Pure Health Holding PJSC

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Pure Health Holding PJSC

DIRECTORS’ REPORT

31 DECEMBER 2023

DIRECTOR'S REPORT
At 31 December 2023

Dear Shareholders,

It is our pleasure to present the Directors' report along with the audited consolidated financial statements of Pure Health Holding PJSC (the "Company'') and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

Principal activities
The main activities of the Group are to provide hospital management services, laboratory management services, hospitalization services, clinical services, health insurance, procurement and supply of medical related products, other healthcare related operations and information technology related services & healthcare solutions.

Results for the year
During the year ended 31 December 2023, the Group reported profit of AED 964,951 thousand and revenue of AED 16,398,920 thousand.

Board of Directors
The Directors of the Company are:

Chairman	Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi
Vice Chairman	Eng. Hamad Salem Mohamed Binlouteya Alameri
Members	Mr. Farhan Malik
	Mr. Semih Sen
	Ms. Mouza Saeed Khalfan Matar Alromaithi

To the best of our knowledge, the financial information included in these consolidated financial statements fairly reflects in all material respects the financial condition, results of operation and cash flows of the Group as of and for, the years presented therein. The consolidated financial statements were approved by the Board of Directors and authorised for issue on 12th of February 2024.

Auditors
A resolution for the appointment of Ernst & Young as external auditors of the Group for the year ending 31 December 2024 was approved by the Shareholders at General Assembly Meeting held on 15 December 2023.

On behalf of Board of Directors

Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi
Chairman

Pure Health Holding PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PURE HEALTH HOLDING PJSC

Report on the Audit of the consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Pure Health Holding PJSC (formerly "Pure Health Holding LLC) (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition
Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralised operational locations. In addition, there are a number of different IT systems and applications in place for the recording of revenue transactions. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2023, total revenue of the Group amounted to AED 16,398,920 thousand (note 27).

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PURE HEALTH HOLDING PJSC continued

Report on the Audit of the consolidated Financial Statements continued

Revenue recognition continued
We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS requirements. For each material operational location with significant revenue streams, we performed, or involved component auditors to perform substantive audit procedures which included substantive analytical procedures at the Group and subsidiary level and testing on transactions around the year end, to assess whether revenues were recognised in the correct accounting period and throughout the year, to assess whether revenues were properly recognised.

Adoption of IFRS 17 Insurance Contracts
During the year the Group adopted IFRS 17 Insurance Contracts (IFRS 17) which replaces IFRS 4 Insurance contracts (IFRS 4) with effect from 1 of January 2023, which resulted in changes to the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The adoption of IFRS 17 resulted in a transitional adjustment which was posted as a restatement to the Group's previously reported figures for the year ended 31 December 2022 as further explained in Note 2.3.

Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Group along with significant changes to presentation and disclosures that were required in the consolidated financial statements for the year ended 31 December 2023, we have considered this as a key audit matter.

In relation to the implementation and impact of adoption of IFRS 17, with the assistance of IFRS 17 and actuarial specialists, we performed the following procedures:

- Obtained an understanding of the Group's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Group's accounting policies, systems, processes and controls;
- Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate;
- Evaluated the appropriateness of key assumptions including risk adjustment, discount rates and expenses included within the fulfilment cashflows;
- On a sample basis, we have tested the accuracy of the data used to determine the impact of IFRS 17 adoption and measurement;
- Assessed the adequacy of the transition adjustments impact for IFRS 17; and
- Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 made in the consolidated financial statements.

Valuation of insurance contract liabilities and reinsurance contract assets
As at 31 December 2023, insurance contract liabilities and reinsurance contract assets amounted to AED 2,563,899 thousand and AED 1,330,898 thousand, respectively, as detailed in note 25 to the consolidated financial statements. A key element of the valuation of insurance contract liabilities and reinsurance contract assets is the present value of future cash flows ("PVFCFs") included in the liability for incurred claims for contracts measured under the Premium Allocation Approach and risk adjustment for non-financial risks. Management uses an internal and external actuary specialists to assist in the calculation of the liability for incurred claims.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PURE HEALTH HOLDING PJSC continued

Report on the Audit of the consolidated Financial Statements continued

Valuation of insurance contract liabilities and reinsurance contract assets continued
Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.

