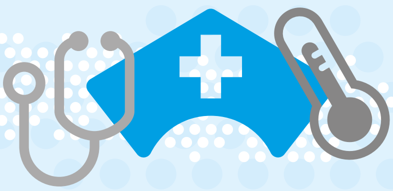
**Achievements:**

- In 2014 Al Noor established a Heart Attack Centre making it the only private hospital in the UAE with a 24/7 heart attack programme, with an in-house dedicated cardiologist on call 24/7
- Door to balloon time, an important quality indicator, is approximately 45 minutes, well below the international benchmark of 90 minutes
- Al Noor is the only private hospital that does angiograms by radial approach (90% of the cases), which results in a shortening of length of stay to less than four hours
- Al Noor is the first private hospital in Abu Dhabi to perform ICD implantation, pacemaker insertion, and IVC filter insertion, the only private hospital in UAE with IVUS, FFR and OCT platforms and the only one to perform the Tilt Table Test and to implant Reveal Devices

Over 1,000 cath lab procedures were performed in 2014, an increase of 18% on 2013. Over 80 cardiac surgeries were performed in 2014, with a mortality rate of zero.

# 841

nurses across the Company



## Strategy in Action

# Increased network

## Expansion of medical centres to improve patient access

**+19%**
more patients treated

Al Noor continued to grow its network of out-patient medical centres to increase accessibility for patients, expand the Company's integrated network and provide primary care services in strategically chosen locations. The Baniyas and Al Bateen centres are in underserved areas of Abu Dhabi with high proportions of UAE Nationals, while the ICAD centre will serve workers in the industrial zone of Abu Dhabi.

➔ **Al Noor has continued to expand into areas in which it did not previously have a presence**

➔ **Al Noor is the only private provider with an extensive presence throughout the Emirate of Abu Dhabi**

at least **3**

new medical centres
to be opened in 2015

## Strategy in Action

# Service Line Expansion

**Founded in 2004, the Gulf International Cancer Centre ('GICC') is a leader in cancer treatment in Abu Dhabi, offering Radiation Therapy, Medical Oncology, and PET/CT scan services. Cancer care cases are forecast to grow at 10 – 14% annually in Abu Dhabi and the GICC has the capacity to serve the treatment needs of a significant number of our patients. The centre is managed by highly experienced medical staff who trained in North America and Europe. Al Noor acquired GICC in Q1 2014, making the Company the only private health system in Abu Dhabi with comprehensive cancer services.**

GICC holds the first PET/CT scan installed in the UAE. The PET/CT scan detects a cancerous tumour in the body and its spread using radioactive glucose, helping physicians decide whether the patient will need surgery, radiation therapy, and/or chemotherapy. The radioactive glucose is made available by a committed cyclotron, present at the centre. Bringing this service to the UAE has reduced the number of patients going abroad for this service. Additionally, Al Noor has already succeeded in generating referrals to GICC from Muscat, as this service is unavailable in Oman.

➔ GICC has a state of the art facility that includes two linear accelerators, a PET/CT scanner, and a cyclotron

➔ GICC boasts an excellent team of highly skilled oncologists, physicists, nurses and radiographers

# Case Study

**Minimally-Invasive Cardiac Surgery**

A 36-year-old woman with a congenital heart condition recovered quickly following a minimally-invasive procedure conducted by our cardiac surgeon at Airport Road Hospital.

Dr. Norbert Augustin diagnosed the patient with Atrial Septal Defect ('ASD') – a hole in the wall between the two upper chambers of the heart. This defect resulted in the enlargement of her right side of the heart and damage to the valve between the right atrium and the right ventricle. To treat her condition, Dr. Augustin carried out the two-and-a-half hour surgery using a minimally-invasive technique that allowed direct access to the heart, using a 6 – 8cm incision as opposed to the conventional 18 – 25cm. This technique offered a decreased length of stay, with the patient going home after four days.

# Leaders in our Field

**Our vision and mission are underpinned by our values, which guide us in how we run our business.**

## → 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 Values

### 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 worldwide.

### Collaboration

We believe in teamwork and honour 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.

## ➔ Our Mission

- Building a compelling healthcare reputation that positions the Al Noor 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-centred
- Providing a pleasant environment where safe and effective delivery of services takes place
- Being the employer of choice for healthcare while ensuring all staff at Al Noor 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 maximising the quality of patient care

## 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 to keep patients safe in line with our professional ethics and standards of care. We are accountable to fulfil the mandate of our roles and to meet the expectation of our patients to receive compassionate and high quality healthcare.

## 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.

## Excellence

We are dedicated to providing the highest quality of care for our patients. We benchmark against international high performance organisations and are committed to doing our best to achieve peak results. We are driven by the knowledge that our performance affects the quality and longevity of life.

**We believe that the only acceptable standard of our performance is excellence.**

# Operational Review

2014 has been an active year of growth and development. We have expanded our already broad spectrum of services within our hospitals and medical centres and have extended our footprint within the Emirate.

In 2014, demand for the Company's healthcare services continued to grow. Growth was driven by the Company's continued expansion of its services in existing facilities and by the addition of new medical centres across the UAE. Revenue increased 23% on 2013, driven by a 27% growth in out-patient revenue (including other revenue) and a 12% increase in in-patient revenue during the year.

### Operating segments

***Central Region***

**Hospitals**
Airport Road Hospital
Khalifa Street Hospital

**Medical Centres**
Mussafah
Al Mamoura
Al Bateen Medical Centre – New
Baniyas Medical Centre – New
ICAD Medical Centre – New
Gulf International Cancer Centre – New

***Eastern & Western Region***

**Hospitals**
Al Ain Hospital

**Medical Centres**
Madinat Zayed (2)
Al Ain (2)
Al Yahar
Al Mirfa
Sanaya
Al Madar Medical Centre

***Northern Emirates***

**Medical Centres**
Manchester Clinic, Dubai

***International***

**Medical Centres**
Muscat, Oman

## Airport Road Hospital

Al Noor Hospital Airport Road is a state-of-the-art, purpose-built facility in central region with a total licensed capacity of 150 beds. The hospital provides a wide range of in-patient and out-patient care with 24-hour emergency and GP services. The JCI accredited hospital offers the latest treatments delivered by highly qualified medical experts dedicated to providing effective and compassionate care to every patient.

The hospital supports complex procedures such as cardiac surgery and spinal surgery. Moreover, the hospital recently expanded its Cardiology Department to include a 24-hour Heart Attack Centre for cardiac catheterisation.

*For more information see page 30*

## Khalifa Street Hospital

Al Noor Hospital Khalifa Street, is a state-of-the-art hospital in central region providing a full continuum of healthcare services including; in-patient, out-patient, medical, surgical, diagnostic, and round-the-clock emergency services.

Moreover, the hospital is staffed with highly qualified medical professionals and operates the latest equipment in an effort to deliver exceptional healthcare to every patient. The hospital offers a comprehensive range of healthcare services including; Oncology, Orthopaedics and Trauma, Obstetrics and Gynaecology, IVF, ENT, Paediatrics, Neurology, Cardiology, Endocrinology, Internal Medicine and Rheumatology.

*For more information see page 30*

## Al Ain Hospital

This hospital is conveniently located in the heart of Al Ain city in the eastern region. The hospital offers a wide range of medical and surgical in-patient and out-patient services including round-the-clock emergency services.

The hospital is equipped with a state-of-the-art laboratory, a radiology department, a nuclear medicine department, a physiotherapy unit and houses over 20 clinics covering all major specialties.

*For more information see page 31*

## Medical Centres

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

### Locations

**Central Region**
- Mussafah (2)
- Al Mamoura

**Eastern & Western Region**
- Madinat Zayed (2)
- Al Ain (2)
- Al Yahar
- Al Mirfa
- Sanaya
- Al Madar Medical Centre

**Northern Emirates**
- Manchester Clinic, Dubai

**International**
- Muscat, Oman

*For more information see page 31*

## New Centres

### Openings

**Central Region**
- Al Bateen Medical Centre
- Baniyas Medical Centre
- ICAD Medical Centre

### Acquisitions

**Central Region**
Gulf International Cancer Centre ('GICC')

# Operational Review

## Continued

Out-patient and in-patient volume growth:

| | 2014 | 2013 | Change |
|---|---|---|---|
| Out-patient volumes | **1,992,813** | 1,672,485 | 19% |
| In-patient volumes | **42,033** | 40,475 | 4% |

In 2014 the Company added 64 net revenue generating doctors across our hospitals and various medical centres. These additional doctors helped with the continued expansion of services and the geographical footprint of the company across the UAE.

- Underlying EBITDA increased by 18.5% to US$98.1m compared to FY2013.
- Underlying EBITDA margin was 21.9% which was 0.8% down compared to 2013
- Underlying operating profit of US$85.4m, an increase of 13.8% compared with FY2013

In 2014, in the Central region, the Company opened three new medical centres and completed the acquisition of the Gulf International Cancer Centre, a reputed out-patient oncology diagnostic and treatment centre in Abu Dhabi. The Airport hospital performed in line with expectations however this was offset by a drop in volumes at Khalifa Street Hospital. The decrease in volumes of the Khalifa Street Hospital was due to a variety of reasons such as new competition opening in the vicinity, physician attrition and the ongoing refurbishment of premises to improve the patient experience at the premises.

In the Eastern region the Al Ain Hospital has performed very well. The performance of the medical centres in the eastern and western region has also been very good.

Average revenue per out-patient improved by 8% despite a less favourable insurance mix as a result of changes in service mix, improved claim management, improved clinical documentation and high average revenue per out-patient in the GICC. Average revenue per in-patient improved by 8% for the same reasons.

| | 2014 (US$) | 2013 (US$) | Change |
|---|---|---|---|
| Average Revenue per out-patient | **170** | 158 | 8% |
| Average Revenue per in-patient | **2,415** | 2,237 | 8% |

The Company continues to see improvements in bed utilisation in Airport Road and Al Ain hospitals, and hence there are plans to add additional beds in 2015.

The average number of patients per revenue generating doctor has remained unchanged year on year.

| | 2014 | 2013 | Inc % |
|---|---|---|---|
| Bed utilisation % | **76%** | 66% | 9% |

The growth in doctor numbers coupled with other factors has contributed to the growth in out-patient and in-patient revenues in 2014 as below:

| | 2014 (US$m) | 2013 (US$m) | Inc % |
|---|---|---|---|
| Out-patient revenue | **347.5** | 274.5 | 27% |
| In-patient revenue | **101.5** | 90.6 | 12% |

### Underlying EBITDA

**+18.5%**

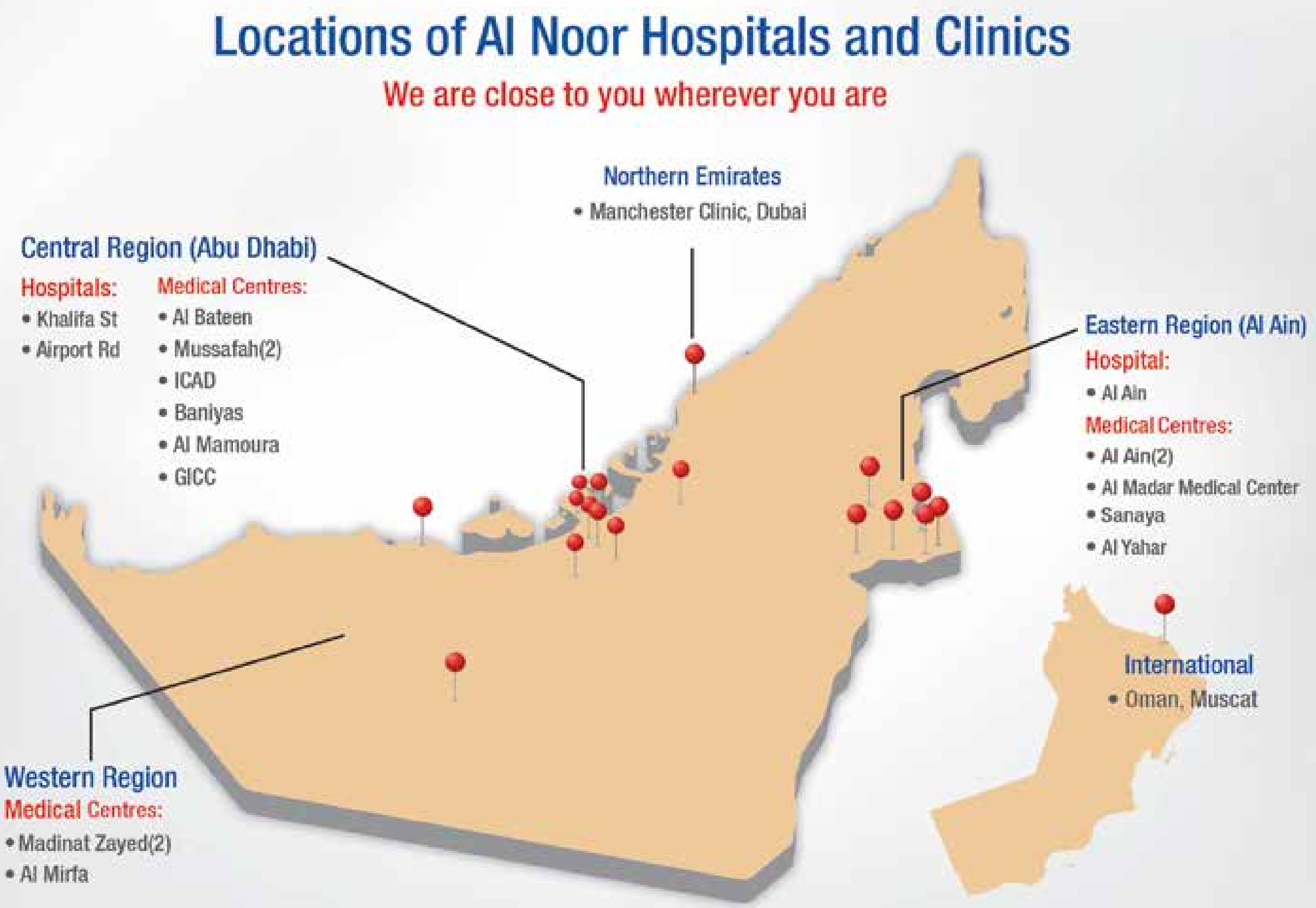

### Underlying EBITDA margin

**-0.8%**


### Underlying operating profit

**+13.8%**

Al Noor has a strong strategic presence in the three main geographical areas of the Emirate of Abu Dhabi, and is the largest healthcare provider in this area.




**➔ According to the latest HAAD statistics, Al Noor is a frontrunner for in-patient satisfaction, with all three of its hospitals featuring in the top four in Abu Dhabi**

Strategic Report

Corporate Governance

Financial Statements

# Operational Milestones

## Al Noor Hospital – Airport Road

Airport Road's growth in 2014 has been the result of numerous initiatives. New out-patient service lines have been added such as family medicine, fetal imaging, and endoscopic retrograde cholangiopancreatography ('ERCP') and LASIK services.

In-patient capacity has also increased through the expansion of our maternity ward's NICU capacity, which has helped accommodate growing demands in these service areas. The maternity ward rooms have undergone major renovations in addition to the VIP and Royal suites to create a 'home away from home' atmosphere.

The state-of-the-art hospital has also expanded its Ophthalmology sub-specialties, introducing a fully equipped operating theatre that includes world-class vitroretinal surgery equipment.

In the year 2014, numerous successful initiatives have been implemented to improve the patient experience and reduce out-patient waiting times. The hospital is also well prepared to meet the increasing demands of environmental, health and safety standards. It is also worth mentioning that various staff engagement activities were carried-out to enhance staff satisfaction.

**JCI**
**Accredited**

**24hr**
**Heart Attack**
**Centre**

Number of operational beds:
**94**

Number of physicians:
**176**

Number of nurses:
**262**

## Al Noor Hospital – Khalifa Street

Khalifa Street remains committed to excellence in the delivery of quality care and patient-centred services. In August, the 73-bed hospital successfully completed the Joint Commission International ('JCI') reaccreditation survey with great success. It is the first private healthcare institution in Abu Dhabi to receive the JCI golden seal on the 5th edition standards.

The hospital is one of Al Noor's oldest facilities in a highly competitive part of the city, and therefore faces a few challenges today. Therefore, to deal with these challenges, the Company has initiated several projects to renovate and expand out-patient clinics as well as inpatient rooms. Occupational Health was added to the scope of services; a fully-fledged clinic is now delivering a complete spectrum of pre-employment and medical checkups. Services include, but are not limited to, offshore and onshore medical fitness certificates, qualified medical personnel onsite, healthcare facility management in remote locations, among others.

**Lab**
**Central**

**Dental**
**Lab**

Number of operational beds:
**73**

Number of physicians:
**163**

Number of nurses:
**191**

# Al Noor Hospital – Al Ain

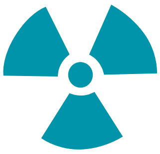
In 2014, Al Ain Campus underwent expansion to meet growing demand and patient expectations. Inpatient-rooms, patient waiting areas, the hospital entrance and the lobby have all been renovated and given a new fresh look to increase the comfort level of patients.

Furthermore, the hospital has successfully managed to add 14 new clinics to meet increasing volumes and patient demands. The hospital has also expanded its portfolio of services by initiating Vascular Surgery and Advanced Ophthalmology Surgical services and expanded its ER observation beds and Recovery Room.

Another major milestone achieved in 2014 was the upgrade of the Special Care Baby Unit to a Neonatal Intensive Care Unit to care for premature infants and those who require intensive care.

In addition, a state-of-the-art Nuclear Medicine department was launched in February 2014, providing break-through nuclear imaging solutions and the right medical expertise.

**Nuclear**
**Medicine**



**Baby**
**Unit**

Number of operational beds:
**51**

Number of physicians:
**111**

Number of nurses:
**166**

# Medical centres

Our 17 medical centres are strategically located in residential areas in order to be attractive as a patient's first point of care. Our medical centres serve as ambassadors to the community, often making the Company's first impression and influencing future relationships with our patients.

### Projects

The Healthcare Projects Department has had another successful year operating and managing its clinics at the Emirates Palace Hotel, Abu Dhabi Women's College and Abu Dhabi Men's College. In addition to these clinics, the projects department was successful in obtaining contract renewals with two client based projects;

Critical Infrastructure Coastal Protection Authority ('CICPA') 4th year extension for the provision of two clinics at Sweihan and SADR and Emirates Aluminum provision of emergency, primary and occupational health services.

Furthermore, the Healthcare Projects Department increased its portfolio of projects by opening three new clinics namely; Al Salam Living City Clinic, Al Saweed Clinic and ICAD Clinic.

**Emergency & Primary**
**Provision**


Number of centres: 17
**+3**

Number of physicians: 191
**+32%**

Number of employees: 868
**+35%**

# Financial Review

## Results

The Company has delivered a strong performance in 2014. Revenue grew by 23% and Underlying EBITDA grew by 18.5%, primarily generated by strong out-patient performance at our hospitals and medical centres, both established ones and the new centres.

The underlying profits for the year increased by 18.3%

| | 2013 (US$'000) | **2014 (US$'000)** |
|---|---|---|
| Underlying profit for the year | 71,507 | **84,619** |
| Listing transaction costs | (6,134) | **–** |
| Unamortised facility costs | (2,881) | **–** |
| Others | (822) | **(598)** |
| Profit for the year | 61,670 | **84,021** |

Profit for the year after tax and non-underlying items has increased by 36.2%.

## Earnings Per Share ('EPS')

The underlying basic EPS for the year grew from US$65.3 cents per share to US$70.0 cents per share, an increase of 7.2%.

After non-underlying items, which consisted mainly of IPO costs and the cost of writing off unamortised facility costs in 2013, basic EPS increased by 23.4%, year on year.

## Revenue

Revenue increased 23% to US$449.1m compared to FY2013, driven by a 27% growth in out-patient revenue and a 12% increase in in-patient revenue during the year.

In volume terms, the 27% growth in out-patient revenue was driven by a 19% increase in volume and the 12% increase in in-patient revenue came from a 4% increase in volume. In an increasingly competitive market, the Group's strategy of consolidating its position in the primary care market by:

- improving the quality of patient care
- recruiting high quality medical staff
- providing greater diversity of services and enhanced patient access through opening of medical centres; and
- the expansion of services in hospitals and acquisition of medical centres has led to more patients than ever before turning to Al Noor for their healthcare needs.

Despite the market place competition for talent, a proactive hiring process has resulted in the Group successfully recruiting additional doctors.

| | **2014** | 2013 | Change |
|---|---|---|---|
| Number of revenue generating Doctors | **534** | 470 | 14% |

The hiring of doctors helped us deliver new services and expand existing services across the hospitals and medical centres in all our Regions. For example, in the Central Region at Airport Road hospital and in the Western and Eastern Region at Al Ain Hospital, the ICUs were expanded. New services such as Lasik and vitroretinal surgery were also introduced. Doctors recruited to work at Airport Road have supported interventional cardiology there and at Al Ain the addition of new physicians has allowed the establishment of nuclear medicine services, a sleep study lab and a diabetic foot clinic, the upgrade of the bone density unit and delivery of interventional radiology.

## EBITDA and Margins

Underlying EBITDA grew 18.5% from US$82.8m in 2013 to US$98.1m in 2014. However, underlying EBITDA margins declined from 22.7% to 21.9% through a combination of wage inflation for medical staff but significant investment in our facilities, people and services which will sustain the Group's future growth. We comment further on costs below.

In the Central Region comprising our two largest hospitals, Khalifa Street and Airport Road and the majority of our medical centres, the Khalifa Street hospital saw a decline in revenues of 1% year on year as a result of reductions in out-patient and inpatient volume. Revenues at Airport Road increased by 18% driven by higher out-patient and inpatient volumes. Combined with our more established medical centres, revenue for the Central Region increased from US$278mm to US$317m. At Khalifa Street, we started a significant programme of works in the late stages of 2013 to re-organise and upgrade aspects of the hospital, including the conversion from its previous mixed usage of residences and hospital facilities to that of a dedicated healthcare facility. Inevitably, there has been some disruption during these works which have run on through 2014 and will continue into 2015 with further capital expenditure earmarked. This has impacted adversely on both revenues and running costs at Khalifa Street during 2014 and hence the profits of the Central Region show a decline of US$2.5m, but the work is essential to reposition Khalifa Street as a first class healthcare operation in the heart of the city looking after the needs of Abu Dhabi's residents and families. The Central Region segment also contains several new clinics that have started providing healthcare services in the last two years. There is a 12-24 month lead time required for these new clinics to build their patient numbers to a level that covers their start-up costs and contributes to Group profit and we therefore expect to see a steady improvement in financial contribution through 2015 and into 2016 from these newer facilities. In particular, we are focussed on the opportunities provided by our acquisition of the Gulf International Cancer Clinic in February 2014.

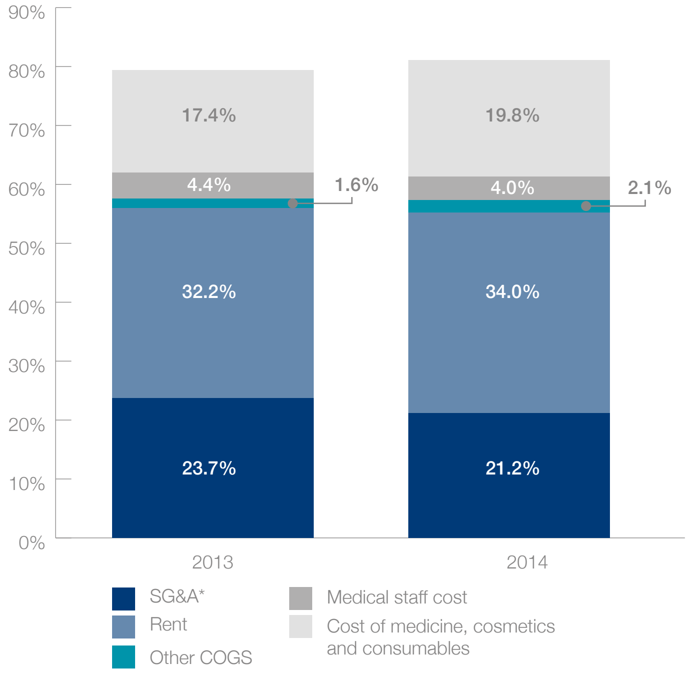
The Western and Eastern Region has seen revenue grow substantially by 50% from US$86.9m to US$130.6m with profits more than doubling from US$17.2m to US$37.0m. These increases arise from very strong performances driven by patient volumes as well as higher value services at our hospital in Al Ain, and the clinics at Madinat Zayed, Al Madar and Al Yahar.

In the International Region, our clinic in Oman which provides a range of services is being repositioned with a focus on dialysis services for which there is considerable demand and we expect to see the start-up losses of this clinic reduce in the year ahead and the clinic move into profit as it serves an increasing number of patients. Similarly, with the appropriate investment in skills and services at our Manchester clinic in Northern Emirates, we expect to see patient volumes increase and move the clinic to sustained profitability in the year ahead.

## Cost structure

The Group's total costs on an underlying basis have increased in 2014 versus 2013 rising from US$290.0m to US$363.7m. Total underlying costs represented 81% of revenue in 2014 compared with 79% in the prior year.

The Group's overall cost structure is shown below:




*SG&A does not include non-underlying costs.

The increase in costs arises not just from the growth in delivery of patient care but also reflects the wage inflation that is prevalent in our market place as competing healthcare providers, opening new facilities in our Regions, all seek high quality physicians. In addition, the Group's new management team is identifying areas where further expenditure is vital to maintain and improve the services which we provide to our patients and this is already reflected in the small percentage increase that costs represent as a proportion of revenue in 2014. However, management also see opportunities to bring greater efficiency to bear on the operations of the Group. Taken together, management anticipates that 2015 is likely to see a further increase in costs as investment is made in the short term with efficiencies starting to flow towards the end of 2015 and into 2016.