We performed the following procedures with the involvement of our IFRS 17 actuarial specialists:

- Obtained an understanding and tested key controls for claims handling process;
- Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence;
- Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records;
- Obtained and reviewed the Group's process for determining the key actuarial assumptions including claims ratios and tested these by comparing them with our expectations based on the Group's historical experience, current trends and our own industry knowledge;
- Assessed the appropriateness of the calculation methods and approach along with the assumptions used; and
- We assessed the adequacy of disclosures in the financial statements related to reinsurance contract assets and insurance contract liabilities as per IFRS 17.

Other information
Other information consists of the information included in the Directors' report other than the consolidated financial statements and our auditor's report thereon.We obtained the Directors' report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PURE HEALTH HOLDING PJSC continued

Report on the Audit of the consolidated Financial Statements continued
Auditor's responsibilities for the audit of the consolidated financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats, or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PURE HEALTH HOLDING PJSC continued

Report on the Audit of the consolidated Financial Statements continued

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, the Articles of Association of the Company;

iii) the Group has maintained proper books of account;

iv) the consolidated financial information included in the Directors' report is consistent with the books of account and records of the Group;

v) investments in shares and stocks are included in note 11 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2023;

vi) note 26 reflects the disclosures relating to material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023; and

viii) during the year, the Group made no social contributions.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (88) of 2021 regarding financial statements Audit Standards for the Subject Entities, we report that, in connection with our audit of the consolidated financial statements for the year ended 31 December 2023, nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2023:

i) Its Memorandum of Association or Law of Establishment which would materially affect its activities or its financial position as at 31 December 2023; and

ii) Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

Signed by
Raed Ahmad
Partner
Ernst & Young
Registration No. 811

12 February 2024
Abu Dhabi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
ASSETS			
Non-current assets			
Property and equipment	6	**1,662,166**	1,829,556
Investment property	7	**2,696**	3,294
Right-of-use assets	8	**1,407,721**	1,534,306
Intangible assets	9	**4,382,911**	4,521,055
Sub-lease receivables		**1,260**	2,724
Investments in associate and joint venture	10	**1,865,185**	45,871
Investments at fair value through other comprehensive income	11.2	**266,305**	226,474
Long term deposits		**2,000**	2,000
		9,590,244	8,165,280
Current assets			
Inventories	12	**741,322**	600,365
Due from related parties	26	**262,219**	299,687
Trade and other receivables	13	**4,680,975**	5,946,706
Derivative financial instrument	14	**24,511**	-
Investments at fair value through profit or loss	11.1	**351,369**	359,701
Reinsurance contract assets	25	**1,330,898**	1,273,614
Contract assets	27	**633,462**	456,668
Cash and bank balances	15	**10,559,509**	7,003,456
		18,584,265	15,940,197
TOTAL ASSETS		**28,174,509**	24,105,477
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**11,111,111**	500,000
Share premium	16	**2,507,749**	11,214,927
Statutory reserve	17	**202,596**	109,242
Fair value reserve		**49,997**	16,186
Cashflow hedge reserve	14	**24,511**	-
Currency translation reserve		**21**	17
Merger and other reserves		**6,437**	(1,896,193)
Retained earnings		**2,150,373**	1,383,117
Equity attributable to owners of the Company		**16,052,795**	11,327,296
Non-controlling interests		**4,172**	3,835
Total equity		**16,056,967**	11,331,131
Non-current liabilities			
Borrowings	18	**284,628**	289,543
Lease liabilities	19	**1,620,448**	1,459,891
Deferred tax liabilities	20	**418,698**	-
Employees' end of service benefits	21	**1,413,143**	1,542,089
Deferred government grant	22	**93,478**	42,143
Other liabilities	23	**61,110**	78,668
		3,891,505	3,412,334