## Medical Staff Costs

Medical staff costs have increased due to increased medical staff numbers and reflect the impact of wage inflation in the UAE in our sector.

| | 2014 (US$m) | 2013 (US$m) | Inc % |
|---|---|---|---|
| Medical Staff Costs | **152.5** | 118.0 | 29% |
| Medical Staff Costs (%) | **34.0%** | 32.3% | 1.6% |

## Cost of Medicines and Consumables

Although the total cost of medicines and consumables has increased with activity levels, as a percentage of revenue, costs are down year on year. This decline is due to the increase in out-patient clinic revenues in the overall revenue mix; out-patient visits consume fewer consumables compared to in-patient visits.

| | 2014 (US$m) | 2013 (US$m) | Inc % |
|---|---|---|---|
| Cost of medicine and consumables | **95.1** | 86.5 | 10% |
| Cost as a % of revenues | **21.2%** | 23.7% | -2.5% |

## Gross Margins

The results for 2014 show a small improvement in gross margins by 0.5% compared with 2013. The positive effects of revenue mix, for example due to a higher growth in out-patient revenues, and costs of medicines and consumables have marginally outweighed the impact of salary costs and lower margins at the newer Clinics which still have to grow their patient volumes to target levels.

| | 2014 | 2013 | Inc % |
|---|---|---|---|
| Gross Margin % | **42.8%** | 42.3% | 0.5% |

## Selling, General and Administrative Overheads

The selling, general and administrative expenses of the Group have gone up significantly during 2014 due to a number of factors. Initiatives taken by the Group to recruit for a range of senior leadership positions, a number of which represent new posts, is a principal driver of this growth in cost. In addition, a greater focus on the support infrastructure needed to support the Group going forward and provide a sound platform for growth in services has added cost in the area of quality management, recruitment and areas of corporate governance, including a range of costs that are needed to support a Premium listed company.

Depreciation and amortisation costs have increased from US$1.8m to US$3.3m in line with our expenditure on leasehold improvements, equipment and fittings and our acquisition of the Gulf International Cancer Centre earlier in the year.

The group continues to benefit from stable operating lease arrangements for its properties with the increases in rent arising largely from new clinics and facilities as shown below.

## Rent

The break-down of rental expenses is as follows:

| | 2014 (US$m) | 2013 (US$m) | Inc % |
|---|---|---|---|
| Existing Premises | **15.5** | 15.2 | 2% |
| New Clinics & Acquisitions | **2.4** | 0.9 | 155% |

## Interest and Taxation

The Group incurs commitment fees on the US$82m capex/working capital facility which is currently undrawn. Besides this expenditure, as the Group has no external borrowings, it does not incur any financing costs.

The Group has no tax liability as it operates mainly in the UAE which has no corporation tax regime. Results from Sultanate of Oman and the parent company in the UK both generated tax losses in the year. The Group anticipates recovery of this loss in the future for Oman as the clinic there increases its activity and the tax asset shown in the balance sheet reflects this. There is no current prospect of the losses in the UK being recovered and therefore no deferred tax asset is carried for these.

# Financial Review continued

### Non-underlying Costs
During the year the Group incurred non-underlying costs amounting to US$0.6m relating to acquisitions.

### Capital Expenditure
During the year the Group incurred total capital expenditure of US$65m as follows:
- A sum of US$31.5m on the acquisition of the Gulf International Cancer Centre and the deferred consideration of Al Madar, which has achieved its earnout thresholds;
- A sum of US$26.5m on capital expenditure across our operating segments on existing hospitals and medical centres, and new medical centres; and
- A sum of US$7.0m incurred on hardware and software principally related to the upgrade to SAP.

The Group has continued with its organic growth plan, upgrading its existing hospitals and medical centres. The Group has incurred capital expenditure both for the replacement of equipment as well as for the introduction of new services. Though higher than previous years, the capital expenditure was and is essential to sustain the momentum in out-patient and in-patient volume growth and with the quality of facilities that competitors are opening in the Abu Dhabi market in 2015, investment in our portfolio remains essential as evidenced by the construction of our new hospital in Western and Eastern Region to complement our existing Al Ain hospital and in the Central Region, our work at Khalifa Street already referred to.

In order to ensure uniform systems and controls across the Group and to allow us to integrate acquired entities successfully, the Company embarked on a SAP ERP implementation in 2013, which continued through 2014 when we successfully implemented the financial and material handling modules. The implementation continues into 2015 as we seek to integrate patient accounting.

The capital expenditure is broken down below:

| | US$m |
|---|---|
| Replacement Capex at Hospitals & Medical Centres | 13.9 |
| Khalifa Hospital Refurbishment | 3.4 |
| Growth Capex at Hospitals & Medical Centres | 3.4 |
| New Medical centres | 5.8 |
| IT total software and hardware | 4.7 |
| Other IT | 2.3 |
| Subtotal | 33.5 |
| Acquisitions (includes GICC & Payment for Al Madar) | 31.5 |
| Total Expenditure | 65.0 |

### Cash (including Working Capital)
Cash generated from operating activities, before adjusting for working capital movements, was US$102.3m, (2013: US$84.0m). After working capital adjustments, cash generated was US$81.3m (2013: US$87.2m).

The change in working capital year on year reflects increased activity levels but also includes the impact of an increase in debtor days due to delayed receipts from one of the Group's insurers. Inventory levels have increased to reflect management's decision to hold greater stocks and reduce the risk of long lead time on delivery of products.

Working capital management remains a key focus area for the Company and the new SAP system is starting to provide management with greater detail to facilitate work in this area.

Cash balances at year end were US$82.9m with an additional US$13.6m held on deposit.

### Going Concern
Having made enquiries the Directors have a reasonable expectation that the Company 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 Company'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 1 to 48. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the financial statements and notes on page 88.

### Dividend
The Board has reviewed the results for the year and is pleased to recommend a final dividend of 9 pence per share to be paid in cash for the year ended 31 December 2014. This excludes the 3.7 pence per share paid as an interim dividend. The total dividend reflect a distribution of 28% of the Profits After Tax for 2014 attributable to ordinary shareholders of the Company.

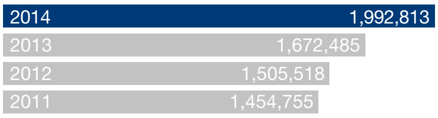
This final dividend will be paid on 15 May 2015 to all ordinary shareholders who were on the register of members at the close of business on 17 April 2015.


AL NOOR HOSPITAL
مستشفى النور
AL NOOR PHARMACY
صيدلية النور

# Key Performance Indicators

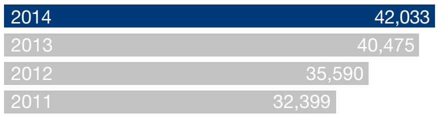
## Number of out-patient visits:

**1,992,813**



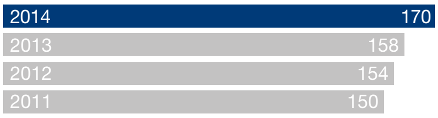

## Number of in-patient admissions:

**42,033**



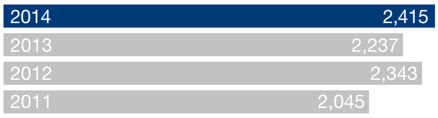

## Average revenue per out-patient visit (US$):

**170**




## Average revenue per in-patient admission (US$):

**2,415**




## Physical KPIs

| | As of and for the year ended 31 December | | | |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | **2014** |
| Number of operating beds[1] | 225 | 225 | 224 | **218** |
| Number of operating theatres | 12 | 12 | 12 | **13** |
| Number of revenue generating doctors | 324 | 350 | 470 | **534** |
| Number of other support doctors | 73 | 86 | 108 | **113** |
| Number of nursing staff | 611 | 732 | 764 | **841** |
| Number of other medical staff[2] | 611 | 608 | 687 | **796** |
| Number of administrative support staff | 1,630 | 1,588 | 1,698 | **1,817** |

## Operating KPIs

| | As of and for the year ended 31 December | | | |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | **2014** |
| Number of out-patient visits[3] | 1,454,755 | 1,505,518 | 1,672,485 | **1,992,813** |
| Number of in-patient admissions[3] | 32,399 | 35,590 | 40,475 | **42,033** |
| Average revenue per out-patient visit (US$)[4] | 150 | 154 | 158 | **170** |
| Average revenue per in-patient admission (US$)[4] | 2,045 | 2,343 | 2,237 | **2,415** |
| Total visits per out-patient doctor per day | 12 | 12 | 12 | **11** |
| Bed occupancy rates[5] | 60% | 59% | 66% | **76%** |
| Average daily census of out-patients | 3,986 | 4,113 | 4,582 | **5,460** |
| Average daily census of in-patients | 89 | 97 | 111 | **115** |
| Average length of stay | 1.79 | 1.79 | 1.74 | **1.8** |

Source: Company information

1 Includes beds for in-patient, day case, CCU, NICU, HDU, SCBU, DCU, telemetry, maternity wards.
2 Includes pharmacists, assistant pharmacists, technicians and other medical staff.
3 Excludes follow-up visits.
4 Includes revenue from provision of medical and hospital services, laboratory, radiology and pharmacy services, after insurance claim rejections and volume discounts.
5 Calculated by dividing the number of total in-patient nights by the number of bed days (number of days multiplied by number beds) available during the year.

## Financial KPIs

| | As of and for the year ended 31 December | | | |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | **2014** |
| Gross Margin | 40.2% | 41.8% | 42.3% | **42.8%** |
| Underlying Operating Margin | 17.2% | 19.0% | 20.6% | **19.0%** |
| Underlying Net Profit Margin | 17.4% | 18.6% | 19.6% | **18.8%** |
| Working Capital to Sales | 10.3% | 16.5% | 13.3% | **16.1%** |
| Capital Expenditure[6] (US$m) | 8.2 | 6.7 | 19.3 | **33.5** |
| Return on Capital Employed[7] | 44.5% | 60.5% | 38.2% | **33.4%** |
| Cash Conversion[8] | 79.0% | 59.0% | 75.6% | **12.3%** |
| Basic EPS[9] (Cents) | 50.8 | 60.5 | 56.3 | **69.5** |
| Diluted EPS[10] (Cents) | 50.8 | 60.5 | 56.2 | **69.2** |

6 Excluding Acquisitions.
7 Return on Capital Employed ('ROCE') is calculated as ROCE [Results from Operating Activities/Capital Employed], where Results from Operating Activities are obtained from Consolidated statement of profit or loss and other comprehensive income in page 85 and Capital employed = [Total Assets – Total Current Liabilities] where Total Assets and Total Current Liabilities can be obtained from Consolidated statement of financial position in page 84.
8 Cash Conversion Ratio ('CCR') is Calculated as CCR = [(Underlying EBITDA +/ (-) Net Movement in Working Capital – Capital Expenditure)/Underlying EBITDA] where Underlying EBITDA = Underlying Results from Operating Activities (obtained from Consolidated statement of profit or loss and other comprehensive income in page 85) + Depreciation and Amortisation (Notes 4, 5). Where +/(-) Net Movement in Working Capital (is obtained from Movement in working capital shown under Operating Activities in Consolidated statement of cash flows in page 87). Capital Expenditure = Payment for Property and equipment (Note 4) + Payment for Intangible Asset (Notes 5) + Investment from subsidiaries, net of cash acquired (Note 29).
9 The weighted average no. of shares used for calculating Basic EPS are 108.965m and 116.866m shares for the years 2013 and 2014, respectively.
10 The weighted average no. of shares used for calculating Diluted EPS for 2013 is 109.240m shares and for 2014 is 117.286m shares.

## Cost Structure

| | As of and for the year ended 31 December | | | |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | **2014** |
| Medical staff cost | 28.9% | 30.3% | 32.3% | **34.0%** |
| Cost of medicine,cosmetics and consumables | 28.5% | 25.5% | 23.7% | **21.2%** |
| SG&A | 18.7% | 18.3% | 17.7% | **19.8%** |
| Rent | 4.3% | 4.6% | 4.4% | **4.0%** |
| Other COGS | 2.4% | 2.3% | 1.6% | **2.1%** |
| Total | 82.8% | 81.0% | 79.7% | **81.1%** |

# Key Risks & Uncertainties

## Identification and management of key risks faced by the Company are key considerations for the Board of Directors. These risks are monitored at all levels throughout the business.

The Company considers the identification and mitigation of risks as a key priority across the organisation. Therefore the Company has established a risk management framework to ensure 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. In accordance with 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 enhanced.

The key risks, the potential impact and the mitigation of risks are analysed 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 centres.<br><br>Our growth may also be negatively affected by the inability to scale up the organisational resources (funds, human resources, leadership) and operations against the growing demands of the business. | The Company's CSO leads the business development function and is actively pursuing projects across the UAE. By targeting a number of opportunities at the same time, the Company is able to mitigate this risk.<br><br>We continuously evaluate potential investment opportunities. All acquisition and disposal projects are reviewed by the Corporate Executive Committee as well as the Board and Audit and Risk Committee to provide guidance and alternate options, wherever needed.<br><br>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 patients, suppliers, investors, etc.).<br><br>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. | The Company has established an ethics framework that includes a Code of Business Ethics, an ethics committee and ethics reporting and investigation procedures. The Company has also rolled out an anti-bribery policy and fraud reporting policies.<br><br>We allocate capital expenditure for upgrading facilities on an ongoing process and as part of the annual budget process, we allocate capital expenditure for upgrading facilities as an ongoing process. |
| **➔ Human Resources** | |
| Our performance depends on our ability to recruit and retain high quality doctors and other healthcare professionals, such as nurses and technicians.<br><br>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. The framework includes a process for the identification of key positions, appropriate successor(s), their training and regular reviews.<br><br>Recruitment and attrition of medical staff are closely monitored and are included in the monthly management report that is reviewed by the Corporate Executive Committee. |
| **➔ Competition** | |
| 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, out-patient centres and diagnostic centres and may face further competition from international healthcare companies. | 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. |

| Risk | Mitigation | |
|---|---|---|
| **Payers/Insurance** | | |
| 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 favourable fee arrangements and/or our business may otherwise be adversely affected.<br><br>We are also exposed to the risk that insurance companies may reject, delay or refuse to make payment for claims we submit for medical services rendered to patients claiming coverage under such schemes. | 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.<br><br>The Company has established a process for rejection tracking and monitoring. Reasons for rejections are investigated and claims are resubmitted based on review by an independent team. Submission accuracy is improved by submitting claims according to insurers' requirements. | Rigorous monitoring of rejection rates for each category/location (e.g. hospitals, insurance company, claim type etc.) by the Board and the Senior Management team including CEO, COO, CFO, and Hospital Directors, etc., ensures timely identification of issues and remedial actions, as needed. |
| **Supply Chain** | | |
| We source the majority of our medical supplies, pharmaceuticals and equipment from UAE-based agents acting as the exclusive distributors for third-party suppliers in the UAE. We also outsource various activities, such as cleaning and maintenance services, to sub-contractors.<br><br>The use of third-party suppliers and sub-contractors may expose us to supply bottlenecks, pricing issues, quality problems and other potential liabilities that may arise in cases where such third-party suppliers and sub-contractors fail to meet their commitments. | The Company's material management model is designed to ensure the timely supply of products. Close monitoring of the inventory and supplies helps ensure that our hospitals and medical centres have the medicines and consumables they need.<br><br>Safety stock, inventory levels and back-up supply arrangements are in place to mitigate the risk of stock outs or non-availability. | We also maintain direct relationship with manufacturers to manage unforeseen bottlenecks in the supply chain or pricing issues. |
| **Quality of Care** | | |
| 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. | A Committee at the board level (Quality Committee) has been established to oversee the quality of care and patient safety.<br><br>Furthermore, there are quality committees at each of the hospitals to monitor compliance with JCI standards and to take appropriate actions to make sure that we are compliant with the accreditation standards. | Regular patient satisfaction surveys are conducted and a Quality and Patient Safety Committee has been formed at the Corporate level to ensure that patient measures are linked with the satisfaction surveys.<br><br>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. |
| **SAP Implementation** | | |
| The Company started implementation of SAP in 2013 to enhance its accounting & financial system and extend it to operational areas (non-medical) like Human Resources, Material Management, etc.<br><br>The Company went live on the financial and materials management modules in 2014. In 2015 the Company plans to go live on the patient billing and human resources modules.<br><br>While adequate measures have been taken, we cannot rule out the possibility of delay or failure in successful implementation. If delays occur, the Company may have to incur additional expenditure and/or may not be able to realise projected benefits. | The Company has selected services from one of the top SAP integration consultants in the healthcare sector globally and appointed KPMG to provide project management assurance.<br><br>Explicit terms have been inserted in the contract to penalise the service provider for delays caused by them, if any.<br><br>There were strong levels of commitment from the management team which supported and facilitated successful implementation of SAP. | A Steering Committee comprising members from senior management team oversees the projects progress and provides guidelines and resources, as needed.<br><br>The Company also mitigates this risk by undertaking regular reviews of investment and progress, both in terms of the Corporate Executive Committee and the Board. |
| **Pricing of Services** | | |
| Pricing of services by healthcare providers in Abu Dhabi is regulated and is based on the mandatory tariff list issued by Health Authority of Abu Dhabi ('HAAD'). There is a possibility that the prices may undergo changes and adversely impact on our revenues and profits. | The Company mitigates this risk by maintaining strong relationships, holding meetings regularly and presenting the providers' outlook when HAAD invites feedback from providers. The impact of such changes are assessed and additional mitigation measures are introduced, as needed. | This includes negotiations with payers on revised prices for the following financial year. |

# Corporate Social Responsibility

## INTEGRITY

The Company recognises the importance of Corporate and Social Responsibility to its patients, shareholders, suppliers, employees and other stakeholders and is committed to conducting business in a manner which achieves sustainable growth whilst fulfilling legal and moral obligations.

The Company adopted a Code of Conduct on its admission to the London Stock exchange, which was updated in 2014 and which sets out the principles and standards required to be consistently upheld by each area of the organisation. It also applies to our business partners, suppliers and patients.

## EMPLOYEES

### Promoting Professional Advancement of Women: Al Noor Joins Women Achieve Initiative

Al Noor Hospitals became one of the largest signatories of 'Women Achieve' initiative, an innovative programme established by the American Chamber of Commerce Women in Business Committee that promoted the professional advancement of women. The programme encourages companies and organisations to give women more opportunities to advance their careers by offering them positions of greater responsibility and leadership.

The Company reaffirms its commitment to provide a work environment that is favourable to women's career development by empowering women to refine their leadership skills and flourish in their respective jobs and areas of expertise. The Company pledges to provide greater opportunities for women's participation in training and career advancement.

### Corporate Continuing Education ('CE') Department

The French poet, Anatole France says
"An education isn't how much you have committed to memory, or even how much you know. It's being able to differentiate between what you do know and what you don't." In a world where technology and medicine are the fastest changing and developing areas, the CE Department of Al Noor is committed to providing different platforms for continuous medical knowledge updates.

The CE Department, with the support of the Senior Management, Conferences' Organizing Committee, Marketing Department and other departments, not only within Al Noor Hospitals Group Plc, but also various internationally reputable healthcare organisations, has succeeded in organising a wide range of successful events in 2014. These events have all been accredited by the Health Authority-Abu Dhabi ('HAAD') as category 1 CE hours.

On 13 and 14 March 2014 the 9th ICAN 'Women's and Child Health' was hosted in Abu Dhabi, which boasted an international faculty in a programme arranged to tell the story of women's and children's health from the stage of conception all the way through to the early life of a child and the continuation of women's health after birth. The topics included Current Advances in Assisted Reproductive Procedures, Fetal Echocardiography, Perinatal Psychiatry, Neonatal Infections, Diabetes in Children, Cervical Cancer and Autism Spectrum Disorders. Full details are available on the ICAN's website www.icanuae.com.

Our vision of enhancing and filling the gaps of continuing education in the region by adding to the ICAN family, was further fulfilled by presenting the 1st IMCAN (International Management Conference of Al Noor Hospital) on 22 May 2014 entitled 'Leveraging Information. Improved Performance. Better Healthcare'. The IMCAN is aimed at Healthcare Management from various administrative areas, and attracted the top management from healthcare institutions in the Government, Public and Private sectors within the UAE.

Our relationship with New York University College of Dentistry ('NYUCD'), remains successful, and the 4th IDCAN was hosted in September 2014 in collaboration with NYUCD. World-renowned speakers such as Dr. Kambiz Khalili, Dr. Olivier Nicolay, Dr. Joao Carames and Dr. Mamta Mehra along with a distinguished regional faculty delivered a world class Dental programme.

The 9th ICAN, 1st IMCAN, 2nd INCAN, 4th IDCAN, and 3rd IPCAN have all been held under the patronage of Sheikh Nahayan Mabarak Al Nahayan, Minister of Youth, Culture and Community Development. He has personally inaugurated the 9th ICAN and 4th IDCAN. As Al Noor understands the value added by partnerships, the 2nd INCAN was held in collaboration with the Higher Colleges of Technology, and the 4th IDCAN in collaboration with New York University College of Dentistry ('NYUCD') and Operation Smile UAE.

## Conferences and Seminars 2014

| Date | Event | Attendance | CE Hours | Target Audience |
|---|---|---|---|---|
| 17 January | 3rd Pain Management Seminar | 243 | 6.75 | General Practitioners, Paediatricians, Orthopaedic Surgeons, Internists, General Surgeons, Obstetricians, Gynaecologists, Anaesthesiologists, Neurologists, Neurosurgeons, Physical Medicine and Rehabilitation Specialists, Nurses, OR Technicians. |
| 20-21 March | 9th ICAN | 241 | 12.75 | Gynaecologists, Obstetricians, Paediatricians, IVF Consultants/ Specialists, General Surgeons, Internists, Endocrinologists, Oncologists, Urologists, Psychiatrists, GPs, Radiologists, Midwives, Nurses, Radiology Technicians. |
| 22 May | 1st IMCAN | 188 | 6.25 | Senior Healthcare Managers, Mid-level Hospital Managers, Healthcare Executives, Heads of Department, Quality Managers, Revenue Cycle Specialists, Finance Managers, IT Professionals. |
| 5 September | 2nd INCAN | 324 | 6 | Directors of Nursing, In-Charge Nurses, Specialized Nurses, Registered Nurses, Practical nurses, Vocational Nurses, Medical technicians, Nursing Assistants, Nursing Students. |
| 18-19 September | 4th IDCAN | 127 | 13 | General Practitioner Dentist, Specialized Dentists, Maxillo Facial Surgeons, Orthodontists, Periodontists, Pedodontists, Prosthodontists, Oral Surgeons, Oral Hygienists, Dental assistants, Dental nurses. |
| 10 October | 3rd IPCAN | 227 | 6.5 | Pharmacists, Clinical Pharmacists, General Practitioners, Pharmacy Technicians, Nurses, Trainee Pharmacists, Pharmacy Students. |

Apart from the prestigious external events, the CE Department is very conscious of the need to focus on our internal healthcare professionals' continuing education needs.

The CE Department is a firm believer of embracing technology and all the benefits it can bring to education – one such example is video-conferencing. During 2014 we have continued for the fourth year in a row to connect to Houston Methodist Global Health Care Services via live video-conferencing once a month for their scheduled lecture series.

The Health Authority – Abu Dhabi PQR sets (Professional Qualification Requirements) for, all healthcare professionals and they need to present a certain number of Continuing Education hours each year in order to renew their professional licenses. The CE Department not only makes sure that there are enough events hosted in order for the healthcare professionals to achieve this requirement, but also assists the doctors assemble the correct documentation for submission by the Group's Licensing Department.

Each of the three main Al Noor Hospitals: Khalifa Street, Airport Road and Al Ain, held weekly one hour Continuing Medical Education ('CME') sessions, and either one and a half or one hour Continuing Nursing Education ('CNE') sessions on a weekly or fortnightly basis, in their respective facilities. The primary attendance and focus is on our internal physicians and nurses, but external healthcare professionals are also welcomed. Each hosting hospital transmitted their session via real time video conference to the other hospitals, including the smaller branches, to enrich the scientific knowledge sharing between all the heath professionals in the group and to ensure that no Al Noor Healthcare professional will ever lack the opportunity to enhance their knowledge for the greater benefit of our patients.

To maintain the highest quality speakers and content for our regular internal programme, we carefully monitor our Key Performance Indicators (KPIs). In 2014 we had an average speaker rating of 3.66 (91.5%) for CNE and 3.34 (83.5%) for CME, on a scale of 1 to 4 (with 4 being the highest).

The total hours of weekly CE made available in 2014, internally, to the Company's staff was 425.5 hours. The total number of attendees of the CE reached 12,953.

Furthermore, the Al Noor Hospital e-library portal has again proven to be a helpful tool for Al Noor's staff. The online medical database includes Micromedex by Thomson Reuters, UpToDate by Wolters Kluwer Health and the recently added Lippencott's Nursing Advisor and Procedure and Skills. The total number of views for January to December 2014 was 8,420 for the databases. The number of registered users increased from 1,235 in 2013 to 1,863 by the end of 2014, largely due to an increased awareness of the site following the commencement of an induction session for all newly joined Al Noor staff and periodic training sessions on the usage of the e-library portal.

# Corporate Social Responsibility continued

The CE Department has a strong awareness of the importance of community responsibility. This has been demonstrated by many opportunities and initiatives in place, including work placements for UAE students which have been facilitated in collaboration with local education institutions such as Abu Dhabi Women's College and Abu Dhabi Men's college. These opportunities give the undergraduates a 'one of a kind' experience to get involved in quality and customer satisfaction projects under the supervision of our managers. This also extends to graduates and trainees with medical experience, and who are in need of valuable practical exposure to the medical field practice. After obtaining the necessary HAAD approval, we arrange temporary limited time placement as observers in various departments such as the pharmacy, biomedical department and medical laboratories. This gives students and trainees an opportunity to shadow and observe a medical professional while they practice their everyday work in the field.

During 2015, it is planned to continue organising the ICAN series (ICAN, IMCAN, INCAN, IDCAN and IPCAN) and introduce the IGCAN (International Gynaecology Conference of Al Noor). In addition to organising four newly introduced specialised symposia in Neurosciences, Ophthalmology, Surgery and Radiology.

| | Specialty | Date | Target Audience |
|---|---|---|---|
| 2nd IMCAN | Healthcare Management | 5 March | Healthcare managers (all levels) |
| 10th ICAN | Internal Medicine/Cardiology | 12–13 March | Internists, Cardiologists, GPs |
| 1st IGCAN | OB/GYN | 8 May | OB/GYN |
| Neuro Science Symposium | Psychiatry | 29 May | Psychiatrists |
| 3rd INCAN | Nursing | 11 September | Nurses (all levels) |
| 5th IDCAN | Dentistry | 17–18 September | Dentists |
| 4th IPCAN | Pharmacy | 9 October | Pharmacists |
| Ophthalmology Symposium | Ophthalmology | 23 October | Ophthalmologists |
| Surgery Symposium | Surgery | 13 November | Surgeons (General and specialized) |
| Radiology Symposium | Radiology | 11 December | Radiologists, GPs |

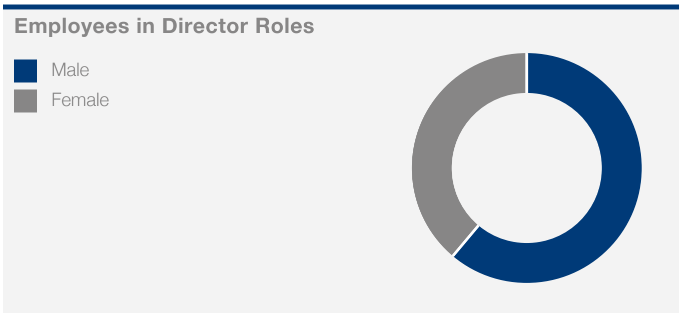
**DIVERSITY**

People are at the core of what we do and therefore to us diversity means understanding and reflecting the community in which we operate, building loyalty with our colleagues and clients. Age, gender, ethnicity, religion, education and beliefs are all valued and everyone has the opportunity to contribute to our success as a business and fulfil their potential. Our aim is to create an open, honest and unprejudiced working environment and to ensure that all our colleagues feel part of Al Noor Hospitals Group Plc and are respected as individuals. The Board diversity policy is set out in page 55 of this report


**Gender**

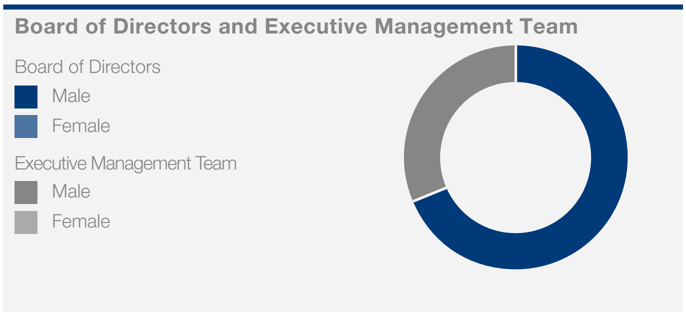
| Gender | Count | % |
|---|---|---|
| Female | 2,138 | 52% |
| Male | 1,963 | 48% |
| **Total** | **4,101** | **100%** |

## Employees in Director Roles




## Employees in Director Roles

| Location | Male | Female |
|---|---|---|
| Khalifa Street | 2 | 2 |
| Mussafah | 1 | 0 |
| Madinat Zayed | 1 | 0 |
| Airport Road | 1 | 2 |
| Al Ain | 0 | 2 |
| Projects | 0 | 1 |
| Corporate | 14 | 5 |
| **Total** | **19** | **12** |

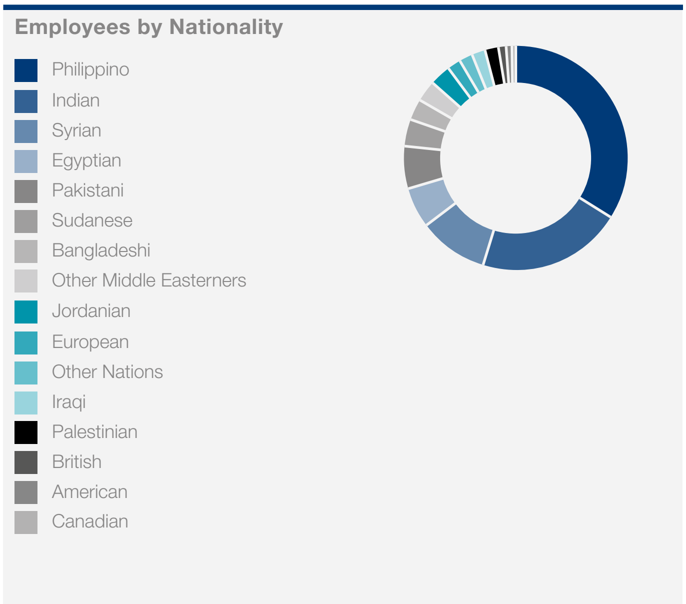



## Board of Directors and Executive Management Team

| Board of Directors and Executive Management Team | Male | Female |
|---|---|---|
| Board of Directors | 11 | 0 |
| Executive Managment Team | 5 | 0 |

* since the year end the Company has appointed a female Chief Human Resources Officer, Chief Information Officer and Chief Nursing Officer.

Further information on diversity can be found on page 42 and page 54 of this report.




## Employees by Nationality

| Nationality | Count of Nationality | % |
|---|---|---|
| Philippino | 1,398 | 34% |
| Indian | 843 | 21% |
| Syrian | 399 | 10% |
| Egyptian | 252 | 6% |
| Pakistani | 228 | 6% |
| Sudanese | 156 | 4% |
| Bangladeshi | 140 | 3% |
| Jordanian | 136 | 3% |
| Other Middle Easterners | 137 | 3% |
| European | 92 | 2% |
| Other | 70 | 2% |
| Iraqi | 77 | 2% |
| Palestinian | 75 | 2% |
| British | 48 | 1% |
| American | 35 | 1% |
| Canadian | 15 | 0% |
| **Total** | **4,101** | |

# Corporate Social Responsibility continued

## HEALTH & SAFETY

The Company is dedicated to provide a safe, healthy and sustainable environment to all patients, staff, contract employees, visitors, contractors, vendors and other stakeholders affected by and or involved in the activities of the hospitals or medical centres in which we operate. Our facilities are committed to preventing and controlling injuries and illnesses, through the provision of safe work practices. We are also committed to the enhancement of the employees' health and well-being.

The Company is fully in compliance with the Environment, Health and Safety requirements of HAAD, Dubai Health Authority, Ministry of Health and local city municipalities in whose jurisdictions we operate including the safe disposal of medical waste.

## HUMAN RIGHTS

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 programmes. Our guidelines include:

- Encouraging open and honest communication between management and employees at all times;
- Complying with child labour laws;
- Complying with laws prohibiting forced, bonded, or indentured labour;
- 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; and
- 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.

## ENVIRONMENT

The Company provides high quality primary, secondary and tertiary healthcare services through a network of hospitals and out-patient medical centres in the United Arab Emirates and the Sultanate of Oman. Since the publication of the previous Greenhouse Gas Emissions Statement, the Company's operations have grown through acquisition, resulting in the addition of three medical centres and four satellite clinics. The Company's services are therefore currently provided by three hospitals and 17 out-patient medical centres.

In accordance with the UK Government regulatory requirements, the Company is reporting its greenhouse gas ('GHG') emissions. 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 2013 to 30 September 2014, our GHG emissions were as below (including prior year comparatives):

| Scope: | Emissions from: | Year ended 30 September 2014 | Year ended 30 September 2013 |
|---|---|---|---|
| **Scope 1** | Combustion of fuel & operation of facilities (in tonnes $CO_2e$) | **1,303**[1] | 1,267[2] |
| **Scope 2** | Electricity, heat, steam and cooling purchased for own use (in tonnes $CO_2e$) | **18,336**[3] | 16,959 |
| **Total (in tonnes $CO_2e$)** | | **19,639** | 18,226[2] |
| **Total patients treated during the reporting period (in thousands)** | | **1,947**[4] | 1,662 |
| **$CO_2e$ Ratio (kg $CO_2e$ per patient)** | | **10.1** | 11.0[2] |

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 The Scope 1 emissions for the year ended 30 September 2013 have been restated. An omission of 677 tonnes $CO_2e$ was identified in the year ended 30 September 2013. Reporting on GHG emissions is a new process for the Company and, in order to accurately represent this information to stakeholders, the Company has chosen to correct the prior year omission. Accordingly, the restatement has an impact on the Total tonnes $CO_2e$ as well as on the $CO_2e$ ratio for the prior year.

3 Conversion factors applicable to the UAE have been obtained from the publication IEA $CO_2$ Emissions from Fuel Combustion (2012 edition).

4 This denotes the total number of patients (in-patient and out-patients) served during the period from 1 October 2013 to 30 September 2014 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.

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 2014 UK Government Conversion Factors for Company Reporting and the IEA $CO_2$ Emissions from Fuel Combustion (2012 edition).

The reporting year is the twelve month period from 1 October to 30 September. The Company continues to use 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 2014.

The Company's GHG emissions have increased by 8% when compared to the previous GHG Emissions Statement. This is due to the growth in the Company's operations during the reporting period: the acquisitions made have increased the estate and therefore the energy use in our buildings. However, the Company has achieved a more efficient ratio for kg $CO_2e$ per patient treated as compared to the prior reporting year. The Company's GHG efficiency has improved by 8% overall.

### Al Noor Hospital Marks Earth Hour

Al Noor Hospital Airport Road took part in the world's largest grass-roots environmental movement, Earth Hour. A number of employees gathered at the hospital's helipad area to join millions of people around the globe in turning-off non-essential lights from 8:30 pm to 9:30 pm on Saturday 29 March 2014 and 28 March 2015.

Once the lights were switched-off, participants switched on hundreds of LED tea light candles to show their support for the environment.

By participating in Earth Hour, the hospital took an active step in supporting a global activity that helps prevent climate change and intends to participate in future initiatives dedicated to the environment.


## COMMUNITY

### Cancer

Al Noor takes an active role in spreading awareness of cancer to help improve public understanding about the disease and its various types.

***Breast Cancer:***

Breast cancer awareness month was in October 2014 and Al Noor organised an activity in collaboration with Abu Dhabi Mall in an effort to raise breast cancer awareness. The activity kicked-off with the first symbolic walkathon ever held at the mall, which witnessed a large turnout of people who united in support for the fight against breast cancer.

Following the walkathon, a breast cancer awareness booth was available to encourage mall visitors to learn more about the disease. A medical team comprising physicians, health educators, midwives and nurses was readily available to educate the community on screening, early detection and the importance of leading a healthy lifestyle.

Throughout the day, visitors were invited to attend various lectures that were aimed at promoting the importance of regular self-examinations to help detect any changes at an early stage. Moreover, educational material highlighting key information relating to breast cancer was distributed throughout the day, in addition to free mammogram vouchers.

***Colorectal Cancer:***

Al Noor stepped-up its health awareness efforts by organising a slew of activities that were intended to raise the public's awareness on a common type of cancer that occurs in the colon or rectum known as colorectal cancer.

All three hospitals organised on-campus activities to educate the public on the importance of regular screening and early detection. To encourage screening, participants at risk of developing the disease were handed free vouchers that entitled them to a free Fecal Immunochemical Test ('FIT') known to detect hidden blood in the stool. A medical team comprising Oncologists and Gastroenterologists were available to provide advice and free consultations.

The events were successfully inaugurated with a symbolic release of dark blue balloons (which is the colorectal cancer designated colour). The highlight of the event was the display of a walk-through inflatable colon, which was available for people to learn more about the various stages of the disease.

# Corporate Social Responsibility continued

## COMMUNITY continued

### *World Heart Day*

Al Noor marked World Heart Day with a range of activities to raise awareness of cardiovascular diseases and the importance of leading a healthy lifestyle.

In Abu Dhabi city, Al Noor organised two activities, one at Al Noor Hospital Airport Road and the other at Al Noor Hospital Khalifa Street, where participants underwent free medical examinations including risk assessment tests, BMI, blood sugar and blood pressure tests. The hospital's specialists, dieticians, nurses and health educators provided advice and educational material to the participants.

Al Noor Hospital Al Ain organised two events in celebration of World Heart Day; where one event was held at Al Ain Mall, while the other took place at the Al Noor Hospital Al Ain. Participants received free ECG, blood pressure, blood sugar and BMI tests. Furthermore, participants at the event walked away with a range of educational materials and special giveaways dedicated to World Heart Day.

### *Diabetes Awareness Campaign*

In observance of Diabetes Awareness Month, Al Noor organised a campaign to raise awareness about diabetes risk factors and to encourage people to make healthy lifestyle changes. People who took part had the chance to learn more about diabetes and receive useful advice and information from a medical team comprising Endocrinologists, Diabetes Educator, Health Educators, Dieticians and Nurses.

### *Asthma and Harmful Effects of Tobacco*

Al Noor worked diligently on raising awareness among the community about Asthma and the harmful effects of tobacco consumption. In order to maximise public awareness, the group organised a raft of activities at various locations. Free Spirometry and smoke analyser tests were provided to participants in addition to a range of educational materials.

Moreover, every visitor had the chance to speak to a number of medical specialists including paediatricians, pulmonologists, psychiatrists, general practitioners and health educators. These activities were primarily intended to shed light on the harmful effects of tobacco consumption and to provide consultation on smoking cessation.

### *Al Noor Hospital Marks World Continence Week*

On the occasion of 'World Continence Week 2014', an annual initiative created and regulated by the International Continence Society ('ICS'), Al Noor Hospital Airport Road hosted its 'Paediatric Continence Awareness Campaign' and the 'Bladder Diary Day'. The event took place at the Hospital's main lobby where visitors and their children had the opportunity to receive direct advice and information on this medical condition from the Head of the Department of Paediatric Surgery in an effort to improve health, wellness and quality of life.

The event was packed with entertainment activities dedicated to the children including face painting and the distribution of exciting giveaways that kept children entertained while parents were learning more about this curable condition from the hospital's medical team.

### *Kidney, Diabetes and Nutrition Day*

In its continuous quest to spread awareness on various health matters across the community, the Company hosted a Kidney, Diabetes and Nutrition Day event in March. The event, which was held at Al Noor Hospital Airport Road's main lobby, attracted more than 300 participants who were keen to learn about related health issues.

A number of specialists were available to answer participants' questions and provide recommendations on how to lead a healthy lifestyle.

### *World Multiple Sclerosis ('MS') Day*

Al Noor Hospital Khalifa Street celebrated 'World MS Day' to help raise awareness about Multiple Sclerosis, a disease that affects the brain and spinal cord, resulting in loss of muscle control, vision, balance, and sensation. A team comprising Consultant Neurologists, nurses and technicians were available to help shed light on this neurological condition and disseminate information about its symptoms, diagnosis and treatment through group discussions. Moreover, an educational presentation was shown repeatedly throughout the event, while consultants simultaneously explained the medical content to different groups of patients. Participants walked away with various educational material and 'World MS Day' T-shirts, wristbands and pins. To commemorate the day, participants were asked to sign stickers, which were then posted on the branches of a symbolic tree representing 'World MS Day'.

### *World Prematurity Day*

Al Noor Hospital Airport Road marked World Prematurity Day, to help raise awareness of preterm birth and its prevention. The successful activity kicked-off with a brief lecture on this important topic, followed by a cake cutting ceremony to commemorate the occasion. The event was attended by a large number of parents and children who had received the appropriate care at the hospital's Neonatal Intensive Care Unit during the past two years.

All parents received a range of educational material and vouchers that entitled them to a free consultation with the Paediatrician while children enjoyed a number of entertainment activities in the Hospital's outdoor area.

### *Community Outreach Activities – Malls Across the Emirate of Abu Dhabi*

**Marina Mall**

Al Noor held a health awareness day at Marina Mall, which was aimed at educating the community on cardiovascular diseases, including sudden heart attacks. An expert team comprising Cardiologists were available throughout the day to answer visitors' questions and extend tips and guidelines on how to deal with such critical situations.

Mall visitors also had the opportunity to undergo free medical assessments, including blood pressure and Body Mass Index calculations that compare height to weight in order to determine whether a person is underweight, overweight or is at a healthy balance.

Moreover, educational material highlighting key information relating to heart attacks and how to lead a healthy lifestyle were distributed throughout the day. This was in addition to vouchers that entitled holders to a free consultation and ECG test.

**Bawabat Al Sharq Mall**

To promote and encourage healthy lifestyle choices among the community, the Company organised a health awareness campaign in co-operation with Bawabat Al Sharq Mall.

Mall visitors had the opportunity to undergo free medical assessments, including blood sugar, blood pressure and Body Mass Index.

A medical team was available to provide Bawabat Al Sharq Mall visitors with tips and guidelines on how to lead a healthy lifestyle.

**Al Ain Mall**

Al Noor Hospital Al Ain Campus launched a community outreach programme in 2014 dedicated to preventive care and community wellness. Every alternate Thursday, Al Ain Mall visitors were able to learn about a different health and wellness topic and had access to free medical assessments and consultations.

A variety of health topics were covered throughout 2014, including diabetes, cardiovascular diseases, eating disorders, nutrition, cervical cancer, colorectal and breast cancer, asthma and harmful effects of tobacco to name a few.

### *Community Outreach Activities – Organisations and Schools across the UAE*

Al Noor Hospitals Group Plc is steadfast in its commitment towards raising the community's awareness of various health related issues.

A number of health awareness activities covering a variety of issues of concern to the local population were held at a number of prominent businesses and academic institutions:

- Emirates ID Head Office, Musafah – Health & Wellness Day;
- Emirates Palace Hotel, Abu Dhabi – Health & Wellness;
- Al Bateen School FDF – Sports Day Activity;
- Lockton Insurance Brokers LLC, Aldar Head Office – Health Awareness Day, Screening and Lecture on Hypertension
- HCT ADMC – Health and Wellness Day;
- Mubadala Petroleum – Healthy Lifestyle Campaign;
- ENEC Lecture on Hypertension;
- FDF Ladies Sport Academy – Healthy Lifestyle/ Sports Day;
- Total, ADNOC – World Safety Day, Lectures on Hypertension and on Women's health;
- ZADCO, Zirku Island off-shore activity – Diabetes and its complications Campaign;
- Regulation & Supervision Bureau – Asthma Awareness and Tobacco Cessation;
- HCT ADWC – Healthy Lifestyle Campaign;
- Khidmah L.L.C. Lecture on Arthritis Awareness;
- Federal Authority of Nuclear Regulation – Lectures on Hypertension & Vitamin D Deficiency;
- ADSSC Abu Dhabi Sewerage Services Company, Healthy Lifestyle Campaign;
- Petrofac Head Office Musaffah, Asthma Awareness and Tobacco Cessation Campaign ;
- Al Ain University, Abu Dhabi, Lecture on Stress Management;
- The Ritz-Carlton Hotel, Lecture on Breast Cancer Awareness; and
- Mashreq Bank Abu Dhabi, Healthy Lifestyle Day.

The Strategic Report, comprising pages 1 to 47 was approved by the Board and signed on its behalf by:

**Ian Tyler**
Non-Executive Chairman
29 March 2015

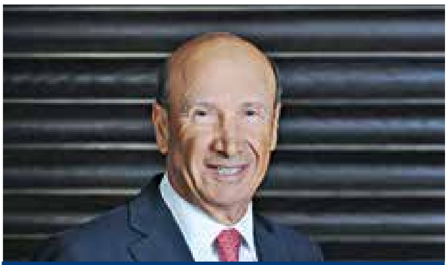
# Board of Directors

The Board is chaired by Non-Executive Chairman, Ian Tyler. In addition to the Chairman, the Board comprises one Executive Director and nine Non-Executive Directors.

## 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 and BAE Systems Plc and is Non-Executive Chairman of Cairn Energy Plc and Bovis Homes Plc. He is also president of CRASH, 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.



## Dr. Kassem Alom

**Founder and Deputy Chairman**

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 served as the Chairman of the Healthcare Sector of the Abu Dhabi Chamber of Commerce and Industry, and is a member of the Supreme Council of the Ministry of Health. On 1 October 2014, Dr. Alom stepped down from his role as Chief Executive of the Company and assumed the role of Non-Executive Director and Deputy Chairman.
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.

## Ronald Lavater

**Chief Executive Officer**

Ronald Lavater's career has spanned more than 20 years in a number of roles in the healthcare field. Most recently he worked for Johns Hopkins Medicine International and from 2009 through 2013 he served as the Chief Executive Officer of Corniche Hospital. Prior to that, Mr. Lavater spent the majority of his career at Hospital Corporation of America ('HCA'), the USA's largest private hospital company. During his tenure at HCA, he has held numerous hospital leadership roles including; Chief Executive Officer and Chief Operating Officer in mid-sized and large hospitals in different US cities. He is Chief Executive Officer of Al Noor and assumed this role on 1 October 2014. Mr. Lavater holds a Bachelor of Arts from the University of Florida and a Master of Public Administration from Florida State University.

## 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. Prior to his role at Logica, he worked in senior finance roles for the Olivetti Group from 1989 until 1999. 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 and a non-executive director of BGL Group. He has been chairman of Mi-pay Group plc since April 2014. Mr. Keating is a fellow of the Chartered Institute of Management Accountants.

## Sheikh Mansoor Bin Butti Al Hamed

**Non-Executive Director**

Sheikh Mansoor Bin Butti Al Hamed is the Head of Strategic Relations and New Business Development at Mubadala Petroleum, a wholly-owned subsidiary of Mubadala Development Company. He represents Sheikh Mohamed Bin Butti 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.

# Board of Directors continued

## Ahmad Nimer

**Non-Executive Director**

Ahmad Nimer has in the past 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 Al Noor Hospitals Group Plc, Cromwell Hospital in London, as well as the Group's internal audit partner. He is the CEO of United Al Saqer Group LLC, a board member of the Global Catering Company and Royal International Construction LLC. Ahmad 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. He 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. He is also Chairman of the Board of Abdali Towers Co.

## Faisal Belhoul

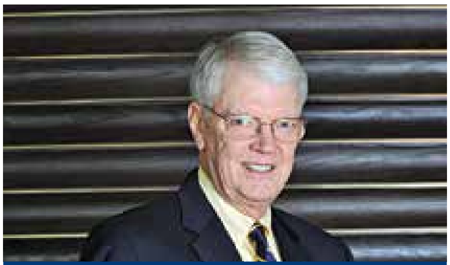
**Non-Executive Director**

Faisal Belhoul is the founder of Ithmar Capital which is a leading GCC private equity firm. He is currently a Board member of the DCCI by decree from the Ruler of Dubai as well as being a member of the Young Presidents Organization ('YPO'). He currently serves as the Chairman of Amanat which is a publicly listed company in the UAE specialising in investments targeting the healthcare and education sectors. He is also the Chairman of Mushrif Trading and Contracting, a publicly listed company in Kuwait. He was also chairman of the board for a number of business groups and associations, including the UAE Private Hospitals Council, the UAE Private School Council and the Pharmaceutical and Healthcare Equipment Business Group of the Dubai Chamber of Commerce and Industry ('DCCI'). He was educated in the USA, where he studied Manufacturing Engineering at Boston University.

## Khaldoun Haj Hasan

**Non-Executive Director**

Khaldoun Haj Hasan started his professional career in 1996 and has held various senior management positions including serving as 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 programmes, helping companies in formulating their corporate strategy, assisting in expansion through M&A activities and structuring and executing exit strategies. He is the Chief Executive Officer of Amanat which is a publicly listed company in the UAE specialising in investments targeting the healthcare and education sectors. He is also the co-founder of Ithmar Capital which is a leading GCC private equity firm and until recently served as its managing partner. He currently serves as the Deputy Chairman of Mushrif Trading and Contracting, a publicly listed company in Kuwait and is a board member on a FTSE 250 company listed on the London Stock Exchange ('LSE'). In addition, he has board representation on several regional and international private companies as well as being a member of the Young Presidents Organization ('YPO'). Khaldoun holds a BS and MSc in manufacturing Engineering and an MBA in Business Administration with honours from Boston University, USA.



## William J. Ward

### Independent Non-Executive Director

William J. Ward, Jr. is a former senior healthcare executive with nearly 40 years of experience in healthcare finance and operations. He serves on the Boards of University of Maryland Upper Chesapeake Health and Catholic Health Services of Long Island.
Mr. Ward 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. He has provided a variety of consultative services to clients in the United States, the Caribbean, Latin America, the Middle East, and Asia.
Mr. Ward is the author of three textbooks and numerous articles and has lectured widely on a variety of healthcare financial and operational subjects. 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.

## Mubarak Matar Al Hamiri

### Independent Non-Executive Director

Mubarak Matar 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 previously also served as Deputy Chairman at Abu Dhabi Islamic Bank PJSC. Mr. Al Hamiri currently serves as Managing Director of the Royal Group, Chairman of Royal Capital PJSC, Chairman of Reem Finance PJSC and as a board member of Al Daar Real Estate. He holds a bachelor's degree in Computer Science from Indiana State University and holds a certification in risk management and financial consultancy.

## William S. Ward

### Independent Non-Executive Director

William S. Ward has spent his career in healthcare. Mr. Ward left the NHS in 1992 when he joined Bupa. During two different spells in Bupa he spent a total of 18 years either in Bupa Hospitals, the Bupa UK insurance business and subsequently the international Bupa insurance businesses. He has held the roles of Hospital Manager, Regional Manager Hospitals and Director of Strategic Development and Operations at Bupa Hospitals. Mr. Ward has also been Managing Director for the Bupa International Insurance Business and became Chief Operating Officer for Bupa's International Businesses Worldwide. He has served as a director on the boards of BUPA Arabia PLC, Saudi Arabia, BUPA Australia and MAX BUPA India. He has also been Chairman of Bupa Asia and Chairman of Bupa Insurance Company Florida. Between two spells with BUPA, Mr. Ward held the office of Chief Executive Officer for CIGNA Europe, and led three insurance businesses spanning Europe with a focus on Life, Health and Protection products. He was also a Director of Sanitas. Mr. Ward obtained the qualification Chartered Secretary in 1987.