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
At 31 December 2023

	Notes	***2023*** ***AED '000***	*(Restated (Note 2)* *2022* *AED '000*
Current liabilities			
Borrowings	18	**4,962**	4,773
Trade and other payables	24	**4,964,116**	5,840,681
Contract liabilities		**39,244**	-
Insurance contract liabilities	25	**2,563,899**	2,319,016
Lease liabilities	19	**45,841**	148,501
Due to related parties	26	**607,975**	1,049,041
		8,226,037	9,362,012
Total liabilities		**12,117,542**	12,774,346
TOTAL EQUITY AND LIABILITIES		**28,174,509**	24,105,477

Chairman | Chief Executive Officer | Chief Financial Officer

The attached notes 1 to 39 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
Revenue	27	**16,398,920**	12,486,016
Cost of sales	28	**(13,840,050)**	(7,656,270)
Gross profit		**2,558,870**	4,829,746
General and administrative expenses	29	**(3,731,784)**	(2,300,117)
Selling and distribution expenses		**(43,944)**	(27,103)
Finance costs		**(117,472)**	(44,555)
Share of profit of an associate and a joint venture	10	**25,153**	322
Gain on bargain purchase	5.2	**-**	475,457
Government grant income	30	**2,296,172**	1,214,916
Other income, net	31	**396,654**	137,249
PROFIT BEFORE TAX		**1,383,649**	4,285,915
Income tax expense	20	**(418,698)**	-
PROFIT FOR THE YEAR		**964,951**	4,285,915
Attributable to:			
Owners of the Company		**964,657**	3,718,464
Non-controlling interests		**294**	567,451
PROFIT FOR THE YEAR		**964,951**	4,285,915
Basic and diluted earnings per share (AED)	32	**0.10**	0.38

The attached notes 1 to 39 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated (Note 2) 2022 AED '000
PROFIT FOR THE YEAR		**964,951**	4,285,915
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit and loss:			
Change in fair value of cash flow hedge	14	**24,511**	-
Foreign exchange difference on translation of foreign operations		**4**	17
		24,515	17
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement gain/ (loss) on defined benefits plans	21	**77,220**	(35,748)
Share of other comprehensive loss of associate and joint venture	10	**(2,800)**	-
Change in fair value of financial assets carried at fair value through other comprehensive income		**36,611**	15,329
		111,031	(20,419)
Total other comprehensive income / (loss)		**135,546**	(20,402)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,100,497**	4,265,513
Attributable to:			
Owners of the Company		**1,100,203**	3,698,062
Non-controlling interests		**294**	567,451
		1,100,497	4,265,513