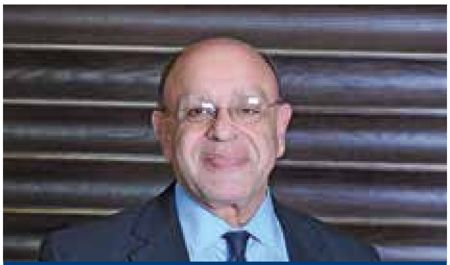
# Executive Management

The Executive Management team is overseen by the Chief Executive Officer, Ronald Lavater, who joined the Company in October 2014. This role was previously held by Dr. Kassem Alom who founded the Company and who stepped down from his Executive role in October 2014.

## David Hoidal

### Chief Operating Officer

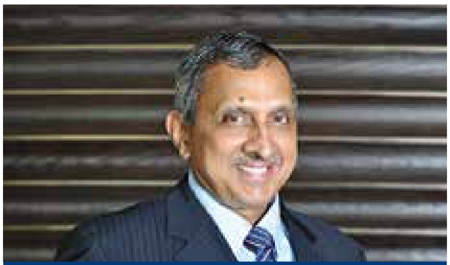
David Hoidal is an accomplished healthcare executive with over 20 years of successful leadership experience and is well versed in the challenging economics of the healthcare sector and the multicultural environment in which Al Noor operates. Mr. Hoidal returns to the UAE, after four years as a Partner with Medpoint Health Partners in the US, having been Chief Executive Officer of Al Rahba Hospital in Abu Dhabi from 2008 to 2010. Earlier in his career, Mr. Hoidal served 16 years with Hospital Corporation of America ('HCA') in various capacities, concluding his tenure as Chief Executive Officer of DePaul Hospital and Chief Operations Officer of Tulane University Hospital and Clinics in New Orleans. He went on to the University of Alabama-Birmingham Health System ('UABHS') working his way up to become CEO. Mr. Hoidal recently joined Al Noor as Chief Operating Officer. He also received his Bachelor's degree from the University of Nebraska, and his Masters in Health Administration from the University of Missouri.



## Dr. Georges Feghali

### Chief Medical Officer

Georges Feghali served as the Senior Vice President of Quality and Chief Medical Officer of TriHealth, which comprises three major hospitals, several clinics and a 500-physician group in the USA. In 1986, he joined Good Samaritan Hospital, one of the TriHealth Hospitals, as an Internal Medicine Faculty Member going on to serve as the Director of the GSH Department of Medicine for over a decade. From 2002, he served as the Medical Director and then Vice President of Medical Affairs at TriHealth, before being appointed in 2008 to the position of Senior Vice President of Quality and Chief Medical Officer. That year he completed his Certified Physician Executive training through the American Association for Physician Leadership. He has recently joined Al Noor Hospitals Group, bringing with him a wealth of experience from his distinguished 30-year career. He is a Fellow of the American College of Physicians, member of the American Association for Physician Leadership (American College of Physicians Executives), Ohio State Medical Association, The Cincinnati Academy of Medicine, and the American Medical Association.



## Mr. Pramod Balakrishnan

### Chief Financial Officer

Pramod Balakrishnan 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 joined Al Noor in October 2011. 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

Sami Alom has previously worked at The Johns Hopkins Hospital Department of Perioperative Services and Department of Anaesthesia and Critical Care Medicine. He joined Al Noor in 2011 and also currently serves as Adjunct Assistant Professor at the College of Medicine and Health Sciences at the UAE University.
Dr. Alom holds a MPH, MBA and PhD from The Johns Hopkins University.

# Corporate Governance Report

## 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 ('FRC'), have been applied and to highlight areas of focus during the year. The Code can be found on the FRC's website: www.frc.org.uk.

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 that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

## Compliance with the Code

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 and Risk Committee; and
(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.

## Non-Compliance – Explanation

Code Provision B.1.2 – in accordance with the Relationship Agreement, parties to that agreement who hold more than 10% of the Company's shares are entitled to appoint one representative to the Board for every 10% of shares held. More details on the Relationship Agreement can be found on page 79 of this report. Accordingly, Astro II SPV and Sheikh Mohammed Bin Butti Al Hamed have each appointed two Non-Executive Directors to the Board. Faisal Belhoul and Khaldoun Haj Hasan represent Astro II SPV, and, Sheikh Mansoor Bin Butti Al Hamed and Ahmad Nimer represent Sheikh Mohammed Bin Butti Al Hamed on the Board. All four shareholder representatives actively participate in the affairs of the Company and the Board considers that their collective experiences, skills, knowledge and contributions enhance Board discussions and decision making. None of the shareholder-appointed Non-Executive Directors are paid any fees for their duties as Directors.

At the beginning of 2014 the Board was made up of 10 Directors and comprised an independent Chairman (who was independent on appointment), one executive Director, five non-independent executives Directors and four non-executive Directors. In October 2014, Dr Kassem Alom stepped down from his role as Chief Executive Officer and took up the role of Deputy Chairman. Ronald Lavater was appointed as Chief Executive Officer and these changes resulted in the number of directors on the Board increasing to 11 and the number of non-independent Directors increasing to six as Dr Kassem Alom was not considered independent. As a result the Board intends to appointment at least one additional non-executive Director to bring the balance of independent directors back to the position at the IPO.

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 on the recruitment of suitable directors is invaluable in this niche market, and both their presences on the Nomination Committee are crucial in optimising 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 and Risk Committee and help to ensure that this committee discharges its duties effectively and efficiently.

Code Provision D.2.1 – As set out above, investor-nominated and shareholder representatives have been appointed to the Board and actively participate in the activities of the Company. They 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.

## 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 also 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 summarised on pages 59 to 63. The matters reserved for the Board and the full terms of reference of each Committee are available on our website.

### *Responsibilities of the Board*

The Board is specifically responsible for:

- Guiding the Group's strategic aims, leading to its approval of the Group's strategy and its budgetary and business plans;
- Approval of significant investments and capital expenditure;
- Approval of annual and half-year results;
- Approval of the dividend policy and the payment of interim and the recommendation of final dividends;
- Ensuring maintenance of a sound system of internal control and risk management;
- Ensuring adequate succession planning for the Board and senior management (taking into account the recommendations of the Nomination Committee); and
- Determining the remuneration policy for the Directors and the senior management team.

### *Board Focus During the Year*

- Long-term vision and strategy
- Leadership transition
- Quality of patient care and satisfaction
- Governance
- Financial performance

### *Table of Board Attendance*

The table below summarises the attendance of the Directors at the scheduled meetings held during the year:

| | Meetings attended | | | |
|---|---|---|---|---|
| Director | Board | Audit and Risk Committee | Remuneration Committee | Nomination Committee |
| Ian Tyler | 7 of 7 | 5 of 5 | 4 of 4 | 3 of 3 |
| Ronald Lavater[1] | 1 of 1 | – | – | – |
| Seamus Keating | 7 of 7 | 5 of 5 | 4 of 4 | – |
| Ahmad Nimer | 7 of 7 | – | – | – |
| William J. Ward | 7 of 7 | 5 of 5 | – | – |
| Mubarak Matar Al Hamiri | 6 of 7 | – | – | 3 of 3 |
| Kassem Alom | 7 of 7 | – | – | 3 of 3 |
| Sheikh Mansoor Bin Butti Al Hamed | 3 of 7 | – | – | – |
| Faisal Belhoul | 7 of 7 | – | 4 of 4 | – |
| William S. Ward | 6 of 7 | – | – | 3 of 3 |
| Khaldoun Haj Hasan | 7 of 7 | – | – | – |

1 appointed 1 October 2014.

### *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 that they are working effectively. There are currently 11 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 five 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. Detailed knowledge of our Group's operations, the healthcare industry, doing business in the UAE, and leading a company listed on the London Stock Exchange are all crucial to the Board's ability to lead the Company successfully.

### Diversity

The Board welcomes the recommendations of the Davies Review of Women on Boards and supports the principles of boardroom diversity. The Board has adopted a Board diversity policy and will ensure these principles are embedded into its operation. The Directors acknowledge the benefits, including gender diversity and remain committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, background and perspective to the composition of the Board. Since the year end the Company has appointed three females to its senior management team: the Senior Director for Human Resources, Chief Information Officer and Chief Nursing Officer. Additionally, the Board will increase, at its earliest opportunity, the level of representation of females and minorities when considering refreshing and renewing Board membership. However, all appointments will continue to be made on merit against objective criteria, in the context of the overall balance of skills and backgrounds that the Board needs to maintain in order to remain effective.

### *Key Board Roles*

**Chairman – Ian Tyler**

- Leads the Board
- Promotes high standards of corporate governance
- Facilitates effective contributions by the Non-Executive Directors
- Promotes a culture of openness and debate
- Encourages constructive relations between Executive and Non-Executive Directors

**Chief Executive Officer – Ronald Lavater**

- Leads the management team
- Develops proposals for the Board to consider
- Oversees implementation of all Board approved actions
- Supports the Chairman to ensure that appropriate governance standards spread through the organisation
- Ensures that the Board is made aware of the employees' views on relevant issues

### *Interaction Between the Chairman and the Chief Executive*

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

# Corporate Governance Report continued

## Senior Independent Director

The Senior Independent Director ("SID") is Seamus Keating, who is available to shareholders if they have concerns that the normal channels of Chairman, Chief Executive Officer or other Executive Directors have failed to resolve, or for which such channels of communication are inappropriate. 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 reporting period, 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.

- Acts as intermediary between Directors when required
- Works closely with the Chairman, acts as a sounding board and provides support
- Is available to shareholders and other Non-Executive Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication
- Constructively challenge management proposals
- Help develop proposals on strategy
- Have a prime role in appointing and, where necessary, removing Executive Directors
- Have an integral role in succession planning

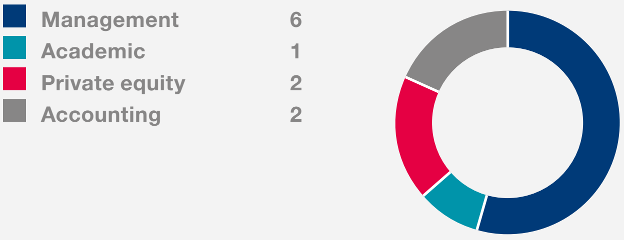
### *Non-Executive Director Independence*

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 behaviours and continues to be considered by the Board as independent.

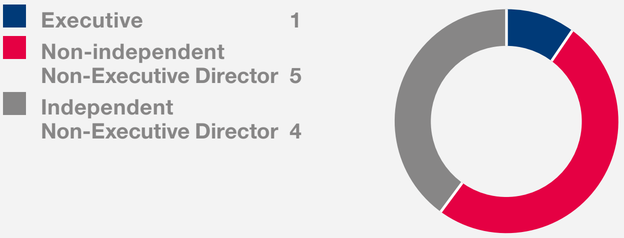
The experience, professional backgrounds, international diversity and independence of the current Directors can be summarised as follows:

**Industry sector experience**

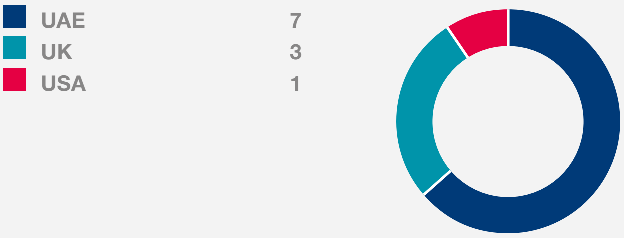

**Professional experience**




**Independence excluding Chairman**




**Current country of primary residence**



### Appointment and Tenure
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 time commitment expected of Non-Executive Directors who, on appointment, undertake that they will have sufficient time to meet what is required 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 ('AGM').

### 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 fulfil their duties effectively.

During the year, the Directors participated in various training sessions refreshing their knowledge of their obligations under the UK regulatory regime. Since the year end, Business Ethics related and Takeover Code director responsibilities education sessions have been held.

### 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. As set out in the 2013 Annual Report and Accounts, and, in accordance with provision B.7.1 of the Code and the Directors' letters of appointment, all Directors will be subject to annual re-election. Accordingly, all Directors elected in 2013 will seek re-election at the Company's second AGM being held on 12 May 2015, as set out in the Notice of AGM.

### 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 authorised 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 authorise 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 January 2015 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; and
- individual performance, particularly considering whether each Director continues to make an effective contribution.

The Board's second evaluation process was concluded in March 2015. In accordance with the requirements of UK Corporate Governance Code, the Board intends to undertake an externally facilitated evaluation in its third year.

# Corporate Governance Report continued

### *Shareholder Engagement*

Responsibility for shareholder relations rests with the Chief Executive 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 shareholders on matters such as governance and strategy. We are supported by our corporate brokers with whom we are in constant dialogue. As part of a comprehensive investor relations programme, formal meetings with investors are scheduled to discuss the Group's interim and final results. During intervening periods, the Company continues its dialogue with the investor community by meeting key investor representatives and holding investor roadshows. During the year, the Company met with 60 shareholders and potential shareholders. Presentations to analysts are posted on the Company's website at www.alnoorhospital.com.

### *Annual General Meeting ('AGM')*

The Company's second AGM will take place at 1:00pm on 12 May 2015 at the offices of Jefferies Hoare Govett, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ. All ordinary shareholders have the opportunity to attend and vote, in person or by proxy. The AGM Notice, can be found on our website www.alnoorhospital.com/IRCompanyReports.aspx 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 provides explanatory notes 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.

## Governance Overview

**Board of Directors**

Responsible for the effective oversight of the Company, agrees the strategic direction and governance structure to help achieve the long-term success of the Company and deliver shareholder value.

**Audit and Risk Committee**

Oversees internal financial reporting, the integrity of financial statements and internal controls. Reviews and monitors the effectiveness of the internal and external audit processes.

**Remuneration Committee**

Determines and agrees the Executive Directors' remuneration and monitors the senior management team's remuneration structure and levels.

**Quality Committee**

Oversees the quality of care provided by the Group's hospitals and assists the Board in determining its responsibilities in relation to quality of care within the Group.

**Nomination Committee**

Periodically reviews the Board's structure, size and composition, and makes recommendations to the Board regarding new appointments of Directors.

**Executive Team**

Led by the Chief Executive Officer, and composed of the Chief Financial Officer, Chief Medical Officer, Chief Strategy Officer and Chief Operating Officer, the Executive team is responsible for the day to day management of the Company.

**Business Ethics Committee**

Monitors, oversees and reviews compliance with the Group's Code of Business Ethics.

**Disclosure Committee**

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

## Audit and 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 both 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.

The graphs below illustrate the composition and experience of the Committee:

**Committee composition**


**Committee members' experience**


### *Role of the Audit and 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 financial statements and announcements including a review of the significant financial reporting judgements contained therein;
- establishing and overseeing the Company's relationship with its external auditors;
- including making recommendations to the Board as to the appointment or reappointment of the external auditors, reviewing their terms of engagement and engagement for non-audit services, and monitoring the external auditors' independence, objectivity and effectiveness;
- reviewing the scope of the external audit, its findings and the effectiveness of the audit process;
- reviewing the overall relationship with the external audit firm including the provision of non-audit services to ensure that independence and objectivity are maintained;
- considering whether, taken as a whole, these Annual Report and Accounts are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- reviewing accounting policies, accounting treatments and disclosures in financial reports;
- reviewing the effectiveness of the Company's internal financial controls and internal control and risk management systems; and
- reviewing and monitoring internal audit reports, follow-up actions and the effectiveness of the Group's internal audit 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.

The full terms of reference of the Committee are available on the Company's website.

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 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 Activities*

- Reviewed the risk management and controls frame work and its effectiveness
- Monitored and reviewed the effectiveness of the Internal Audit function
- Reviewed the performance and effectiveness of the external auditors and considered their re-appointment
- Reviewed its non-audit services policy, the non-audit services provided by the external auditor and the associated fees incurred
- Reviewed the Committee's terms of reference.
- Recommended the 2014 Audit Committee Report to the Board for approval
- Reviewed the annual financial and half yearly reports for publication
- Reviewed the implementation of the SAP accounting system.
- Reviewed revenue recognition
- Reviewed trade receivables and other receivables
- Reviewed the internal audit programme and plan
- Reviewed the Code of Conduct

# Corporate Governance Report continued

### *Significant Issues*
Summarised below are some of the significant issues the committee considered in relation to the financial statements during the year.

### *Revenue Recognition*
The Group estimates revenue in respect of insurance claims based on historical trends, its experience of insurance companies and the current economic climate. The Committee throughout the year reviewed trends in rejection rates and the provisioning methodology and satisfied itself on the application of a consistent process for determining the level of provisions required. The Committee has further satisfied itself on the timely conclusion of reconciliations with Insurance companies.

### *Other Areas of Focus:*
Goodwill
The committee has reviewed the impairment assumptions and business plans to satisfy itself with the goodwill calculations in respect of acquisitions completed during the year as well as existing goodwill balances.

Internal controls
The committee reviewed internal controls and risk management reports from the management team and its internal audit team at each meeting.

SAP Implementation
The Company is in the process of implementing the SAP ERP system with a view to eliminating legacy systems and implementing a single robust integrated system for the core business needs of the company. During the year the company went live on the finance and materials management modules of SAP. The Committee received reports from management on the implementation and modules going live in 2015, the risks associated with such implementation, and steps being taken to mitigate against these risks. The Committee will continue this review of the implementation across 2015.

### *Internal Audit*
The Committee receives regular reports on the control environment from the Internal Audit Director supported by Deloitte LLP. These reports highlight key improvement themes and recommend areas for focus. In addition, the Committee has visibility of management responsiveness in addressing internal audit actions.

### *External Audit*
The external auditor was appointed 29 July 2013, and was re-appointed at the 2014 AGM. KPMG LLP has therefore acted as the external auditor to the Group throughout the year. The Senior Statutory Auditor is based in London and is supported by an audit team based in the UAE. The Committee is responsible for oversight of the external auditors, including approving the annual work plan and, on behalf of the Board, approving the audit fee.

### *External Auditor Independence and Effectiveness*
In particular, it is the Committee's responsibility to monitor the performance, objectivity and independence of the external auditor. In 2014 the Committee held two private meetings with the external auditor without management being present with one meeting being held following the year end. 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 auditor be proposed to shareholders at the 2015 AGM.

### *Provision of Non-Audit Services*
Non-audit services provided by the external auditor are approved in accordance with the Company's non-audit services policy.

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

The Committee is aware of the changes and potential changes to the requirements for external auditor selection given recent reviews by the Competition Commission and the EU and has updated its non-audit services policy in respect of its prohibited services. As a general principal, the Committee will seek to keep the ratio of fees for non-audit services to statutory audit services at or below 1:1. However, this ratio may be exceeded where the Committee is satisfied on the question of independence and in its judgement believes that the auditor is best placed to undertake a particular piece of non-audit work. The Committee is aware that a statutory mechanism to apply a cap on non-audit fee levels will start to apply to the Company from 17 June 2016.

From 2020, therefore, under current proposals, non-audit services will be capped at 70% of the average of the statutory audit fees for the preceding three years. The Audit Committee will ensure that the Company establishes a panel of professional advisors of requisite quality over the coming years to enable the Company to comply with the new legislation while allowing the Company access to the appropriate professional advice for its business. The Committee has also updated its own terms of reference to include:

- The additional responsibilities of the Committee;
- External audit firm rotation not to exceed 20 years in anticipation of UK Government Legislation with a tender process after not more than 10 years; and
- Rotation of the lead audit partner after five years with the flexibility of an additional two years if it is considered necessary to maintain audit quality and the extension is disclosed to shareholders.

The Committee will continue to monitor developments throughout the year.

Approval of non-audit services is given on the basis that 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.

Total non-audit services provided by KPMG for the year ended 31 December 2014 were US$395,000 (2013: US$1,689,000) which is 71% (2013: 409%) of total audit and audit-related fees.

| | 2014 US$ '000 | 2013 US$ '000 |
|---|---|---|
| Audit fees | 557 | 413 |
| Non-audit fees | 395 | 1,689 |
| Ratio of non-audit fees to audit fees (per cent) | 71% | 409% |

For the year ended 31 December 2014, the non-audit related services undertaken by KPMG included quarterly and half-yearly reviews, work in connection with IT project management assurance, tax services for a closed company review and Greenhouse Gas reporting. A breakdown of fees paid to the auditor is set out in note 23 on page 103.

## Risk Management and Internal Controls

The Board recognises its overall 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 the 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 2014 and the period up 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. This register will be reviewed by the Committee and the Board as part of their standard processes. Our current key risks are summarised in the Strategy section 'Key Risks and Uncertainties' on pages 38 and 39.

### *Whistleblowing*

The Committee oversees the Company's processes for handling reports from whistleblowers. The Code of Business Conduct encourages all employees to report any potential improprieties in financial reporting or other matters. All reports received are reported to the Audit and Risk Committee, and where appropriate, our Legal and or Internal Audit function may be asked to investigate issues and report the outcome to the Committee. The Code of Conduct was updated during the year and training was provided to the Group's employees and the Board.

# Corporate Governance Report continued

### Nomination Committee

***Composition***

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

The graph below illustrates the composition of the Committee:

**Committee composition**

| | |
|---|---|
| Chairman of the Board | 1 |
| Independent Non-Executive Director | 1 |
| Non-Executive Director | 1 |
| Executive Director | 1 |

**Committee members' experience**

| | |
|---|---|
| Healthcare | 2 |
| Finance & Accounting | 2 |

***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 structure, size and composition including the skills, knowledge, experience and diversity 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.

***Main Activities***

- Succession planning; and
- Composition of the Board and its Committees including consideration of balance, skills and diversity of Directors.

During 2014, the Committee's areas of focus included considering and assessing the balance of skills, experience and diversity on the Board. At the beginning of 2014 the Board was made up of 10 Directors and comprised an independent Chairman (who was independent on appointment), one executive Director, five non-independent executives Directors and four non-executive Directors. In October 2014, Dr Kassem Alom stepped down from his role as Chief Executive Officer and took up the role of Deputy Chairman. Ronald Lavater was appointed as Chief Executive Officer and these changes resulted in the number of directors on the Board increasing to 11 and the number of non-independent Directors increasing to six as Dr Kassem Alom was not considered independent. As a result the Board intends to appointment at least one additional non-executive Director to bring the balance of independent directors back to the position at the IPO.

The Committee is aware that throughout the year the Board did not fully comply with the UK Code recommendations on balance and has concluded that there are some attributes which need to be brought onto the Board, including diversity. The Committee has been considering ways in which it can address these going forward, and as a consequence, a search process is underway to appoint an additional Non-Executive Director in due course. Whilst the successful candidate will be appointed on merit, the Committee is mindful that gender diversity is a key area that should be considered and addressed.

The Committee also assisted the Board with the search for a new Chief Executive Officer. Heidrick and Struggles (UK) Limited, who assisted with the recruitment of William S. Ward in 2013, specialise in the recruitment of high calibre executives and non-executive directors and were engaged again by the Company to ensure that the widest possible pools of candidates were available to select from.

A shortlist of potential appointees was considered by the Committee and the Board 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 Ronald Lavater to the Board as a potential Chief Executive Officer. The Board, who have ultimate responsibility for Board appointments, were mindful of Mr. Lavater's history of hospital leadership roles in the UAE and experience gained in a listed healthcare environment in the United States when assessing his candidacy. He was appointed to the Board with effect from 1 October 2014.

The biographical details of the current directors can be found on pages 48 and 51. The Committee considers that the performance of each of the Directors standing for re-election continues to be effective and that they each demonstrate commitment to their role, including commitment of time for Board and Committee meetings and any other duties. In accordance with the recommendation for FTSE 350 companies set out in the Code, all of the Directors of the Company will be subject to annual re-election at the AGM.

The corporate responsibility section on pages 40 to 47 of the report explains the Group's approach to diversity, including gender diversity percentages. Since the year end the Board has adopted a Board diversity policy.

The terms and conditions of appointment of Non-Executive Directors, including the expected time commitment, are available for inspection at the Company's registered office.

## Quality Committee
### *Composition*
The Quality Committee is chaired by William J. Ward, and its other members are William S. Ward, Ian Tyler, Dr. Kassem Alom and Ahmad Nimer.

**Committee composition**

| | |
|---|---|
| Chairman of the Board | 1 |
| Independent Non-Executive Director | 2 |
| Non-Executive Director | 2 |

**Committee members' experience**

| | |
|---|---|
| Healthcare | 3 |
| Finance & Accounting | 2 |

### *Role of the Quality Committee*
The Quality and Patient Safety Committee of the Board oversees the Quality, Patient Safety, and Patient Experience of our care delivery. It determines the key performance indicators, thresholds, and targets for such indicators with the goal of delivering the optimal level of safe and quality care. The Committee also defines the structure and processes of data governance and data integrity through the Quality, Safety, and Service Strategic plan that is reviewed and approved annually by the Board. The Committee has fully embraced the concept of patient centred care as a basis upon which the strategic plan is built.

### *Main Activities*
- Reviewed quality and patient safety dashboards and its key performance indicators
- Reviewed patient complaints
- Reviewed quality and patient safety plans
- Reviewed medical malpractice and HAAD cases
- Reviewed its terms of reference

Since the year end the Committee has approved its Annual Quality plan.

## Disclosure Committee
### *Composition*
The Disclosure Committee consists of Ian Tyler, and Ronald Lavater, Pramod Balakrishnan and Dr. Sami Alom.

### *Role of the Disclosure Committee*
The Disclosure Committee assists the Board in discharging its responsibilities for the identification of price sensitive 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 Statements; and
- Reviewed the disclosure of information within the Company's Annual Report and Accounts.

## Business Ethics Committee
### *Composition*
The Business Ethics Committee is currently chaired by Sally Saleem (Legal Counsel), and its other members are Pramod Balakrishnan (CFO), David Hoidal (COO), Georges Feghali (CMO), Yvette Van Der Linde (Senior Corporate HR Director) and Zaki El Saleh (Internal Audit Director).

During the year, the composition of the Committee changed due to the changes in the executive management team.

### *Role of the Business Ethics Committee*
The Company'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 general behaviours expected of Board members, employees, suppliers, contractors, agents and partners in a range of different areas including:

- Compliance with laws and regulations;
- Dealing with matters fairly as regards to competitors, suppliers, customers or colleagues;
- Potential conflicts of interest; and
- Dealing with anti-bribery and corruption.

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 making changes to the Code of Business Ethics as needed. It is also responsible for the initial review of all allegations of violation of the Code of Business Ethics and for recommending the appropriate course of action to be taken, including whether any information needs to be provided to federal and/or regulatory authorities.

### *Main Activities*
- Reviewed and updated the Code of Business Ethics and Charter;
- The implementation of the Code of Business Ethics;
- Investigated the reports and complaints received by the Committee; and
- Provided employees and Board members with training on Business Ethics.

For and on behalf of the Board

**Ian Tyler**
Non-Executive Chairman

# Directors’ Remuneration Report

## Letter from the Remuneration Committee Chairman

Dear Shareholder,

In 2014, the Company performed well, exceeding its forecast profits and continuing on the path of strong sustainable growth. During the year, we successfully concluded the acquisition of GICC and opened three new medical centres along with a number of satellite clinics. We also added 64 revenue generating physicians (net of resignation), driving growth in patient volumes.

Whilst the business performed strongly in 2014, we did not reach all of the stretching targets we set for the business. Whilst EBITDA generated was close to target, margin and cash conversion were both below threshold levels. Certain operational and quality measures were met, reflecting some key areas of progress. Consequently, the annual bonus achieved was 11.8% of maximum.

This year has also seen the execution of several planned changes in the leadership of the Group and the Committee has considered and determined appropriate remuneration packages.

In October, Dr. Kassem Alom stepped down as CEO and as an Executive Director of the Company, and was appointed as Non-Executive Deputy Chairman of the Company. As Deputy Chairman, he will continue to play an active role with the Company and the Board will continue to benefit from his sound judgment and wealth of accumulated experience; as part of his role, he will also ensure a smooth handover of executive responsibilities to the new Chief Executive.

With effect from 1 October 2014, Ronald Lavater was appointed CEO. His remuneration arrangements on recruitment were in line with the remuneration policy as agreed by shareholders at the 2014 AGM, and are set out on page 70.

***Remuneration for 2015***

The shareholders approved the remuneration policy as set out in the 2013 Directors’ Remuneration Report at the 2014 AGM, and the Remuneration Committee is comfortable that the policy remains appropriate and should continue to operate for 2015 with no major changes:

- Base Compensation for the CEO will remain at the level agreed upon his appointment in October 2014. For information, the average base compensation increase across the Group will be 10% 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
- 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

Although there are no changes to the remuneration policy proposed, it has been included in this year’s Directors’ Remuneration Report for the information of shareholders.

The Committee believes the policies continue to be the right ones for Al Noor, and that decisions have been taken within that policy that are in the best interests of long-term shareholders. We look forward to your support for this report.

**Ian Tyler**
Chair of the Remuneration Committee

## Directors' Remuneration Policy

The Company's remuneration policy was put to a shareholder vote at the 2014 AGM and was approved by 98.24% of shareholders. There is no requirement to vote on the policy in 2015 unless any changes to the policy are proposed, and the Committee does not intend on making any changes to the policy at this time.

The policy is set out below for information only; the chart showing remuneration scenarios on page 68 has been updated to reflect proposed 2015 remuneration levels, and the tables on page 69 have been updated to reflect the current composition of the Board.

### *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 and other senior management in the Group, the Committee will ensure that the arrangements are in the best interests 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; and
- 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 Company'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 Policy[1].

| 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 | Reviewed annually by the Committee or, if appropriate, in the event of a change in an individual's position or responsibilities<br><br>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<br><br>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 organisations in the UAE and the GCC region and is guided by the increase for the workforce generally. On occasions, it may also recognise 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<br><br>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<br><br>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<br><br>Dividends that accrue on the deferred shares during the vesting period may be paid in cash or shares at the time of vesting<br><br>Clawback provisions apply for overpayments due to misstatement or error and other circumstances | Maximum opportunity of 150% of base compensation | At least 75% of the annual bonus will be based on Group financial performance[3]<br><br>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<br><br>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<br><br>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<br><br>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<br><br>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]<br><br>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 Labour Law | The Company has no Group-wide pension scheme<br><br>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 Labour 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' fees | 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<br><br>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 recognise an increase in certain circumstances such as, assumed additional responsibility or an increase in the scale or scope of the role | N/A |

**Notes**

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 fulfil their original purpose.

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

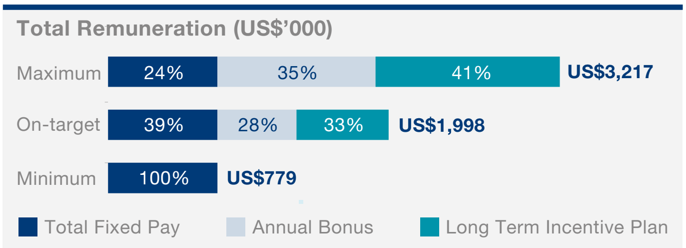
# Directors' Remuneration Report continued

### Previous Awards
Authority was given to the Company to honour any commitments entered into with current or former directors (such as, the vesting or exercise of past share awards) when the Directors' Remuneration Policy was approved by Shareholders in 2014.

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 2015 at different levels of performance. 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.




1 Base compensation levels applying as at 1 January 2015.
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 71) for the year ended 31 December 2014.
3 The end of service gratuity is based on the provision accrued (as disclosed in the Annual Report on Remuneration on page 71) for the year ended 31 December 2014 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:

| | |
|---|---|
| Ronald Lavater | 1 October 2014 |

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 on complying 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 2014 four Non-Executive Directors were considered to be independent of the Company.

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

| | |
|---|---|
| Ian Tyler[2] | 5 June 2013 |
| Dr. Kassem Alom | 1 October 2014 |
| 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.

The Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are kept available for inspection at the Company's registered office.

# Directors' Remuneration Report continued

## 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 2015 AGM. The information on pages 64 to 75 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 2014 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 | 4 out of 4 |
| Seamus Keating | 4 out of 4 |
| Faisal Belhoul | 4 out of 4 |

**Committee composition**


**Committee members' experience**


## 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 during 2014 were £128,715. No additional fees were paid by the Group to NBS or any other part of Aon plc in respect of other services. The Committee monitors the relationship with external advisers and remains confident that NBS is independent and no conflicts of interest exist.

## Shareholder Voting at AGM
The Policy Report was put to a binding shareholder vote, and the 2013 Annual Report on Remuneration was put to an advisory shareholder vote, at the 2014 AGM. The votes were as follows:

| Details | For (% of shares voted) | Against (% of shares voted) |
|---|---|---|
| Approval of the Directors' Remuneration Report | 99.98 | 0.02 |
| Approval of the Directors' Remuneration Policy | 98.24 | 1.76 |

## Implementation of the Remuneration Policy for 2015
Ronald Lavater was appointed as Chief Executive on 1 October 2014 with the following remuneration package, all elements of which fall with the Group's approved remuneration policy:

- A salary of US$750,000 per annum;
- An annual bonus opportunity of 150% of salary;
- A long-term incentive participation level anticipated to be 175% of salary per annum;
- Usual benefits including medical insurance and car allowance, but no additional payment for housing allowance; and
- End-of-service benefit as prescribed under UAE law.

No additional payments were made to Mr Lavater on recruitment and there was no buy-out of any awards lost as a result of leaving previous employment.

### *Base Compensation*
The CEO's base compensation was reviewed on appointment and the Committee considered that no adjustment was required for 2015. 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 10%. Accordingly, base compensation for 2015 will be as follows:

| | Base compensation from 1 January 2015 US$'000 | Base compensation from 1 October 2014 US$'000 | % increase |
|---|---|---|---|
| Ronald Lavater | 750 | 750 | 0 |

## Annual Bonus for 2015

For 2015 the annual bonus opportunity will be 150% of base compensation. The annual bonus will be assessed 80% against financial and 20% against operational objectives, including measures of clinical excellence, to provide a rounded assessment of the Group and individuals' 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 2015

The Committee intends to grant an LTIP award to the CEO in 2015 over shares with a value of 175% 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 Labour Law, the Company accrues for the end-of-service gratuity entitlement in respect of the CEO, whereby the gratuity shall be 21 days' wages[1] 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.

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

## Fees for the Chairman and Non-Executive Directors

The Chairman's 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 2015 are set out below. Dr. Kassem Alom was appointed Deputy Chairman from 1 October 2014. The fees for this position were set at £90,000 from this date, and will not be changed for 2015. No other changes to fees for 2014 were considered appropriate, as these levels were recently determined:

| | Fee from 1 January 2015 £'000 | Fee from 1 January 2014 £'000 | % increase |
|---|---|---|---|
| Chairman | 200 | 200 | 0% |
| Deputy Chairman | 90 | 90[1] | 0% |
| Base fee | 65 | 65 | 0% |
| Additional fees: | | | |
| Senior Independent Director | 5 | 5 | 0% |
| Audit and Risk Committee Chair | 10 | 10 | 0% |
| Remuneration Committee Chair | 10 | 10 | 0% |

1 Set at appointment (1 October 2014).

# Directors' Remuneration Report continued

## Directors' Remuneration Earned in 2014

The table below summarises Directors' remuneration received in 2014.

| | | Base compensation[1] US$'000 | Benefits[2] US$'000 | End of service gratuity[3] US$'000 | Annual Bonus US$'000 | Long-Term Incentives[4] US$'000 | Other US$'000 | Total Remuneration US$'000 |
|---|---|---|---|---|---|---|---|---|
| *Executive Directors* | | | | | | | | |
| Ronald Lavater[5] | **2014** | **188** | **18** | **11** | **33** | **–** | **–** | **250** |
| | 2013 | – | – | – | – | – | – | – |
| Dr. Kassem Alom[6] | **2014** | **347** | **110** | **20** | **–** | **–** | **–** | **477** |
| | 2013 | 382 | 155 | 27 | – | – | – | 564 |

| | | Fees £'000 | Total Remuneration £'000 |
|---|---|---|---|
| *Non-Executive Chairman* | | | |
| Ian Tyler | **2014** | **200** | **200** |
| | 2013 | 114 | 114 |
| *Non-Executive Directors* | | | |
| Dr. Kassem Alom[7,8] | **2014** | **23** | **23** |
| | 2013 | – | – |
| Seamus Keating | **2014** | **80** | **80** |
| | 2013 | 46 | 46 |
| William J. Ward | **2014** | **75** | **75** |
| | 2013 | 43 | 43 |
| Mubarak Matar Al Hamiri | **2014** | **65** | **65** |
| | 2013 | 37 | 37 |
| William S. Ward | **2014** | **65** | **65** |
| | 2013 | 10 | 10 |
| Sheikh Mansoor Bin Butti[9] | **2014** | **–** | **–** |
| | 2013 | – | – |
| Ahmad Nimer[9] | **2014** | **–** | **–** |
| | 2013 | – | – |
| Faisal Belhoul[9] | **2014** | **–** | **–** |
| | 2013 | – | – |
| Khaldoun Haj Hasan[9] | **2014** | **–** | **–** |
| | 2013 | – | – |
| *Non-Executive Director* | **2014** | **508** | **508** |
| *Total* | 2013 | 250 | 250 |

1 Base compensation includes base salary plus fixed cash allowances which are a normal part of the fixed remuneration package and usual local practice. In the second half of 2013, Dr. Kassem Alom ceased receiving a housing benefit from Al Noor and began to receive a fixed cash housing allowance in its place.
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 End of service gratuity is the provision accrued for the year.
4 No LTIP awards vested by reference to performance for the year ended 31 December 2013 or 2014.
5 Ronald Lavater was appointed as CEO with effect from 1 October 2014.
6 Dr. Kassem Alom did not participate in the executive bonus plan for 2013 and 2014.
7 Dr. Kassem Alom stepped down as CEO on 1 October 2014, at which point he was appointed Deputy Chairman. Dr. Kassem Alom continued to receive certain benefits (primarily medical insurance and car benefits) from the Company following his retirement as CEO. The value of these benefits (US$19,372) was offset against his end of service gratuity received under UAE law, so there was no cost to the Company from providing these benefits and they have not been included in the single figure table above.
8 Dr. Kassem Alom's remuneration as CEO was paid in UAE Dirhams and reported in US$ using an exchange rate of US$1/AED 3.67.
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.

## Annual Bonus for 2014

For 2014 the annual bonus opportunity was 150% of base compensation, pro-rated to reflect period of service. The annual bonus was assessed against financial and operational objectives, including measures of clinical excellence, to provide a rounded assessment of the Group and individual's performance.

The measures, weightings, performance and outturn are set out below:

| Measure | Weighting | Performance against measure | Payout of element (% of element) | Total payout (% of bonus) |
|---|---|---|---|---|
| EBITDA | 70% | EBITDA between threshold and target | 9.7% | 6.8% |
| EBITDA margin | 10% | Threshold level not achieved | 0.0% | 0.0% |
| Cash conversion | 10% | Threshold level not achieved | 0.0% | 0.0% |
| Delivery of strategy | 10% | Measures relating to opening of clinics, lab consolidation and assessment of clinical quality achieved in full or in part | 50.0% | 5.0% |
| Total | 100% | | | 11.8% |

Consequently, the annual bonus achieved was 11.8% of maximum. For Ronald Lavater, the amount awarded (17.7% of salary, i.e. 11.8% of his 150% of salary maximum bonus) has been pro-rated to reflect his three months of service during 2014. He will therefore be paid a bonus of US$33,187, equivalent to 4.425% of salary.

For Ronald Lavater, 50% of the bonus payable will be paid in cash and 50% in shares. Clawback provisions will apply to both the cash and share elements.

Under the terms of his contract agreed at IPO, Dr. Kassem Alom was not eligible to participate in the executive bonus plan for 2014.

## Long-term Incentive Awards Granted During the Year and Directors' Interests in Share Plan Awards

Awards were granted to Ronald Lavater under the 2013 Long-term Incentive Plan shortly after his appointment.

| | Date of grant | Number of shares[1] | Face value | Face value as a percentage of salary[2] | End of performance period | Performance conditions |
|---|---|---|---|---|---|---|
| Ronald Lavater | 25-Nov-14 | 20,978 | $328,125 | 43.75% | 31-Dec-16 | See table below |

1 The number of shares to be granted was determined based on the average share price over the five dealing days prior to grant £9.96, translated at the exchange rate at grant US$1.5706:£1.

2 Award pro-rated to reflect period worked (i.e. three months, so award reduced from 175% of salary to 43.75% of salary).

| Performance condition | Weighting | Threshold target (25% vesting) | Stretch target (100% vesting) |
|---|---|---|---|
| EPS growth | 50% | 6% per annum | 15% per annum |
| TSR vs World Healthcare Index | 25% | In line with the index | 8.5% per annum above the index |
| TSR vs Healthcare sector peers | 25% | Median of peers | Upper quartile of peers |

## 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. Ronald Lavater was appointed with effect from 1 October 2014. He will build and maintain a shareholding in line with the Committee's formal policy. The Chairman and Non-Executive Directors are encouraged to hold shares in the Company but are not subject to a formal shareholding guideline.

# Directors' Remuneration Report continued

The beneficial interests of the Directors in the share capital of the company at 31 December 2014 was as follows[1]:

| | Beneficially owned at 31 Dec 2014 | Beneficially owned at 31 Dec 2013 | Outstanding LTIP awards | Outstanding DAB awards | Outstanding share awards | Shareholding requirement met? |
|---|---|---|---|---|---|---|
| Ronald Lavater | – | – | 20,978 | – | – | No |
| Ian Tyler[2] | – | – | – | – | 8,695 | n/a |
| Dr. Kassem Alom | 7,055,946 | 12,216,039[1] | – | – | – | n/a |
| Seamus Keating | – | – | – | – | – | n/a |
| William J. Ward | – | – | – | – | – | n/a |
| William S. Ward | – | | | | | |
| 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 There were no changes to the interests of the Directors in the ordinary shares of the Company in the period from 1 January 2015 to 29 March 2015. 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.

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.

### Directors Pension Entitlement

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

### Payments to Former Directors

Dr. Kassem Alom stepped down as CEO on 1 October 2014. He received remuneration as set out above for his period of service for 2014 and received no payments in addition to this in respect of his leaving office. He was not eligible to participate in the executive bonus scheme for 2014. Dr. Kassem Alom continued to receive certain benefits (primarily medical insurance and car benefits) from the Company following his retirement as CEO. The value of these benefits (US$19,372) was offset against his end of service gratuity received under UAE law, so there was no cost to the Company from providing these benefits.

Dr. Kassem Alom was subsequently appointed Deputy Chairman on 1 October 2014, with fees this position set at £90,000 per annum. He received a fee of £22,500 for the period worked in 2014, as shown in the historic remuneration table on page 72.

### Payments for Loss of Office

No payments were made in respect of loss of office during the year ended 31 December 2014.

### Percentage Change in Remuneration Levels

The table below shows the change in base compensation, benefits and annual bonus for the CEO in the 2014 financial year (from 2013), compared to that for the average employees.

| | % change |
|---|---|
| Chief Executive Officer | |
| Base compensation | 40.1% |
| Benefits | -17.4% |
| Bonus | n/a |
| All employees | |
| Base compensation | 16.8% |
| Benefits | 29.6% |
| Bonus | 8.1% |

### Relative Importance of the Spend on Pay

The table below show the spend on staff costs in the 2014 financial year, compared to returns to shareholders:

| | **2014 US$'000** | 2013 US$'000 | % |
|---|---|---|---|
| Staff costs | **198,096** | 154,249 | 28.4% |
| Dividends[1] | **22,739** | 17,189 | 32.3% |

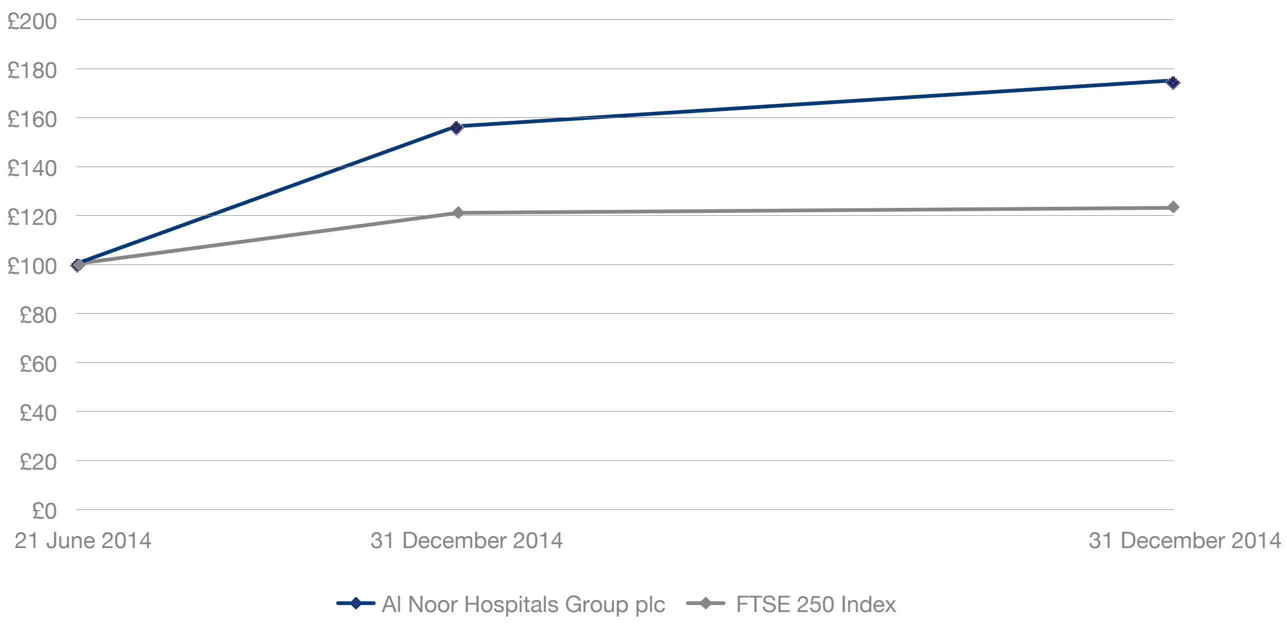
1 This includes proposed dividend for the year 2014 amounting to US$15,648,000.

### 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, of which the Company is a constituent (and which is therefore considered a relevant basis of comparison).

### Total Shareholder Return

Source: Thomson Reuters




The total remuneration figures for the CEO during the 2014 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 | | | |
|---|---|---|---|---|
| | 2014 | 2014 | 2013 | 2012 |
| Chief Executive Officer | Ronald Lavater | Dr. Kassem Alom | Dr. Kassem Alom | Dr. Kassem Alom |
| Total Remuneration US$'000 | 250 | 477 | 564 | 517 |
| Annual bonus % | 11.8% | – | – | – |
| LTIP vesting % | – | – | – | – |

### Approval of the Directors' Remuneration Report

The Directors' Remuneration Report was approved by the Board on 29 March 2015.

**Ian Tyler**
Chair of the Remuneration Committee
29 March 2015

Strategic Report
Corporate Governance
Financial Statements

# 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, comprises 76 to 79.

Details of the strategy and business model during the year and other information which fulfils the requirements of the Strategic Report required by sections 414A to D of the UK Companies Act 2006 can be found in the Strategic Report section on pages 14 to 23.

## Directors

### *Directors Who Served During the Year*

The Directors who served during the year were:

| Name | Position | Date of appointment |
|---|---|---|
| Mubarak Matar Al Hamiri | Independent Non-Executive Director | 5 June 2013 |
| Khaldoun Haj Hasan | Non-Executive Director | 7 November 2013 |
| Dr. Kassem Alom[1] | Deputy Chairman | 20 June 2013* |
| Faisal Belhoul | Non-Executive Director | 5 June 2013 |
| Sheikh Mansoor Bin Butti Al Hamed | Non-Executive Director | 5 June 2013 |
| Seamus Keating | Senior Independent Director | 5 June 2013 |
| Ahmad Nimer | Non-Executive Director | 5 June 2013 |
| Ian Tyler | Non-Executive Chairman | 5 June 2013 |
| William J. Ward | Independent Non-Executive Director | 5 June 2013 |
| William S. Ward | Independent Non-Executive Director | 7 November 2013 |
| Ronald Lavater | Chief Executive Officer | 1 October 2014 |

Directors' biographies can be found on pages 48 to 51.

1 Dr Kassem Alom stepped down as CEO and assumed the role as Deputy Chairman on 1 October 2014.

### *Directors' Interests in the Company's Shares*

The interests of the Directors of the Company at the 31 December 2014, in the issued shares of the Company disclosed in accordance with the FCA's Listing Rules are given in the Remuneration Report on pages 73 and 74. The Remuneration Report also sets out details of any changes in those interests between the year end and 29 March 2015.

### *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.

Directors wishing to continue to serve as members of the Board, will seek re-election annually in accordance with provision 8.7.1 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*

There are no agreements in place 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.

### *Share Incentive Schemes*

All of the Company's share-based employee incentive plans detailed in the Remuneration Report on pages 64 to 75 contain provisions relating to a change of control of the Company. Vesting of outstanding awards and options on a change of control would normally be at the discretion of the Remuneration Committee, who would take into account the satisfaction of any applicable performance conditions at that time and the expired duration of the relevant performance period.

## Employee Policy

The Company operates an equal opportunities policy which endeavours to treat individuals fairly and to employ individuals on merit and qualifications and not to discriminate on the basis of ethnicity, national origin, gender or disability status.

Involving and engaging staff in the performance of the Company is key to any company's continued success, and recognised at Al Noor. In an effort to ensure fairness, transparency, and alignment of employee and corporate interests, the Company has implemented a Performance Management Programme for all staff.

## Corporate Social Responsibility

The Company complies with all current regulations on emissions including Greenhouse Gas ('GHG') emissions, where such regulation exists in our markets. We have established detailed processes and controls to enable regular and routine reporting of GHG emissions on a consistent basis, and our report on GHG for the 12-month period 1 October 2013 to 30 September 2014 can be found on pages 44 to 45 of the Corporate Social Responsibility section of this annual report.

## Political Donations

No political donations were made during the year.

## Share Capital and Control

The Company's ordinary issued share capital as at 31 December 2014 was 116,866,203 Ordinary Shares of 10p each and can be found in Note 11 and 32.9 to the financial statements, on pages 97 and 116. 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 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.

## Future Developments

Information on likely future developments in the business of the Company can be found within the Strategic Report on pages 1 to 47.

## Analysis of Ordinary Shareholder as at 31 December 2014

The following table includes a brief analysis of shareholder numbers and shareholdings as at 31 December 2014

| Size of shareholding | Number of shareholders | % of shareholders | Number of shares | % of shares |
|---|---|---|---|---|
| 1 – 50 | 2 | 0.6689 | 14 | – |
| 51 – 100 | 5 | 1.6722 | 411 | 0.00 |
| 101 – 500 | 29 | 9.699 | 8,745 | 0.01 |
| 501 – 1,000 | 24 | 8.0268 | 18,036 | 0.02 |
| 1,001 – 10,000 | 78 | 26.087 | 321,378 | 0.28 |
| 10,001 – 50,000 | 55 | 18.3946 | 1,414,859 | 1.21 |
| 50,001 – 100,000 | 26 | 8.6957 | 1,950,598 | 1.67 |
| 100,001 – 500,000 | 54 | 18.0602 | 12,563,303 | 10.75 |
| 500,001 – 1,000,000 | 11 | 3.6789 | 7,660,956 | 6.56 |
| 1,000,001+ | 15 | 5.0167 | 92,927,903 | 79.52 |
| **Total** | **299** | **100** | **116,866,203** | **100.00** |

# Directors' Report continued

## Substantial Shareholders

| | As at 31 December 2014 | | As at 29 March 2015 | |
|---|---|---|---|---|
| | Ordinary Shares | % Voting Rights | Ordinary Shares | % Voting Rights |
| Sapor* | 33,018,320 | 28.25 | 33,018,320 | 28.25 |
| Astro II SPV | 23,373,242 | 20.00 | 23,373,242 | 20.00 |
| Maksar* | 7,055,946 | 6.04 | 7,055,946 | 6.04 |
| Fidelity Management & Research | 5,514,646 | 4.72 | 6,097,045 | 5.22 |
| BlackRock Investment Mgt | 5,780,870 | 4.95 | 5,677,767 | 4.86 |
| Fidelity Worldwide Investment | 4,367,619 | 3.74 | 3,795,048 | 3.25 |

*Sheikh Mohammed Bin Butti Al Hamed's and Dr. Kassem Alom's holdings of ordinary shares of the Company are held by Sapor and Maksar, respectively.