The attached notes 1 to 39 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company										
	Share capital AED '000	*Share premium AED '000*	*Statutory reserve AED '000*	*Retained earnings AED '000*	*Merger and other reserves AED '000*	*Cashflow hedge reserve AED '000*	*Fair value reserve AED '000*	*Foreign currency translation reserve AED '000*	*Total AED '000*	*Non controlling-interest AED '000*	*Total equity AED '000*
Balance at 1 January 2022	300	-	-	-	-	-	-	-	300	-	300
Profit for the year (Restated)	-	-	-	3,718,464	-	-	-	-	3,718,464	567,451	4,285,915
Other comprehensive income / (loss) for the year	-	-	-	(35,748)	-	-	15,329	17	(20,402)	-	(20,402)
Total comprehensive income for the year	-	-	-	3,682,716	-	-	15,329	17	3,698,062	567,451	4,265,513
Disposal of investments carried at fair value through other comprehensive income	-	-	-	(857)	-	-	857	-	-	-	-
Share capital issued (note 16)	499,700	11,214,927	-	-	(273,961)	-	-	-	11,440,666	-	11,440,666
Dividend declared (note 38)	-	-	-	(2,189,500)	-	-	-	-	(2,189,500)	(412,500)	(2,602,000)
Transfer to statutory reserve (note 17)	-	-	109,242	(109,242)	-	-	-	-	-	-	-
Business combination of entities under common control (note 5.1)	-	-	-	-	2,504,203	-	-	-	2,504,203	926,096	3,430,299
Acquisition of non-controlling interest (note 5.3)	-	-	-	-	(4,126,435)	-	-	-	(4,126,435)	(1,077,183)	(5,203,618)
Acquisition of subsidiary (note 5.2)	-	-	-	-	-	-	-	-	-	(29)	(29)
Balance at 31 December 2022 (Restated)	**500,000**	**11,214,927**	**109,242**	**1,383,117**	**(1,896,193)**	**-**	**16,186**	**17**	**11,327,296**	**3,835**	**11,331,131**
Balance at 1 January 2023	500,000	11,214,927	109,242	1,383,117	(1,896,193)	-	16,186	17	11,327,296	3,835	11,331,131
Profit for the year	-	-	-	964,657	-	-	-	-	964,657	294	964,951
Other comprehensive income for the year	-	-	-	77,220	-	24,511	33,811	4	135,546	-	135,546
Total comprehensive income for the year	-	-	-	1,041,877	-	24,511	33,811	4	1,100,203	294	1,100,497
Share capital issued (note 16)	10,611,111	(6,810,985)	-	(181,267)	-	-	-	-	3,618,859	-	3,618,859
Transfer from share premium to merger and other reserves (note 16)	-	(1,896,193)	-	-	1,896,193	-	-	-	-	-	-
Transfer to statutory reserve (note 17)	-	-	93,354	(93,354)	-	-	-	-	-	-	-
Business combination of entities under common control (note 5.1)	-	-	-	-	6,437	-	-	-	6,437	-	6,437
Other movement	-	-	-	-	-	-	-	-	-	43	43
Balance at 31 December 2023	**11,111,111**	**2,507,749**	**202,596**	**2,150,373**	**6,437**	**24,511**	**49,997**	**21**	**16,052,795**	**4,172**	**16,056,967**

The attached notes 1 to 39 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated) 2022 AED '000
OPERATING ACTIVITIES			
Profit before tax		**1,383,649**	4,285,915
Adjustments for:			
Depreciation of property and equipment	6	**564,061**	191,242
Depreciation of investment property	7	**598**	150
Depreciation of right-of-use assets	8	**196,095**	73,636
Amortisation of intangible assets	9	**203,831**	115,100
Impairment of intangible assets	9	**-**	834
Allowance for slow moving inventories	12	**4,968**	2,932
Allowance for expected credit loss of trade receivables	13	**99,559**	10,184
(Reversal) / allowance for expected credit loss of other receivables	13	**(91,384)**	171,251
Allowance for expected credit losses of bank balances	15	**5,762**	4,630
Allowance for expected credit losses of government funded programs receivables		**14,306**	-
Allowance for expected credit loss of contract assets		**55,472**	-
Share of profit of equity accounted investees	10	**(25,153)**	(322)
Loss on disposal of property and equipment	6	**1,569**	19,106
Loss on write-off of intangible assets	9	**163**	6,443
Gain on bargain purchase	5.2	**-**	(475,457)
Gain on disposal of subsidiary		**(955)**	-
Grant income	22	**(4,147)**	(8,068)
Provision for employees' end of service benefits, net	21	**153,168**	69,442
Fair value loss / (gain) on investment carried at fair value through profit or loss	11	**8,713**	(5,439)
Dividend income		**(19,372)**	-
Finance income	31	**(130,155)**	(17,317)
Finance costs		**117,472**	44,555
Operating cash flows before changes in working capital		**2,538,220**	4,488,817
Working capital changes:			
Inventories		**(146,762)**	65,471
Due from related parties		**54,522**	397,358
Trade and other receivables		**1,346,097**	2,301,348
Reinsurance contract assets		**(57,285)**	-
Contract assets		**(209,811)**	(412,096)
Other liabilities		**(17,551)**	51,227
Restricted cash		**52,826**	(572,453)
Due to related parties		**(148,553)**	(1,130,435)
Insurance contract liabilities		**284,127**	343,910
Trade and other payables		**(956,061)**	(1,211,533)
Cash generated from operations		**2,739,769**	4,246,942
Employees' end of service benefit paid	21	**(208,787)**	(60,860)
Cash generated from operating activities		**2,530,982**	4,186,082
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**104**	32
Purchase of property and equipment	6	**(332,026)**	(231,075)
Purchase of property and equipment - grant related		**(58,441)**	-
Purchase of intangible assets	9	**(58,547)**	(27,446)
Purchase of investments	11	**(30,395)**	(19,163)
Proceeds from sale of investments	11	**26,989**	6,496
Investment in associate	10	**(1,843,925)**	-
Disposal of joint venture	10	**46,964**	-
Sub-lease receivables		**1,463**	2,724
Movement in term deposits with original maturities greater than 3 months	15	**(427,004)**	(1,625,437)
Dividends income	31	**19,372**	-
Interest income	31	**130,155**	17,317
Disposal of subsidiary, net of cash		**(1,493)**	-
Acquisition of subsidiary - net of cash acquired	5	**44,755**	5,555,770
Cash (used in) / generated from investing activities		**(2,482,029)**	3,679,218