### *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 to comply with the provisions of the Companies Act, to redeem such shares on the date specified by the Directors or the holders of such shares, then the Company shall redeem such shares as soon as it is able to comply with the provisions of the Companies Act. Further details can be found in the Articles which are available 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 second priority of repayment 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.

### *Purchase of Own Shares*

The Company has neither purchased any of its own shares during the financial year to 31 December 2014 nor the period since the year-end and the date of issuance of the Annual Financial Report.

The Company was authorised by shareholders at the 2014 AGM to purchase its own shares of up to a maximum 10% of its issued share capital. The Company is due to have its AGM on 12 May 2015, whereby the Directors will be seeking a renewal of the authority for the Company to purchase up to 10% of its existing ordinary share capital. This authority would expire one year later at the Company's 2016 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.

## Principal Shareholders and Relationship Agreement

In accordance with Listing Rule 9.8.4 (14), the Company has set out below a statement describing the relationship agreement entered into by the Company with its principal shareholders.

As at 29 March 2015, Astro II SPV, Sheikh Mohammed Bin Butti Al Hamed and Dr. Kassem Alom (the 'Principal Shareholders') hold 20%, 28.25% and 6.04% respectively, of the issued ordinary share capital of the Company.

The Company originally entered into a relationship agreement dated 21 June 2013 (the 'Original Relationship Agreement') with Sheikh Mohammed Bin Butti Al Hamed, Astro II SPV and Dr. Kassem Alom (together the 'Principal Shareholders'), Ithmar Capital and Ithmar Capital-Astro (together 'Ithmar'). The Original Relationship Agreement was amended and restated on 13 November 2014 (the 'Amended and Restated Relationship Agreement') in order to comply with the changes to the Listing Rules relating to controlling shareholders implemented by the UKLA on 16 May 2014. A 'controlling shareholder' is any person who exercises, or controls on its own or together with any person(s) with whom it is acting in concert, 30%. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Prior to the parties entering into the Original Relationship Agreement, the Takeover Panel at the time determined that the Principal Shareholders and Ithmar were deemed to be acting in concert for the purposes of the Takeover Code.

The Original Relationship Agreement, or with effect from 13 November 2014, the Amended and Restated Relationship Agreement governs the relationship between the Principal Shareholders, Ithmar and the Company and the principal purpose of which is to ensure that the Company is capable of carrying out its business independently of the Principal Shareholders, Ithmar and their respective associates and that transactions and arrangements with the Principal Shareholders, Ithmar and their respective associates are at arm's length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules).

Under the Amended and Restated Relationship Agreement, each Principal Shareholder and Ithmar undertakes to comply with the following 'independence provisions' set out in the agreement as required under the Listing Rules:

- transactions and arrangements between the Company and itself (and/or its associates) are, and will be, at arm's length and on normal commercial terms;
- neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- neither it nor any of its associates will propose, or procure the proposal of, a shareholder resolution that is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The Company has and, in so far as it is aware, the Principal Shareholders, Ithmar and their respective associates have, complied with the independence provisions set out in the Amended and Restated Relationship Agreement from the date of the agreement, during the relevant period under review.

In accordance with the terms of the Amended and Restated 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.

If a Principal Shareholder or Ithmar 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 Amended and Restated 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 Amended and Restated 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 27 to the financial statements on pages 104 to 106.

## Post-balance Sheet Events

There have been no other material events since the year end.

### *Dividend*

The Directors are recommending a final dividend of 9 pence per ordinary share to be paid on 15 May 2015 to all ordinary shareholders who were on the register of members at the close of business on 17 April.

# Directors' Report

### Requirements of the Listing Rules
The following table provides references to where the information required by the listing rule 9.8.4R is disclosed:

| Listing Rule requirement | Location in Annual Report |
|---|---|
| A statement of the amount of interest capitalised during the period under review and details of any related tax relief. | Not applicable |
| Information required in relation to the publication of unaudited financial information. | Not applicable |
| Details of any long-term incentive schemes. | Directors' Remuneration Report, page 71, 73 and 75 |
| Details of any arrangements under which a Director has waived emoluments, or agreed to waive any future emoluments, from the Company. | Directors' Remuneration Report, page 74 |
| Details of any non pre-emptive issues of equity for cash. | No such share allotments |
| Details of any non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking. | No such share allotments |
| Details of parent participation in a placing by a listed subsidiary. | Not applicable |
| Details of any contract of significance in which a Director is or was materially interested. | Not applicable |
| Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder. | Not applicable |
| Details of waiver of dividends by a shareholder. | Not applicable |
| Board statement in respect of relationship agreement with the controlling shareholder. | Directors' Report, page 79 |

### Auditors
Each person who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. The auditors, KPMG LLP, have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 2006, resolutions concerning their re-appointment and remuneration will be placed before the Annual General Meeting.

For and on behalf of the Board

**Ian Tyler**
Non-Executive Chairman
29 March 2015

# 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 they have been prepared in accordance with IFRSs as adopted by the EU; 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 pages 48 and 51 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**
Non-Executive Chairman
29 March 2014

# Independent Auditors Report
to the Members of Al Noor Hospitals Group plc only

## Opinions and Conclusions Arising from Our Audit

### *1 Our Opinion on the Financial Statements is Unmodified*

We have audited the financial statements of Al Noor Hospitals Group Plc for the year ended 31 December 2014 set out on pages 84 to 117. 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 2014 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.

### *2 Our Assessment of Risks of Material Misstatement*

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

Recognition of Revenue

Refer to pages 59 to 61 (Audit committee report), page 91 (accounting policy) and page 100 (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. The group estimates these claim rejections based on historical trends, its experience in dealing with insurance companies and the current economic environment. 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:
  - Assessing the Group's forecasting of rejection rates through a comparison of historical 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 recognised in the income statement. We use our understanding of current insurance practice and our review of historical 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 appropriate capture of gross revenue. We tested IT system based controls and processes over the completeness of the daily transfer of data from the Group's health information system ('HIS') where patient information is stored to the Group's enterprise resource planning module ('ERP') and then to SAP 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
  - Considering the adequacy of the Group's disclosures in respect of the degree in estimation involved in the recognition of revenue.

### *3 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 $4m, determined with reference to a benchmark of group profit before tax, normalised to exclude acquisition related costs as disclosed in note 18, of which it represents 4.7%.

We report to the audit committee any corrected or uncorrected identified misstatements exceeding $0.2m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group audit team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total Group revenue, Group profit before tax, and total Group assets.

### *4 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.

### *5 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 and Risk Committee section of the Corporate Governance 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 pages 34 and 81, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 54 to 63 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

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

### Scope and Responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 81, 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/auditscopeukco2014a, 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
29 March 2015

# Consolidated Statement of Financial Position

## As at 31 December

| | Note | 2014 US$'000 | 2013[1] US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 4 | **59,057** | 29,233 |
| Intangible assets and goodwill | 5 | **33,177** | 19,938 |
| Deferred tax assets | 22 | **269** | 134 |
| Prepayments | 8 | **2,534** | – |
| **Total non-current assets** | | **95,037** | 49,305 |
| **Current assets** | | | |
| Inventories | 6 | **20,385** | 16,483 |
| Trade and other receivables | 8 | **115,375** | 85,906 |
| Amount due from a related party | 7(c) | **851** | 1,219 |
| Short-term deposit | 10 | **13,624** | – |
| Cash and cash equivalents | 9 | **82,881** | 107,679 |
| **Total current assets** | | **233,116** | 211,287 |
| **Total assets** | | **328,153** | 260,592 |
| **Equity** | | | |
| Share capital | 11 | **18,076** | 18,076 |
| Share premium reserve | 11 | **693,549** | 693,549 |
| Statutory reserve | 11 | **4,114** | 4,114 |
| Merger reserve | 11 | **(700,009)** | (700,009) |
| Retained earnings | | **214,534** | 160,089 |
| Share option reserve | 15 | **3,174** | 2,897 |
| **Equity attributable to owners of the Company** | | **233,438** | 178,716 |
| **Non-controlling interest** | 11 | **4,800** | 1,991 |
| **Total equity** | | **238,238** | 180,707 |
| **Non-current liabilities** | | | |
| Trade and other payables | 13 | **596** | 2,188 |
| Employee benefits | 14 | **15,377** | 11,451 |
| **Total non-current liabilities** | | **15,973** | 13,639 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **67,792** | 63,417 |
| Amounts due to related parties | 7(b) | **6,150** | 2,634 |
| Bank overdraft | 9 | **–** | 195 |
| **Total current liabilities** | | **73,942** | 66,246 |
| **Total liabilities** | | **89,915** | 79,885 |
| **Total equity and liabilities** | | **328,153** | 260,592 |

1 Re-presented for acquisition accounting adjustments. See note 29 (a).

These financial statements were approved and authorised for issue by the Board of Directors and signed on their behalf on 29 March by:

**Ian Tyler**
Non-Executive Chairman

**Ronald Lavater**
Chief Executive Officer

The notes on pages 88 to 117 form an integral part of these consolidated 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 2014 Underlying US$'000 | Non-underlying US$'000 | Total US$'000 | For the year ended 31 December 2013 Underlying US$'000 | Non-underlying US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|
| **Revenue** | 16 | **449,056** | **–** | **449,056** | 365,041 | – | 365,041 |
| Cost of sales | 17 | **(257,045)** | **–** | **(257,045)** | (210,503) | – | (210,503) |
| **Gross profit** | | **192,011** | **–** | **192,011** | 154,538 | – | 154,538 |
| Administrative expenses | 18 | **(106,607)** | **(598)** | **(107,205)** | (79,483) | (822) | (80,305) |
| **Results from operating activities** | | **85,404** | **(598)** | **84,806** | 75,055 | (822) | 74,233 |
| Listing transaction costs | 21 | **–** | **–** | **–** | – | (6,134) | (6,134) |
| Finance cost | 20 | **(1,552)** | **–** | **(1,552)** | (5,094) | (2,881) | (7,975) |
| Finance income | 20 | **632** | **–** | **632** | 1,412 | – | 1,412 |
| Net finance cost | | **(920)** | **–** | **(920)** | (3,682) | (2,881) | (6,563) |
| **Profit for the year before tax** | | **84,484** | **(598)** | **83,886** | 71,373 | (9,837) | 61,536 |
| Taxation | 22 | **135** | **–** | **135** | 134 | – | 134 |
| **Profit for the year** | | **84,619** | **(598)** | **84,021** | 71,507 | (9,837) | 61,670 |
| **Other comprehensive income – Items that will never be reclassified to profit or loss:** | | | | | | | |
| Remeasurement of defined benefit liability | 14 | **(1,977)** | **–** | **(1,977)** | (1,660) | – | (1,660) |
| **Total comprehensive income for the year** | | **82,642** | **(598)** | **82,044** | 69,847 | (9,837) | 60,010 |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | | **81,810** | **(598)** | **81,212** | 71,228 | (9,837) | 61,391 |
| Non-controlling interest | 11 | **2,809** | **–** | **2,809** | 279 | – | 279 |
| | | **84,619** | **(598)** | **84,021** | 71,507 | (9,837) | 61,670 |
| **Total comprehensive income attributable to:** | | | | | | | |
| Owners of the Company | | **79,833** | **(598)** | **79,235** | 69,568 | (9,837) | 59,731 |
| Non-controlling interest | 11 | **2,809** | **–** | **2,809** | 279 | – | 279 |
| | | **82,642** | **(598)** | **82,044** | 69,847 | (9,837) | 60,010 |
| **Earnings per share** | | | | | | | |
| Basic earnings per share (cents) | 25(a) | | | **69.5** | | | 56.3 |
| Diluted earnings per share (cents) | 25(b) | | | **69.2** | | | 56.2 |

The notes on pages 88-117 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

## For the year ended 31 December

| | 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 15) | Total US$'000 | Non-controlling interest US$'000[1] (Note 11) | Total equity/ (deficit) US$'000 |
|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity shareholders of the Company | | | | | | | | |
| At 1 January 2014 | **18,076** | **693,549** | **4,114** | **(700,009)** | **160,089** | **2,897** | **178,716** | **1,991** | **180,707** |
| ***Total comprehensive income:*** | | | | | | | | | |
| Profit for the year | – | – | – | – | **81,212** | – | **81,212** | **2,809** | **84,021** |
| Other comprehensive income *(refer note 14)* | – | – | – | – | **(1,977)** | – | **(1,977)** | – | **(1,977)** |
| **Total comprehensive income** | – | – | – | – | **79,235** | – | **79,235** | **2,809** | **82,044** |
| **Transactions with owners of the Company:** | | | | | | | | | |
| ***Contribution and distributions:*** | | | | | | | | | |
| Equity settled share-based payment *(refer note 15)* | – | – | – | – | – | **1,063** | **1,063** | – | **1,063** |
| Reversal of equity settled share-based payment *(refer note 15)* | – | – | – | – | – | **(786)** | **(786)** | – | **(786)** |
| Dividends paid *(refer note 12)* | – | – | – | – | **(24,790)** | – | **(24,790)** | – | **(24,790)** |
| **Total contribution and distribution** | – | – | – | – | **(24,790)** | **277** | **(24,513)** | – | **(24,513)** |
| **At 31 December 2014** | **18,076** | **693,549** | **4,114** | **(700,009)** | **214,534** | **3,174** | **233,438** | **4,800** | **238,238** |
| 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 14)* | – | – | – | – | (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 15)* | – | – | – | – | – | 2,897 | 2,897 | – | 2,897 |
| Listing transaction costs *(refer note 21)* | – | (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 | – | – | – | – | – | – | – | 1,712 | 1,712 |
| **At 31 December 2013** | 18,076 | 693,549 | 4,114 | (700,009) | 160,089 | 2,897 | 178,716 | 1,991 | 180,707 |

1 Re-presented for acquisition accounting adjustments. See note 29 (a).

The notes on pages 88 to 117 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December

| | Note | 2014 US$'000 | 2013[1] US$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit for the year before tax | | **83,886** | 61,536 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 4,5 | **12,716** | 7,769 |
| Other non-cash items | | **1,364** | 64 |
| Finance costs | 20 | **1,220** | 7,975 |
| Interest income | 20 | **(632)** | (1,368) |
| Employee benefit charge | 14 | **2,897** | 1,711 |
| Listing transaction costs | | **–** | 3,802 |
| Equity-settled share-based payment transactions (net movement) | | **277** | 2,897 |
| Reversal of impairment loss due from related party | | **–** | (848) |
| Acquisition related costs | | **598** | 507 |
| **Net cash from operating activities** | | **102,326** | 84,045 |
| Change in inventories | | **(3,813)** | (1,977) |
| Change in trade and other receivables | | **(28,190)** | (520) |
| Change in prepaid lease rent | 8 | **(2,725)** | – |
| Change in amount due from a related party | | **368** | (351) |
| Change in trade and other payables | | **9,781** | 8,189 |
| Change in amounts due to related parties | 7(b) | **3,516** | (2,176) |
| **Cash generated from operations** | | **81,263** | 87,210 |
| Employee benefits paid | 14 | **(1,853)** | (946) |
| **Net cash generated from operating activities** | | **79,410** | 86,264 |
| **Investing activities** | | | |
| Interest received | | **495** | 1,513 |
| Short-term deposit | 10 | **(13,624)** | 5,450 |
| Payment for property and equipment | 4 | **(26,840)** | (12,280) |
| Proceeds from sale of property and equipment | | **121** | – |
| Payment for intangible assets | 5 | **(6,639)** | (7,043) |
| Investment in subsidiaries, net of cash acquired (including acquisition related costs) | 29 | **(31,516)** | (3,928) |
| **Net cash used in investing activities** | | **(78,003)** | (16,288) |
| **Financing activities** | | | |
| Proceeds from issue of shares | 11 | **–** | 150,000 |
| Listing transaction costs | | **–** | (14,094) |
| Repayment of loan | | **–** | (128,726) |
| Interest paid | | **(1,220)** | (4,623) |
| Dividend paid | 12 | **(24,790)** | (20,708) |
| **Net cash used in financing activities** | | **(26,010)** | (18,151) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(24,603)** | 51,825 |
| Cash and cash equivalents at 1 January | 9 | **107,484** | 55,659 |
| **Cash and cash equivalents at 31 December** | 9 | **82,881** | 107,484 |

1 Re-presented for acquisition accounting adjustments. See note 29 (a).

The notes on pages 88 to 117 form an integral part of these consolidated 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, 1st Floor, 40 Dukes Place, London, EC3A 7NH. The registered number of the Company is 8338604.

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 2014 were authorised for issue by the Board of Directors on 29 March 2015 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 as a part of these consolidated financial statements.

## 2 Basis of Preparation

The financial information presented for the comparative year ended 31 December 2013 essentially represents the financial performance and position of the same continuing business albeit that the Parent Company of the Group changed in 2013 as a result of group reorganisations.

On 14 June 2013, as a necessary step to its Initial Public Offering on 21 June 2013, the Company (i.e. Al Noor Hospitals Group plc), issued 100 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. The effect of this was to add a new parent company on top of the existing group – this being the only change – prior to its flotation and gave rise to reverse acquisition accounting by the new parent company. In considering the requirements of IFRS 3, consideration was given as to whether this was a business combination. The conclusion reached by the Directors was that this was not a business combination by the new parent company merely the addition of a new holding company to a continuing business, i.e., a group reorganisation.

The impact, for accounting purposes, of the transaction on 14 June 2013 was to present the Company as if it had always been the Parent Company of the Group with the consequent continuation of the book values and history previously reported by ANHC, save for alteration of the equity section of the prior year's statement of consolidated financial position to reflect that of the new Parent Company.

### *(a) Statement of Compliance*

The consolidated 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) Going Concern*

These consolidated financial statements have been prepared on the going concern basis. At 31 December 2014, the Group had net assets amounting to US$238.2m *(2013: US$180.7m)*, principally as a result of the proceeds from the Initial Public Offering on 21 June 2013 and net profit for the period ended 31 December 2014. The group is profitable, cash generative and has access to an undrawn committed borrowing facility of up to US$81.7m. 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 is required.

### *(d) Functional and Presentation Currency*

The consolidated financial statements and financial information are presented in United States Dollar (US$), rounded to the nearest thousand. The functional currency of the majority of the Group's entities is the United Arab Emirates Dirham ('AED') and is the currency of the primary economic environment in which the Group operates. The United Arab Emirates Dirham ('AED') is currently pegged against the United States Dollar (US$) 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 5 – Intangible assets and goodwill
- Note 14 – Employee benefits
- Note 16 – Revenue

### *(f) Measurement of Fair Value*

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly (i.e. as price) or directly (i.e. derived from price)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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, if material, 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, if material, at the market rate of interest at the reporting date.

### *(g) Non-Underlying Items in the Consolidated Statement of Comprehensive Income*

Items that are unusual or infrequent in nature are presented as non-underlying items in the income statement. In addition, where the Directors are of the opinion that separate presentation of an item or items provides helpful information about the Group's underlying business performance, such amounts are included in the non-underlying category with full disclosure of their nature. Non-underlying items include the following items:

- Acquisition related costs *(refer note 29)*
- Finance charges *(refer note 20)*
- First time registration fees in London Stock Exchange *(refer note 18)*

## 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, including any inconsequential amendments to other standards, with a date of initial application of 1 January 2014.

- *IFRS 10 Consolidated Financial Statements*
- *IFRS 11 Joint Arrangements*
- *IFRS 12 Disclosure of Interests in Other Entities*

None of these new standards had an impact 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(d)). 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 remeasured 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.

In addition, if the contingent consideration is dependent on the former owners of the acquired company remaining in employment, the payment will be treated as a post-acquisition employment expense rather than as part of the consideration for the business combination.

(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 power to control are accounted for as equity transactions.

(iii) Subsidiaries
Subsidiaries are entities where the Group has the power to exercise control. Control is achieved where the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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

continued

## 3 Significant Accounting Policies continued

### (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). In the context of property and equipment acquired as part of an acquisition of a business, cost will be the fair value of the property and equipment.

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 the 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. Assets classified as capital work in progress are not subject to depreciation. 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.

### (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 estimated selling and distribution expenses.

### (d) 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.

For impairment testing, assets are grouped into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash flows of other assets or Cash Generating Units ('CGUs'). Goodwill arising from business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying value of an asset or CGU exceeds its recoverable amount. An impairment loss is recognised in profit or loss. Impairment losses are allocated first to reduce the carrying amounts of goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU.

### (e) 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.

### *(f) Employee Benefits*

#### (i) 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 at the earlier of when the plan amendment or curtailment occurs or when the Group recognizes related restructuring costs or termination benefits. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit and loss account. The Group recognises all re-measurements from defined benefit plans immediately in the other comprehensive income and all administrative 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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) 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.

#### (iii) 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 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.

### *(g) Revenue Recognition*

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

*Rendering of Services*

Revenue from the provision of medical services to in-patients and out-patients 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.

*Sale of Goods*

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.

### *(h) 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. Assets classified as software under development are not subject to depreciation. The estimated useful life of software is four 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.

# Notes to the Consolidated Financial Statements

continued

**3 Significant Accounting Policies** continued

***(i) 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.

***(j) 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.

The Group calculates diluted earnings per share by increasing the average number of shares by reference to the average number of potential ordinary shares held under option during the period. This reflects the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the period. Only share options which have met their cumulative performance criteria have been included in the dilution calculation.

***(k) 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.

***(l) New Standards and Interpretations Not Yet Adopted***

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2014 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 the following which could change the classification and measurement of the financial assets. The full extent of the impact has not yet been determined.

- IFRS 9 *"Financial instruments" (expected effective date of 1 January 2018)*
- IFRS 15 *"Revenue from Contract with Customers" (expected effective date of 1 January 2017)*

## 4 Property and equipment

Depreciation is included under the following captions:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Cost of sales | **9,436** | 5,983 |
| Administrative expenses | **2,529** | 1,637 |
| | **11,965** | 7,620 |

| | 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 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 29)* | 1,343 | 2,879 | 226 | 8 | 350 | 4,806 |
| Transfers | 774 | 65 | 49 | – | (888) | – |
| Transferred to intangible assets *(refer note 5)* | – | – | (1,305) | – | – | (1,305) |
| Write off | – | (228) | – | (490) | – | (718) |
| Reclassification | – | (86) | – | 86 | – | – |
| **At 31 December 2013** | **8,470** | **59,170** | **12,093** | **1,619** | **664** | **82,016** |
| At 1 January 2014 | 8,470 | 59,170 | 12,093 | 1,619 | 664 | 82,016 |
| Additions | 6,254 | 9,909 | 3,740 | 16 | 6,921 | 26,840 |
| Acquisition through business combinations *(refer note 29)* | 5,835 | 6,899 | 51 | – | 196 | 12,981 |
| Transfers | 2,144 | 610 | 89 | – | (2,843) | – |
| Transferred from intangible assets *(refer note 5)* | – | – | 2,446 | – | – | 2,446 |
| Write off/disposal | (664) | (9,537) | (4,413) | (441) | – | (15,055) |
| **At 31 December 2014** | **22,039** | **67,051** | **14,006** | **1,194** | **4,938** | **109,228** |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2013 | 3,974 | 33,080 | 7,892 | 1,450 | – | 46,396 |
| Charge for the year | 598 | 5,401 | 1,427 | 194 | – | 7,620 |
| Transferred to intangible assets *(refer note 5)* | – | – | (521) | – | – | (521) |
| Write off | – | (227) | – | (485) | – | (712) |
| Reclassification | – | (56) | – | 56 | – | – |
| **At 31 December 2013** | **4,572** | **38,198** | **8,798** | **1,215** | **–** | **52,783** |
| At 1 January 2014 | 4,572 | 38,198 | 8,798 | 1,215 | – | 52,783 |
| Charge for the year | 2,314 | 7,440 | 2,070 | 141 | – | 11,965 |
| Write off/disposal | (653) | (9,131) | (4,397) | (396) | – | (14,577) |
| Reclassification | – | 3 | (3) | – | – | – |
| **At 31 December 2014** | **6,233** | **36,510** | **6,468** | **960** | **–** | **50,171** |
| **Carrying amount** | | | | | | |
| **At 31 December 2014** | **15,806** | **30,541** | **7,538** | **234** | **4,938** | **59,057** |
| At 31 December 2013 | 3,898 | 20,972 | 3,295 | 404 | 664 | 29,233 |

# Notes to the Consolidated Financial Statements

continued

## 5 Intangible Assets and Goodwill

| | Goodwill US$'000 | Software US$'000 | Software under Development US$'000 | Total US$'000 |
|---|---|---|---|---|
| **Costs** | | | | |
| At 1 January 2013 | 747 | – | – | 747 |
| Acquisition through business combinations *(refer note 29)* | 11,505 | 8 | – | 11,513 |
| 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** | **12,252** | **1,658** | **6,698** | **20,608** |
| At 1 January 2014 | 12,252 | 1,658 | 6,698 | 20,608 |
| Acquisition through business combinations *(refer note 29)* | 9,794 | 3 | – | 9,797 |
| Additions | – | 1,650 | 4,989 | 6,639 |
| Transfers to property and equipment *(refer note 4)* | – | – | (2,446) | (2,446) |
| Transfers | – | 5,935 | (5,935) | – |
| **At 31 December 2014** | **22,046** | **9,246** | **3,306** | **34,598** |
| **Accumulated amortisation** | | | | |
| At 1 January 2013 | – | – | – | – |
| Transferred from property and equipment *(refer note 4)* | – | 521 | – | 521 |
| Charge during the year | – | 149 | – | 149 |
| **At 31 December 2013** | **–** | **670** | **–** | **670** |
| At 1 January 2014 | – | 670 | – | 670 |
| Charge during the year | – | 751 | – | 751 |
| **At 31 December 2014** | **–** | **1,421** | **–** | **1,421** |
| **Carrying amounts** | | | | |
| **At 31 December 2014** | **22,046** | **7,825** | **3,306** | **33,177** |
| At 31 December 2013 | 12,252 | 988 | 6,698 | 19,938 |

### *Goodwill*

a. In February 2013, the Group acquired a clinic, Al Noor Hospital Family Care Centre – Al Mamura LLC, formerly known as Solutions Medical Centre LLC located in the Emirate of Abu Dhabi *(refer note 29)*. 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.

b. In October 2013, the Group acquired 75% of the shares and voting interests in Al Madar Group LLC and Manchester Clinic LLC *(refer note 29)*. There are no material separate tangible and intangible assets for Manchester Clinic LLC and therefore the majority of the purchase consideration is for goodwill, representing the location and future earning potential of the clinic.

c. On 10 February 2014, the Group acquired a clinic, Emirates American Company for Medical Services LLC (also known as Gulf International Cancer Centre/GICC) *(refer note 29)*. The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing business activities. The Company is the sole provider of cancer diagnostic services in the City of Abu Dhabi.

### *Impairment Testing for CGUs Containing Goodwill*

For the purpose of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

| | US$'000 |
|---|---|
| Al Madar Group LLC | **5,985** |
| Manchester Clinic LLC | **4,884** |
| Gulf International Cancer Centre/GICC | **9,794** |
| Multiple units without significant goodwill | **1,383** |
| | **22,046** |

### *Al Madar Group LLC and Gulf International Cancer Centre/GICC*

During the year, Al Madar Group LLC and Gulf International Cancer Centre/GICC performed as expected and no indications of impairment of the goodwill have been identified at 31 December 2014.

### *Manchester Clinic LLC*

The recoverable amount of this CGU was based on its value in use determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The estimated recoverable amount of the CGU exceed its carrying amount by US$563,000.

Key assumptions used in the estimation of the recoverable amount are set out below. The discount rate was estimated based on the historical industry average weighted-average cost of capital.

| | |
|---|---|
| Discount rate | **14.2%** |
| Terminal value growth | **2.0%** |

The cash flow projections included estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant might make.

## 6 Inventories

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Pharmacy items | **13,066** | 11,771 |
| Consumables | **7,360** | 4,803 |
| | **20,426** | 16,574 |
| Less: allowance for inventory obsolescence | **(41)** | (91) |
| | **20,385** | 16,483 |

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| At 1 January | **91** | 400 |
| Provided during the year | **108** | – |
| Written off | **(158)** | (309) |
| **At 31 December** | **41** | 91 |

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:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Salaries and short-term benefits[1] | **5,016** | 3,050 |
| Directors' emoluments | **2,427** | 448 |
| End of service benefits | **192** | 175 |
| Equity-settled share-based payment transactions (net movement) *(refer note 15)* | **277** | 565 |

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

# Notes to the Consolidated Financial Statements

continued

## 7 Related Party Balances and Transactions continued

### (b) Amounts Due to Related Parties:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Al Saqar Property Management Establishment | **3,753** | 1,153 |
| Gulf & World Traders LLC | **1,914** | 925 |
| Al Bahiya Trading & Services Est. | **266** | 284 |
| Pharma World LLC | **213** | 148 |
| Safe Travel Establishment | **4** | 124 |
| | **6,150** | 2,634 |

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

### (c) Amount Due from a Related Party:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Amount due from a shareholder | **851** | 1,219 |

### (d) Other Related Party Transactions:

| Name of the related party | Relationship | Nature of the transaction | Amount 2014 US$'000 | Amount 2013 US$'000 | Amounts due from/(to) at 2014 US$'000 | Amounts due from/(to) at 2013 US$'000 |
|---|---|---|---|---|---|---|
| Gulf & World Traders LLC | Common ownership | Purchase | **5,822** | 4,883 | **(1,914)** | (925) |
| Al Bahiya Trading & Services Est. | Common ownership | Purchase | **1,653** | 1,670 | **(266)** | (284) |
| Pharma World LLC | Common ownership | Purchase | **646** | 571 | **(213)** | (148) |
| Al Saqar Property Management Establishment | Common ownership | Rent expense | **12,914** | 10,885 | **(3,753)** | (1,153) |
| | | Purchase | **5,075** | 266 | **–** | – |
| Shareholder of the Group | Common ownership | Revenue | **436** | 444 | **851** | 1,219 |

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled on demand. None of the balances are secured.

At 31 December 2014, a credit facility with the Bank of Sharjah was secured by personal guarantees from shareholders of the Group. Post year end, these personal guarantees were cancelled.

## 8 Trade and Other Receivables

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Trade receivables | **98,049** | 69,735 |
| Staff advances and other receivables | **10,059** | 11,145 |
| Prepayments[1] | **9,801** | 5,026 |
| | **117,909** | 85,906 |

Trade and other receivables are classified as follows:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Within one year | **115,375** | 85,906 |
| After one year[1] | **2,534** | – |
| | **117,909** | 85,906 |

1 This includes total prepaid lease rent of US$2,725,000 *(2013: nil)* for the Gulf International Cancer Centre for the period of 25 years *(see note 29 for acquisition of subsidiary).*

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$91.9m representing 94% of the total trade receivables *(31 December 2013: US$62.3m representing 89% of the total trade receivables)* is due from insurance companies.

### *Ageing of Trade Receivables:*

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Not past due | **74,670** | 60,894 |
| Due for 1 to 30 days | **18,083** | 8,841 |
| Due for 31 to 60 days | **5,296** | – |
| | **98,049** | 69,735 |

## 9 Cash and Cash Equivalents

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Cash in hand | **331** | 162 |
| Cash at bank | **60,523** | 39,258 |
| Term deposit | **22,027** | 68,259 |
| | **82,881** | 107,679 |
| Bank overdraft | **–** | (195) |
| **Total Cash and Cash Equivalents for Cash Flow Purposes** | **82,881** | 107,484 |

## 10 Short-term Deposit

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Fixed deposit | **13,624** | – |

The maturity date of the deposit was more than three months from the start of the term and the effective interest rate on the deposit was 1.14% *(2013: 3.25%)*.

## 11 Equity

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Issued and fully paid 116,866,203 shares of GBP 10 pence each *(converted to US$ at 1.5467)* | **18,076** | 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 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 21)* | – | – | (10,292) | (10,292) |
| At 31 December 2013 | 116,866 | 18,076 | 693,549 | 711,625 |
| **At 31 December 2014** | **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$556,450,000.

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

3 During the year ended 31 December 2013 costs of US$16,426,000 were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US$10,292,000 has been deducted from the share premium account and US$6,134,000 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 21)*.

### *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 reorganisation occurred when the Company acquired Al Noor Holdings Cayman Limited in a share for share exchange (refer to note 2). 100,000,000 new ordinary shares of GBP 10pence were issued out of merger reserve on acquisition creating share premium of US$556,450,000 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.

# Notes to the Consolidated Financial Statements

continued

## 11 Equity continued

### *Other Class of Shares Unissued as at 31 December 2014 and 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). Retained earnings of the Group included individual subsidiaries company's statutory reserve of US$68,120 which were created in accordance with UAE Federal law. These amounts are not available for distribution.

### *Non-Controlling Interest*

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| At 1 January | **1,991** | – |
| Share of total net assets | **–** | 1,712 |
| Share of results for the year | **2,809** | 279 |
| **At 31 December** | **4,800** | 1,991 |

## 12 Dividends

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Dividend paid[1] | **24,790** | 20,708 |

1 Divided paid pertaining to 2013 is for previous owners of the Group on 20 March 2013. Dividends paid during the year 2014 includes interim dividend for 2014 amounting to US$7,091,000 (6.07 cents per share).

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Proposed final dividend for the year 13.39 cents (2013: 14.709 cents) per share[2] | **15,648** | 17,189 |

2 The proposed final dividend for the year ended 31 December 2014 is subject to approval by equity shareholders of the Company and hence it has not been included as a liability in the consolidated financial statements at 31 December 2014.

## 13 Trade and Other Payables

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Trade payables | **41,071** | 33,563 |
| Accrued liabilities | **24,488** | 17,362 |
| Other payables | **1,211** | 3,379 |
| Amounts payable for investment in subsidiaries[1] | **1,618** | 11,240 |
| Financial liability | **–** | 61 |
| | **68,388** | 65,605 |

1 Amounts payable for investment in subsidiaries include an amount of US$1.6m *(2013: US$2.8m)* as contingent consideration on the acquisition of Al Madar Group LLC *(refer to note 29)*.

Trade and other payables are repayable as follows:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Within one year | **67,792** | 63,417 |
| After one year | **596** | 2,188 |
| | **68,388** | 65,605 |

The average credit period on the purchase of goods is 60-90 days. The Group has financial risk management policies in place for the settlement of payables within the credit time frame *(refer to note 27(d) for liquidity risk analysis).*

### *Trade and Other Payables Include the Following Provisions Recognised for Legal Claims:*

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| As at 1 January | **2,066** | 1,205 |
| Provisions made during the year | **760** | 1,134 |
| Provisions used during the year | **(440)** | (41) |
| Provisions reversed during the year | **(434)** | (232) |
| **As at 31 December** | **1,952** | 2,066 |

Provisions have not been separately disclosed on the face of the balance sheet as amounts are not material.

## 14 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):

| | 2014 | 2013 |
|---|---|---|
| Discount rate at 31 December | **3.50%** | 4.25% |
| Future salary increases | **3.50%** | 3.50% |
| Average retirement age | **55 years** | 55 years |
| Annual turnover rate | **9.00%** | 9.00% |

### *Movement in the Present Value of the Defined Benefit Obligation:*

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| End of service benefit obligation at 1 January | **11,451** | 8,385 |
| Acquisition through business combinations *(refer note 29)* | **905** | 641 |
| Benefits paid | **(1,853)** | (946) |
| **Included in the Statement of Profit or Loss:** | | |
| Current service costs and interest | **2,897** | 1,711 |
| **Included in Other Comprehensive Income:** | | |
| Remeasurement | **1,977** | 1,660 |
| **End of Service Benefit Obligation at 31 December** | **15,377** | 11,451 |

### *Expenses Recognised in Profit and Loss:*

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Current service costs | **2,516** | 1,417 |
| Interest on obligations | **381** | 294 |
| | **2,897** | 1,711 |

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Cost of sales | **2,157** | 1,243 |
| Administrative expenses | **740** | 468 |
| | **2,897** | 1,711 |

### *Historical Information:*

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Present value of the defined benefit obligations (US$'000) | **15,377** | 11,451 | 8,385 | 6,352 | 5,183 |
| Discount rates | **3.50%** | 4.25% | 3.50% | 4.25% | 5.00% |

# Notes to the Consolidated Financial Statements

continued

The Group expects service costs of US$2,848,000 and interest costs on the obligation of US$436,000 for the year ending 31 December 2015.

***Sensitivity Analysis:***

| | 2014 US$'000 Increase | 2014 US$'000 Decrease | 2013 US$'000 Increase | 2013 US$'000 Decrease |
|---|---|---|---|---|
| Discount rate (1% movement) | **(679)** | **920** | (540) | 547 |
| Future salary increases (1% movement) | **912** | **(686)** | 546 | (548) |

## 15 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 performance conditions set by the Remuneration Committee of the Group, measured 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 Company available on the London Stock Exchange at grant date of the above awards. As at 31 December 2014, other than forfeited shares numbering 83,011, it is assumed that all other shareholders under the above arrangement will satisfy all the performance conditions set by Remuneration Committee of the Company.

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 Company available on the London Stock Exchange at grant date of the awards.

## 16 Revenue

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| In-patient | **101,515** | 90,563 |
| Out-patient | **347,541** | 274,478 |
| | **449,056** | 365,041 |

Revenue is stated after potential insurance claim rejections and discounts provided to insurance companies. Management estimates these claim rejections based on historic actual data and 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.

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Revenue from rendering of services | **384,167** | 302,182 |
| Revenue from sale of goods | **64,889** | 62,859 |
| | **449,056** | 365,041 |

***Sensitivity analysis***

A reasonably possible outcome could be a 1% movement in the actual rejection rate and the sensitivity of this is shown below in terms of the impact on revenue and operating profit.

| | 2014 US$'000 | | 2013 US$'000 | |
|---|---|---|---|---|
| | Rejection rate | | Rejection rate | |
| | Increase +1% | Decrease -1% | Increase +1% | Decrease -1% |
| Revenue and operating profit impact | **(3,741)** | **3,741** | (3,284) | 3,284 |

## 17 Cost of Sales

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Cost of medicine and consumables | **95,094** | 86,488 |
| Medical staff cost | **152,515** | 118,032 |
| Depreciation | **9,436** | 5,983 |
| | **257,045** | 210,503 |

## 18 Administrative Expenses

Administrative expenses, analysed by category, are as follows:

| | Underlying | |
|---|---|---|
| | 2014 US$'000 | 2013 US$'000 |
| Other administrative expenses | **34,833** | 23,264 |
| Rent expenses | **17,864** | 16,094 |
| Staff costs | **48,286** | 37,230 |
| Depreciation and amortisation | **3,280** | 1,788 |
| Selling and distribution expenses | **2,344** | 1,107 |
| | **106,607** | 79,483 |
| | Non-Underlying | |
| Non-underlying administrative expenses[1] | **598** | 822 |
| **Total Administrative Expenses** | **107,205** | 80,305 |

Non-underlying administrative expenses is included the following items:

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Acquisition related costs[1] | **598** | 507 |
| First time registration fees in London Stock Exchange | **–** | 315 |
| | **598** | 822 |

1 Acquisition related costs represents legal fees, commercial and financial due diligence fees on potential, abortive or business acquisitions concluded during the year. These costs, as distinct from other operating expenses, are those which the directors consider separate presentation provides helpful information about the Group's underlying business performance.

## 19 Staff Costs and Directors' Emoluments

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

| | 2014 | 2013 |
|---|---|---|
| Medical staff | **2,162** | 2,003 |
| Administrative staff | **1,760** | 1,658 |
| | **3,922** | 3,661 |

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Wages and salaries | **169,434** | 130,871 |
| End of service benefits *(refer note 14)* | **2,897** | 1,711 |
| Directors' emoluments | **2,427** | 448 |
| Equity-settled share-based payment transactions *(refer note 15)* | **277** | 565 |
| Fees paid to contracted outside doctors | **25,766** | 21,667 |
| | **200,801** | 155,262 |

# Notes to the Consolidated Financial Statements

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## 20 Net Finance Cost

| | Underlying 2014 US$'000 | Underlying 2013 US$'000 |
|---|---|---|
| **Finance Income** | | |
| Interest income | **632** | 1,368 |
| Foreign currency exchange gain | **–** | 44 |
| | **632** | 1,412 |
| **Finance Expenses** | | |
| Interest expense | **(9)** | (3,898) |
| Foreign currency exchange loss | **(332)** | – |
| Ineffective portion of hedge | **–** | (29) |
| Finance charges (comprising commitment fees and other bank charges) | **(1,211)** | (1,167) |
| | **(1,552)** | (5,094) |
| **Net Finance Cost – Underlying** | **(920)** | (3,682) |

| | Non-underlying 2014 US$'000 | Non-underlying 2013 US$'000 |
|---|---|---|
| **Finance Expenses** | | |
| Finance charges | **–** | (2,881) |
| **Net Finance Cost – Non-underlying** | **–** | (2,881) |
| **Total Net Finance Costs** | **(920)** | (6,563) |

## 21 Listing Transaction Costs

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Listing transaction costs recognised in the profit and loss account *(non-underlying)** | **–** | 6,134 |
| Listing transaction costs recognised in share premium reserve *(refer note 11)* | **–** | 10,292 |
| | **–** | 16,426 |

* Included in the listing transaction costs recognised in the profit and loss account is US$2.3m for share awards to management that are recognised as a share-based payment expense *(refer to note 15)*.

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 the issue of new shares are accounted for as a deduction from share premium. Costs 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.

## 22 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 2014 and accordingly a deferred tax asset amounting to US$269,000 (2013: US$134,000) has been recognised.

The Group's Parent Company is registered in the UK and has recorded a loss for the year ended 31 December 2014. No deferred tax asset has been accounted for as recovery of this loss against future UK taxable profit is uncertain.

## 23 Auditor's Remuneration

The Group paid or accrued 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.

| | 2014 US$'000 | 2013[1] US$'000 |
|---|---|---|
| Fees paid and accrued to the Company's auditor for the Company's annual accounts | **557** | 413 |
| Fees paid and accrued to the Company's auditor for the other services: | | |
| – audit related assurance | **241** | 232 |
| – other assurance and corporate finance services | **75** | 1,380 |
| – non audit services | **79** | 77 |
| Total auditor's remuneration | **952** | 2,102 |
| Off set against share premium | **–** | (605) |
| **Total Recognised in the Consolidated Statement of Profit or Loss** | **952** | 1,497 |

1 Auditor's remuneration in 2013 has been re-presented following an assessment of how much work undertaken during the year relates specifically to the year-end audit.

Additionally, in 2014 the Company further fees of US$68,000 to KPMG for scope variations in respect of the 2013 statutory financial audit.

## 24 Contingent Liabilities and Commitments

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Bank guarantees | **3,428** | 2,786 |
| Letters of credit | **4,384** | – |
| Capital commitment | **2,892** | 3,501 |

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 defence 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.

## 25 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.

| | 2014 | 2013 |
|---|---|---|
| Profit for the year (US$'000) | **81,212** | 61,391 |
| Weighted-average number of ordinary shares (basic) | **116,866** | 108,965 |
| Basic earnings per share (cents) | **69.5** | 56.3 |

### *(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.

| | 2014 | 2013 |
|---|---|---|
| Profit for the year (US$'000) | **81,212** | 61,391 |
| Weighted-average number of ordinary shares (diluted) | **117,286** | 109,240 |
| Diluted earnings per share (cents) | **69.2** | 56.2 |

# Notes to the Consolidated Financial Statements

continued

*Weighted-average number of ordinary shares (diluted) is calculated as follows:*

| | 2014 | 2013 |
|---|---|---|
| Weighted-average number of ordinary shares (basic) | **116,866** | 108,965 |
| Effect of equity-settled share-based payment arrangement | **420** | 275 |
| Weighted-average number of ordinary shares (diluted) as at 31 December | **117,286** | 109,240 |

### *(c) The Adjusted Earnings Per Share (basic and Diluted) after Considering the Non-underlying Items;*

| | 2014 | 2013 |
|---|---|---|
| Profit attributable to ordinary shareholders (US$'000) | **81,212** | 61,391 |
| Add: non-underlying items (US$'000) | **598** | 9,837 |
| Underlying profit attributable to ordinary shareholders (US$'000) | **81,810** | 71,228 |
| Weighted-average number of ordinary shares (basic) | **116,866** | 108,965 |
| Weighted-average number of ordinary shares (diluted) | **117,286** | 109,240 |
| Adjusted basic earnings per share (cents) | **70.0** | 65.3 |
| Adjusted diluted earnings per share (cents) | **69.8** | 65.2 |

## 26 Operating Leases

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Less than one year | **17,729** | 16,863 |
| Between one and five years | **58,931** | 54,104 |
| More than five years | **147,471** | 150,003 |
| | **224,131** | 220,970 |

The Group leases a number of premises under operating leases from a shareholder of the Group (refer note 7(d)). The leases are for an initial period of 25 years with an option for the Group to renew the lease after that date at a market rate. The leases are cancellable only at the option of the Group, during the initial period of 25 years, with one year's written notice, unless the Ministry of Health (or similar body) cancels the Group's trade licences or otherwise prevents the Group from operating in the premises, in which case the leases could be immediately cancelled. Although the non-cancellable element is only one year, the remaining period of the initial 25 year profile is disclosed because the Group considers it is currently unlikely the leases will be cancelled. The lease rentals are subject to an increase of 5% per annum on a compound basis after 20 years. The terms of the Group's material leases which were effective from 1 January 2012, are as follows.

| Lease | Segment | Tenure | Value of lease US$m |
|---|---|---|---|
| 1. | Central region | 25 years | 109 |
| 2. | Central region | 25 years | 65 |
| 3. | Eastern region | 25 years | 17 |
| 4. | Eastern region | 25 years | 24 |

## 27 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 three years. The Company raised US$150m from Premium Listing on the London Stock Exchange in 2013. Accordingly, the capital base increased by the same amount.

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 did 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 | **2014 US$'000** | 2013 US$'000 |
|---|---|---|---|
| Trade and other receivables | 8 | **108,108** | 80,880 |
| Bank balances | 9 | **82,550** | 107,517 |
| Amounts due from related parties | 7(c) | **851** | 1,219 |
| Short-term deposit | 10 | **13,624** | – |
| | | **205,133** | 189,616 |

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.

Majority of customers have been transacting with the Group for several years, are either sovereign owned, listed or private companies and have a good credit performance record with the company.

### *(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** | **One year or less US$'000** | **More than one year US$'000** |
|---|---|---|---|---|
| **31 December 2014** | | | | |
| Trade and other payables | **68,388** | **(68,388)** | **(67,792)** | **(596)** |
| Amounts due to related parties | **6,150** | **(6,150)** | **(6,150)** | **–** |
| | **74,538** | **(74,538)** | **(73,943)** | **(596)** |
| **31 December 2013** | | | | |
| Trade and other payables | 65,605 | (65,605) | (63,417) | (2,188) |
| Amounts due to related parties | 2,634 | (2,634) | (2,634) | – |
| Bank overdraft | 195 | (195) | (195) | – |
| | 68,434 | (68,434) | (66,246) | (2,188) |

### *(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$, the latter being currently pegged to the UAE Dirham at a fixed rate of exchange of 3.67 AED/US$.

# Notes to the Consolidated Financial Statements

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***(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$25m. The Group has not entered into any new hedge contract during the year ended 31 December 2014.

**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 except for the items specified separately.

As at 31 December 2014 and 2013, the Group did not have any material financial assets and liabilities that are re-measured subsequent to initial recognition at fair value.

The fair value measurements of all of the Group's assets and liabilities that are recognised at fair value, or for which fair value is disclosed are categorised as level 3 fair values (i.e. not based on observable market data).

## 28 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, the Emirate of 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 in-patient and out-patient care. |
| Western and Eastern region | Operation of hospitals, clinics and pharmacies in Abu Dhabi. The hospitals cater to both in-patient and out-patient care. |
| International | Operation of clinic and pharmacies in the Sultanate of Oman. The clinic caters to out-patient care. |
| Northern Emirates | Operation of clinic and physiotherapy in Dubai. The clinic caters to out-patient 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 2014** | | | | | |
| Revenue | **316,742** | **130,648** | **234** | **1,334** | **448,958** |
| Net profit/(loss) | **68,655** | **36,953** | **(991)** | **(598)** | **104,019** |
| Interest expense | **(297)** | **(83)** | **(2)** | **(23)** | **(405)** |
| Depreciation and amortisation | **(7,365)** | **(3,417)** | **(149)** | **(179)** | **(11,110)** |
| Capital expenditure | **16,881** | **5,965** | **232** | **284** | **23,362** |
| Segment total assets | **138,251** | **58,962** | **2,123** | **5,757** | **205,093** |
| 31 December 2013[1] | | | | | |
| Revenue | 277,751 | 86,866 | 30 | 253 | 364,900 |
| Net profit/(loss) | 71,102 | 17,180 | (784) | (16) | 87,482 |
| Interest expense | (227) | (38) | (2) | (5) | (272) |
| Depreciation and amortisation | (4,998) | (2,054) | (51) | (26) | (7,129) |
| Capital expenditure | 7,530 | 3,597 | 427 | – | 11,554 |
| Segment total assets | 81,166 | 39,234 | 2,392 | 5,516 | 128,308 |

1 The prior year segmental analysis has been restated to be consistent with the presentation in the current year, which reflects the reallocation of corporate costs to the segments.

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

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| **Revenue** | | |
| Total revenue for reportable segments | **448,958** | 364,900 |
| Other revenue | **98** | 141 |
| **Total revenue for the year** | **449,056** | 365,041 |

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| **Net Profit** | | |
| Total net profit for reportable segments | **104,019** | 87,482 |
| Other income | **98** | 242 |
| Interest income | **632** | 1,412 |
| Corporate shared services | **(14,053)** | (10,455) |
| *Un-allocated corporate expenses:* | | |
| Depreciation | **(1,606)** | (640) |
| Interest expenses | **(1,147)** | (7,703) |
| Other expenses | **(3,922)** | (2,534) |
| Listing transaction costs | **–** | (6,134) |
| **Net profit for the year** | **84,021** | 61,670 |

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| **Total Assets** | | |
| Total assets for reportable segments | **205,093** | 128,308 |
| *Un-allocated assets:* | | |
| Short-term deposit | **13,624** | – |
| Cash and cash equivalents | **79,084** | 107,679 |
| Head office assets | **29,501** | 23,386 |
| Amounts due from related parties | **851** | 1,219 |
| **Total assets** | **328,153** | 260,592 |

| | Reportable segment totals US$'000 | Adjustments US$'000 | Total US$'000 |
|---|---|---|---|
| **Other Material Items for the Year Ended 31 December 2014** | | | |
| Interest expenses | **(405)** | **(1,147)** | **(1,552)** |
| Depreciation and amortisation | **(11,110)** | **(1,606)** | **(12,716)** |
| Capital expenditure | **23,362** | **10,117** | **33,479** |
| 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 |

## Major Customer

Revenue from the following customers of the Group represented approximately 70% *(2013: 68.1%)* of total revenue of the Group.

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Customer I | **282,134** | 209,430 |
| Customer II | **33,651** | 39,341 |
| | **315,785** | 248,771 |

# Notes to the Consolidated Financial Statements

continued

## 29 Acquisition of Subsidiaries

### *(a) Al Madar Group LLC*

In October 2013, the Group acquired 75% of the shares and voting interests in Al Madar Group LLC which includes Al Madar Medical Centre Pharmacy, Aquacare Medical Centre and Al Madar Medical Centre, for US$11.2m (AED 41.25m). The total consideration was included under other payables as at 31 December 2013.

#### Acquisition-Related Costs

In 2013, 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.

During the year 2014, the Group has finalised the accounting records of four branches namely Dubai, Ajman, Abu Dhabi and Al Maqam which were acquired on 31 October 2013 as part of acquisition of Al Madar Group LLC. As a result of this, the statement of financial position as at 31 December 2013 was restated with the identifiable assets and liabilities as shown below.

As there is no additional consideration payable, recording these net assets as at 31 December 2013, results in a reduction of the original goodwill figure from US$7,526,000 to US$5,985,000 as at 31 December 2013.

| | Reported in 2013 US$'000 | Adjustments US$'000 | Restated US$'000 |
|---|---|---|---|
| Property and equipment | 2,029 | 1,972 | 4,001 |
| Inventories | 183 | – | 183 |
| Trade and other receivables | 1,517 | 20 | 1,537 |
| Cash and cash equivalents | 2,347 | 130 | 2,477 |
| Trade and other payables | (885) | (45) | (930) |
| Employee benefits obligations | (240) | (21) | (261) |
| **Total Identifiable Net Assets Acquired** | 4,951 | 2,056 | 7,007 |
| 75% share of total net assets paid/accrued for | | | 5,255 |
| *Purchase consideration:* | | | |
| Payables as at 31 December 2013* (see below) | | | 11,240 |
| **Goodwill** | | | 5,985 |

* The Group has included US$1.6m *(2013: US$2.8m)* 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)*. The payment of contingent considerations is not dependent on the former owners remaining in employment.

### *(b) Manchester Clinic and British Urology Centre LLC*

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

#### Acquisition-Related Costs

In 2013, 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 Centre – Al Mamura LLC*

In February 2013, the Group acquired a clinic, Al Noor Hospital Family Care Centre – Al Mamura LLC, formerly known as Solutions Medical Centre 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.

### *(d) Emirates American Company for Medical Services LLC*

During the year, the Group acquired 100% of the shares and voting interests in Emirates American Company for Medical Services LLC (also known as 'Gulf International Cancer Centre'/'GICC') on 10 February 2014 for an amount of US$21.8m (AED 80m).

Results from the date of acquisition to 31 December 2014 are not material to these financial statements.

#### Acquisition-Related Costs

During the year, the Group incurred acquisition-related costs of US$145,000 on legal fees and due diligence costs. These costs have been included in 'Administrative expenses' under non-underlying.

### *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:

### *Acquisitions Made in the Year Ended 31 December 2014*

Emirates American Company for Medical Services LLC

| | Pre-acquisition US$'000 | Fair value adjustment US$'000 | Fair value US$'000 |
|---|---|---|---|
| Property and equipment | 12,038 | 943 | 12,981 |
| Intangible asset | 3 | – | 3 |
| Inventory | 246 | (49) | 197 |
| Trade and other receivables | 7,712 | (5,862) | 1,850 |
| Cash and cash equivalents | 502 | – | 502 |
| Trade and other payables | (1,357) | (1,267) | (2,624) |
| Employee benefits obligations | (905) | – | (905) |
| **Total** | 18,239 | (6,235) | 12,004 |
| **Goodwill** | | | 9,794 |
| **Consideration** | | | 21,798 |

### *Acquisitions Made in the Year Ended 31 December 2013*

| | Al Madar[2] US$'000 | Manchester US$'000 | Al Mamura US$'000 | Total US$'000 |
|---|---|---|---|---|
| Property and equipment | 4,001 | 488 | 325 | 4,814 |
| Inventories | 203 | – | 84 | 287 |
| Trade and other receivables | 1,517 | 163 | – | 1,680 |
| Cash and cash equivalents | 2,477 | 107 | – | 2,584 |
| Bank overdraft | – | (197) | – | (197) |
| Trade and other payables | (930) | (342) | – | (1,272) |
| Employee benefits obligations | (261) | (380) | – | (641) |
| **Total identifiable net assets acquired** | 7,007 | (161) | 409 | 7,255 |
| % share of total net assets paid/accrued for | 5,255 | (121) | 409 | 5,543 |
| Purchase consideration: | | | | |
| Cash paid in 2013 for purchase | – | 4,763 | 1,045 | 5,808 |
| Payables as at 31 December 2013[1] (see below) | 11,240 | – | – | 11,240 |
| | 11,240 | 4,763 | 1,045 | 17,048 |
| **Goodwill** | 5,985 | 4,884 | 636 | 11,505 |

1 The Group has included US$1.6m *(2013: US$2.8m)* 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)*. The payment of contingent consideration is not dependent on the former owners remaining in employment.

2 Represented for acquisition accounting adjustments. See note 29 (a).

Reconciliation to consolidated statement of cash flow:

| | **2014 US$'000** | 2013 US$'000 |
|---|---|---|
| Cash paid for purchase during the year | **21,798** | 5,808 |
| Less: cash and cash equivalents acquired | **(502)** | (2,584) |
| Cash paid for deferred consideration on acquisition of Al Madar | **9,622** | – |
| Plus: bank overdraft acquired | **–** | 197 |
| Plus: acquisition related costs | **598** | 507 |
| | **31,516** | 3,928 |

# Notes to the Consolidated Financial Statements

continued

### 30 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.

*For the Year Ended 31 December 2014*

| | Al Madar US$'000 | Manchester US$'000 | Total US$'000 |
|---|---|---|---|
| Non-current assets | 5,795 | 426 | 6,221 |
| Current assets | 16,870 | 421 | 17,291 |
| Non-current liabilities | (632) | (430) | (1,062) |
| Current liabilities | (2,059) | (1,192) | (3,251) |
| **Net assets/(deficit)** | **19,974** | **(775)** | **19,199** |
| **Carrying amount of NCI/(deficit)** | **4,994** | **(194)** | **4,800** |
| Revenue | 26,117 | 1,334 | 27,451 |
| Profit/(loss) | 11,834 | (598) | 11,236 |
| OCI | – | – | – |
| **Total comprehensive income/(loss)** | **11,834** | **(598)** | **11,236** |
| **Profit/(loss) allocated to NCI** | **2,959** | **(150)** | **2,809** |
| Cash flows operating activities | 3,450 | 619 | 4,069 |
| Cash flows investment activities | (2,808) | (281) | (3,089) |
| Cash flows financing activities | (59) | (217) | (276) |
| **Net increase in cash and cash equivalents** | **583** | **121** | **704** |

*For the Year Ended 31 December 2013*

| | Al Madar[1] US$'000 | Manchester US$'000 | Total US$'000 |
|---|---|---|---|
| Non-current assets | 4,361 | 462 | 4,823 |
| Current assets | 4,972 | 170 | 5,142 |
| Non-current liabilities | (287) | (384) | (671) |
| Current liabilities | (904) | (424) | (1,328) |
| **Net assets/(deficit)** | **8,142** | **(176)** | **7,966** |
| **Carrying amount of NCI/(deficit)** | **2,035** | **(44)** | **1,991** |
| 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)** |

1 Re-presented for acquisition accounting adjustments. See note 29 (a).

### 31 Subsequent Events

There is no material subsequent events occurred after balance sheet date.

# 32.1 Statement of Financial Position – Company

## As at 31 December

| | Note | 2014 US$'000 | 2013 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in subsidiary | 32.7 | **705,492** | 705,492 |
| **Current assets** | | | |
| Prepayments | | **245** | 283 |
| Amount due from related party | 32.8(a) | **–** | 760 |
| Cash and cash equivalents | | **9,148** | – |
| **Total current assets** | | **9,393** | 1,043 |
| **Total assets** | | **714,885** | 706,535 |
| **Equity** | | | |
| Share capital | 32.9 | **18,076** | 18,076 |
| Share premium | 32.9 | **693,549** | 693,549 |
| Accumulated loss | | **(1,044)** | (8,183) |
| Share option reserve | | **3,174** | 2,897 |
| **Total equity** | | **713,755** | 706,339 |
| **Current liabilities** | | | |
| Other payables | | **1,130** | 196 |
| **Total equity and liabilities** | | **714,885** | 706,535 |

# 32.2 Statement of Changes in Equity – Company

## For the year/period[1] ended 31 December

| | Share capital US$'000 (Note 32.9) | Share premium US$'000 (Note 32.9) | Accumulated loss US$'000 | Share option reserve US$'000 (Note 15) | Total US$'000 |
|---|---|---|---|---|---|
| At 1 January 2014 | 18,076 | 693,549 | (8,183) | 2,897 | 706,339 |
| Profit for the year | – | – | 31,929 | – | 31,929 |
| **Total comprehensive profit** | **–** | **–** | **31,929** | **–** | **31,929** |
| Transactions with owners of the Company: | | | | | |
| Equity-settled share-based payment *(refer note 15)* | – | – | – | 1,063 | 1,063 |
| Reversal of equity-settled share-based payment *(refer note 15)* | – | – | – | (786) | (786) |
| Dividend paid | – | – | (24,790) | – | (24,790) |
| **At 31 December 2014** | **18,076** | **693,549** | **(1,044)** | **3,174** | **713,755** |
| At the beginning of the period[1] | – | – | – | – | – |
| Loss for the period[1] | – | – | (8,183) | – | (8,183) |
| **Total comprehensive loss** | **–** | **–** | **(8,183)** | **–** | **(8,183)** |
| ***Transactions with owners of the Company:*** | | | | | |
| 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 15)* | – | – | – | 2,897 | 2,897 |
| Listing transaction costs *(refer note 21)* | – | (10,292) | – | – | (10,292) |
| **At 31 December 2013** | **18,076** | **693,549** | **(8,183)** | **2,897** | **706,339** |

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

# 32.3 Statement of Cash Flows – Company

For the year/period[1] ended 31 December

| | Notes | 2014 US$'000 | 2013* US$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/(loss) for the year/period[1] | | **31,929** | (8,183) |
| *Adjustments for:* | | | |
| Equity-settled share-based payment transactions (net movement) | 15 | **277** | 2,897 |
| Listing transaction costs | | **–** | 3,802 |
| Dividend income | | **(37,245)** | – |
| **Net cash used in operating activities before movements in working capital** | | **(5,039)** | (1,484) |
| Change in prepayments | | **38** | (283) |
| Change in amount from a related party | 32.8(a) | **760** | (760) |
| Change in other payables | | **934** | 196 |
| **Net cash used in operating activities** | | **(3,307)** | (2,331) |
| **Investing activities** | | | |
| Capital contribution | 32.7 | **–** | (133,575) |
| Dividend received | | **37,245** | – |
| **Net cash generated from/(used in) financing activities** | | **37,245** | (133,575) |
| **Financing activities** | | | |
| Proceeds from issue of shares | 32.9 | **–** | 150,000 |
| Listing transaction costs | | **–** | (14,094) |
| Dividend paid | 12 | **(24,790)** | – |
| **Net cash (used in)/generated from financing activities** | | **(24,790)** | 135,906 |
| **Net movement in cash and cash equivalents** | | **9,148** | – |
| Cash and cash equivalents at the beginning of the year/period[1] | | **–** | – |
| **Cash and cash equivalents at the end of the year/period[1]** | | **9,148** | – |

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

# Notes to the Company's Financial Statements

### 32.4 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, 1st Floor, 40 Dukes Place, London, EC3A 7NH. 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, 1st Floor, 40 Dukes Place, London, EC3A 7NH.

### 32.5 Basis of Preparation

#### *(a) Statement of Compliance*

The comparative information include activities for the period from 20 December 2012 to 31 December 2013 ('the period'). No profit and loss account is prepared by the Company as permitted by Section 408 of the Companies Act 2006.

#### *(b) Basis of Measurement*

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

#### *(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$.

### 32.6 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, including any inconsequential amendments to other standards, with a date of initial application of 1 January 2014.

- *IFRS 10 Consolidated Financial Statements*
- *IFRS 11 Joint Arrangements*
- *IFRS 12 Disclosure of Interests in Other Entities*

None of these new standards had an impact on these financial statements.

#### *(a) Financial Assets*

The Company's financial assets comprise amount due from a related party and bank balance.

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.

#### *(c) Provisions*

A provision is recognised 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) 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 2014 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.

### 32.7 Investment in Subsidiaries

| | Ownership % | 2014 US$'000 | 2013 US$'000 |
|---|---|---|---|
| Al Noor Holdings Cayman Limited ('ANHC') | 100% | **705,492** | 705,492 |
| Initial investment based on the net assets of investee | | **571,917** | 571,917 |
| Additional capital contribution | | **133,575** | 133,575 |
| **Total investment in subsidiaries** | | **705,492** | 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$133,575,000.

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 | Beneficial interest 2014 | 2013 |
|---|---|---|---|
| Al Noor Holdings Cayman Limited ('ANHC')[1] | Cayman Islands | **100.0%** | 100.0% |
| ANMC Management Limited ('ANMC')[2] | Cayman Islands | **100.0%** | 100.0% |
| Al Al Noor Commercial Investment LLC ('ANCI')[3] | UAE | **99.0%** | 99.0% |
| Al Noor Golden Commercial Investment LLC ('ANGCI')[4] | UAE | **99.9%** | 99.9% |
| Al Noor Medical Company – Al Noor Hospital - Al Noor Pharmacy and Al Noor Warehouse LLC[5] | UAE | **99.9%** | 99.9% |
| Abu Dhabi Medical Services LLC[6] | Sultanate of Oman | **99.9%** | 99.9% |
| Al Noor Hospital Family Care Center – Al Mamura LLC[7] (refer note 29) | UAE | **99.9%** | 99.9% |
| Al Madar Group LLC[8] (refer note 29) | UAE | **74.9%** | 74.9% |
| Manchester Clinic LLC[8] (refer note 29) | UAE | **74.9%** | 74.9% |
| British Urology Centre LLC[8] | UAE | **99.9%** | 99.9% |
| Emirates American Company for Medical Services LLC[9] ('GICC') | 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 Centre – Al Mamoura LLC, formerly known as Solutions Medical Centre LLC located in the Emirate of Abu Dhabi. The owners of Al Noor Hospital Family Care Centre – 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 Centre LLC (also known as Manchester International Medical Centre LLC) on the same date.
9 The Group acquired 100% of the shares and voting interests in Emirates American Company for Medical Services LLC (also known as 'Gulf International Cancer Centre'/'GICC') on 10 February 2014.

# Notes to the Company's Financial Statements

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### 32.8 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 from a Related Party:*

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Al Noor Holdings Cayman Limited | – | 760 |

#### *(b) Key Management Personnel Compensation:*

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

| | 2014 US$'000 | 2013* US$'000 |
|---|---|---|
| Directors' remuneration | **2,427** | 448 |
| Equity-settled share-based payment transactions *(refer note 15)* | **277** | 565 |

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

Directors' remunerations include Directors' fees and additional fees for the year/period ended 31 December 2013.

### 32.9 Share capital

| | 2014 US$'000 | 2013 US$'000 |
|---|---|---|
| Issued and fully paid 116,866,203 shares of GBP 10 pence each *(converted to US$ at 1.5467)* | **18,076** | 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 21)* | – | – | (10,292) | (10,292) |
| At 31 December 2013 | 116,866 | 18,076 | 693,549 | 711,625 |
| **At 31 December 2014** | **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$556,450,000.

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

3 During the period ended 31 December 2013 costs of US$16,426,000 were incurred in relation to completion of the Company's Premium Listing on the London Stock Exchange. Of these costs, US$10,292,000 has been deducted from the share premium account and US$6,134,000 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 21).*

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

#### *Other class of shares unissued as at 31 December 2014/2013*

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

### 32.10 Auditor's Remuneration

The Company paid or accrued an amount of US$27,200 *(31 December 2013: US$24,600)* to its auditor in respect of the audit of the Company's annual accounts together with US$94,200 *(31 December 2013: US$25,600)* in respect of non-audit services for the year ended 31 December 2014.

### 32.11 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. The Company faced no credit risk in the current year and in respect of the prior year the maximum credit risk concerned the amount due from a related party as disclosed below:

| | **2014 US$'000** | 2013 US$'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$'000** | **More than one year US$'000** |
|---|---|---|---|---|
| **31 December 2014** | | | | |
| Other payables | **1,130** | **(1,130)** | **(1,130)** | **–** |
| **31 December 2013** | | | | |
| Other payables | 196 | (196) | (196) | – |

# Shareholder Information

### *Annual General Meeting ('AGM')*
The AGM wiill be held at 1.00pm on Tuesday 12 May 2015 at Jefferies 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 Asset Services. 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 Asset Services
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 to 10p per minute plus network extras) for more details on this service.

### *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 Asset Services, 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 GBOOB8HX8Z88
SEDOL Number B8HX8Z8
EPIC Number ANH

### *Registered Office*
If you would like to contact us, the address of our registered office is:

Al Noor Hospitals Group plc
40 Dukes place
London
EC3A 7NH

### *Company Number*
8338604

# Services Provided at our Facilities

## Al Noor Hospital – Airport Road ('ANHAR')

### *In-Patient Services*

— ENT
— Maternity
— Cath-Lab
— Cardiac Surgery
— Vascular Surgery
— Bariatric Surgery/Laparoscopic and Obesity Unit
— Plastic Surgery
— General and Laparoscopic Surgery
— NICU/SCBU
— Paediatric Cardiology
— Paediatric Surgery
— Orthopaedics
— Ophthalmology, Lasik and VR Treatment
— Anaesthesia
— ICU and CCU
— Dental
— Internal Medicine
— Gastroenterology ('ERCP')
— Rheumatology
— Pulmonology
— Endocrine
— Nephrology and Renal Dialysis
— Emergency (24 hours)
— Dermatology, Laser and Skin Cancer Treatment
— Neurosurgery
— Neurology
— Laboratory/Clinical Pathology
— Urology
— Oncology
— Clinical Dietetics
— Physical Medicine and Rehabilitation

### *Out-Patient Services*

— ENT
— Obstetrics and Gynaecology
— Cardiology
— Cardiac Surgery
— Vascular Surgery
— Nuclear Medicine
— Laparoscopic & Obesity Unit
— Plastic Surgery
— General and Laparoscopic Surgery
— Neonatology
— Paediatrics
— Paediatric Cardiology
— Paediatric Surgery
— Orthopaedics
— Ophthalmology, Lasik and VR Treatment
— Anaesthesia
— Dental
— Radiology
— Occupational Health
— Internal Medicine
— Gastroenterology
— Rheumatology
— Pulmonology
— Endocrine
— Diabetes Unit
— Nephrology and Renal Dialysis
— Emergency (24 hours)
— General Medicine (24 hours)
— Ambulance Services (24 hours)
— Dermatology, Laser and Skin Cancer Treatment
— Neurosurgery
— Neurology
— Laboratory/Clinical Pathology
— Urology
— Psychiatry and Clinical Psychology
— Podiatry
— Oncology
— Family Medicine
— Clinical Dietetics
— Speech Therapy and Language Pathology
— Physical Medicine and Rehabilitation
— Check-up and Travel Clinic
— Pharmacy

## Al Noor Hospital – Al Ain

### *In-Patient Services*

— Anaesthesia
— Cardiology
— Clinical Pathology Laboratory
— Dental
— ENT Surgery
— General & Laparoscopic Surgery
— ICU
— Internal Medicine
— Neurology
— Obstetrics & Gynaecology
— Ophthalmology
— Orthopaedics
— Paediatrics
— Pharmacy
— Radiology & Diagnostic Imaging
— Urology
— Maxillofacial

# Services Provided at our Facilities

continued

***Out-Patient Services***

- Ambulance Services (24 hours)
- Emergency Services (24 hours)
- Cardiology
- Clinical Pathology Laboratory
- Dental
- Dermatology
- ENT
- General & Laparoscopic Surgery
- General Medicine
- Home Care Services
- Internal Medicine
- Non-Cranial Neurosurgery
- Neurology
- Nutrition & Dietetics
- Obstetrics & Gynaecology
- Ophthalmology
- Orthopaedics
- Paediatrics
- Pharmacy
- Physical Medicine & Rehabilitation
- Radiology & Diagnostic Imaging
- Urology

## Al Noor Hospital – Khalifa ('ANHKH')

***In-Patient Services***

- Anaesthesia
- Bariatric Surgery
- Cardiology
- Cardiac Care Unit
- Dermatology
- Laboratory
- ENT Surgery
- General & Laparoscopic Surgery
- Gynaecology
- ICU
- Internal Medicine
- Laparoscopy & Obesity Centre
- Neurology
- Neurosurgery
- NICU (Neonatal Intensive Care Unit)
- Obstetrics
- Oncology
- Orthopaedic Surgery
- Ophthalmology Surgery
- Paediatrics & Neonatology
- Pharmacy
- Pulmonary Medicine
- Urological Surgery
- Vascular Surgery

***Out-Patient Services***

- Ambulance Services (24 hours)
- Emergency Services (24 hours)
- General Medicine
- Cancer Care & Oncology
- Cardiology
- Laboratory
- Dental
- Dermatology & Laser Treatment
- Diabetes Centre
- Endocrinology
- ENT
- Fertility Centre (IVF)
- Gastroenterology
- General & Laparoscopic Surgery
- Hepatology
- Internal Medicine
- Laparoscopy & Obesity Centre
- Neurology & Neurophysiology
- Neurosurgery
- Nutrition & Dietetics
- Obstetrics & Gynaecology
- Fetal Medicine
- Orthopaedic Clinic
- Paediatrics (24 hours)
- Pharmacy
- Physiotherapy
- Psychiatry
- Pulmonary Medicine
- Radiology & Diagnostic Imaging
- Rheumatology
- Sleep Study Laboratory
- Urology
- Vascular Surgery
- Occupational Health Clinic

## Al Noor Hospital Specialty Clinics

### *Mussafah*
- General Medicine
- Dental
- Dermatology
- ENT
- Urology
- Gynaecology
- Internal Medicine
- Ophthalmology
- Orthopaedics
- Paediatrics
- Occupational Health
- Physiotherapy
- Laboratory
- Radiology
- Pharmacy

### *Al Yahar*
- General Medicine
- ENT
- Dermatology
- Ophthalmology
- Internal Medicine
- Gynaecology
- Paediatrics
- Orthopaedics
- Nutrition
- Laboratory
- Radiology
- Pharmacy

### *Al Mirfa*
- General Medicine
- ENT
- Dental
- Radiology
- Laboratory

### *Madinat Zayed*
- General Medicine
- Ophthalmology
- ENT
- Dental
- Paediatrics
- Obstetrics & Gynaecology
- Internal Medicine
- Gastroenterology
- Laboratory
- Pharmacy

## Al Noor Hospital Family Care Centre

### *Al Mamora*
- General Medicine
- ENT
- Dental
- Gynaecology
- Internal Medicine
- Paediatrics
- Ophthalmology
- Radiology
- Laboratory Services (Sample collection only)
- Pharmacy

### *Baniyas*
- General medicine
- ENT
- Dermatology
- Gynaecology
- Internal Medicine
- Paediatrics
- Laboratory Services (Sample collection only)
- Radiology

### *Muscat, Oman*
- 'Managed by Al Noor Hospitals'
- General Medicine
- Family Medicine
- Internal Medicine/Nephrology
- Paediatrics
- Obstetrics & Gynaecology /IVF
- Dental/Orthodontics
- Ophthalmology
- Radiology
- Dermatology
- Pulmonology
- Renal Dialysis (soon)
- Cosmetic Surgery
- General Surgery
- Bariatric Surgery
- Pharmacy
- Laboratory

### *Al Bateen*
- General medicine
- ENT
- Gynaecology
- Orthopaedics
- Paediatrics
- Radiology
- Laboratory Services (Sample collection only)

## Al Noor Hospital General Clinics

### *Madinat Zayed Clinic*
- OUR Services
- Ophthalmology
- ENT
- Dental
- Laboratory
- General medicine
- Radiology
- Pharmacy

### *Manchester Clinic – Dubai*
- General medicine
- Urology
- Cardiology
- Orthopaedics
- Dermatology
- Obstetrics & Gynaecology
- Internal Medicine
- Paediatrics
- Dental
- Laboratory

### *Al Baniya Zayed Clinic*
- ICAD Clinic
- ENEC Clinic

# Glossary

| | |
|---|---|
| ECG | Electrocardiography; the recording of the electrical activity of the heart. |
| Endoscopic Discectomy | A type of 'keyhole' spine surgery technique that uses an endoscope to treat protruded or degenerative discs that contribute to leg and back pain. |
| Endocrinologists | Trained physicians who diagnose diseases related to the glands. |
| Enhanced | Healthcare insurance plan for high income expatriates. |
| Fractional Flow Reserve | A procedure that can accurately measure blood pressure and flow through a specific part of the coronary artery. |
| HAAD | Health Authority - Abu Dhabi. |
| ICU | Intensive Care Unit. |
| Intracardiac Defibrillator | A small device that's placed in the chest or abdomen, used to help treat irregular heartbeats. |
| Intravascular Ultrasounds | Medical imaging methodology used to see from inside blood vessels. |
| ISO Certification | International Organisation for Standardisation. |
| JCI Accreditation | Accreditation and certification from the Joint Commission International; an organisation that works to improve patient safety and quality of health care in the international community. |
| LASIK Services | Laser in-situ keratomileusis; refractive eye surgery to correct nearsightedness, farsightedness, loss of ability to focus on nearby objects and improper curvature of the eye's surface. |
| NICU | A neonatal intensive-care unit or intensive care nursery; is an intensive-care unit specialising in the care of ill or premature newborn infants. |
| OPEC | Organisation of the Petroleum Exporting Countries; an international organisation responsible for co-ordinating and unifying the petroleum policies of its members and for stabilising oil markets. |
| Optical Coherence Tomography | An established medical imaging technique that uses light to capture three-dimensional images e.g., biological tissue. |
| Percutaneous Transluminal Coronary Angioplasty | A non-surgical procedure used to treat narrowed coronary arteries of the heart found in coronary heart disease. |
| PET/CT Scan | A medical imaging technique using a device which combines a Positron Emission Tomography ('PET') scanner and an x-ray Computed Tomography ('CT') scanner, so that images acquired from both devices can be taken sequentially, in the same session, and combined into one superposed image. |
| SAP | Systems, Applications & Products in Data Processing; software used to manage business operations and customer relations. |
| Thiqa | Healthcare plan for UAE Nationals. |

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