CONSOLIDATED STATEMENT OF CASH FLOWS continued
For the year ended 31 December 2023

	Notes	2023 AED '000	(Restated) 2022 AED '000
FINANCING ACTIVITIES			
Issue of share capital		**3,618,860**	-
Repayment of borrowings	18	**(4,726)**	(5,684)
Repayment of related party loan		**(110,359)**	-
Grant funding from the government	22	**58,441**	50,211
Lease liabilities payments	19	**(85,283)**	(33,969)
Finance cost paid		**(38,248)**	(18,837)
Dividends paid	26	**(300,000)**	(3,058,000)
Cash generated from / (used in) financing activities		**3,138,685**	(3,066,279)
Increase in cash and cash equivalents during the year		**3,187,638**	4,799,021
Cash and cash equivalents at beginning of the year		**4,799,021**	-
Cash and cash equivalents at the end of the year	15	**7,986,659**	4,799,021

The attached notes 1 to 39 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Pure Health Holding PJSC (the "Company") is a public joint-stock company, registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE) on 26 July 2021. The Company's registered address is P.O. Box 144443, Abu Dhabi, United Arab Emirates.

On 1 January 2022, the shareholders resolved to change the legal name of the Company from "Blink Biz Holding LLC" to "Pure Health Holding LLC". The share capital of the Company was increased during the years 2022 and 2023 as further disclosed in note 16. Additionally, the shareholders approved changing the Company's legal status of the Company from a limited liability company to a public joint-stock company in October 2023.

The Company's ordinary shares were listed on the Abu Dhabi Securities Exchange ("ADX") on 20 December 2023.

These consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the "Group"). The main activities of the Group are to provide hospital management services, laboratory management services, hospitalisation services, clinical services, health insurance, procurement and supply of medical related products, information technology and other healthcare related operations.

The consolidated financial statements of the Group were approved by the Board of Directors and authorised for issue on 12 February 2024.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable provisions of the Company's Memorandum of Association and UAE Federal Law No. (32) of 2021.

These consolidated financial statements have been prepared on the historical cost basis, except for investments in financial assets carried at fair value through profit or loss, derivative financial instrument and investments in financial assets carried at fair value through other comprehensive income (OCI) which are measured at fair value.

The consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Company and presentation currency of the Group. All the values are rounded to the nearest thousand (AED '000'), except when otherwise indicated.

2.2 BASIS FOR CONSOLIDATION

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 BASIS OF PREPARATION continued

2.2 BASIS FOR CONSOLIDATION continued

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 BASIS OF PREPARATION continued

2.2 BASIS FOR CONSOLIDATION continued

Details of the Company's subsidiaries as at 31 December 2023 were as follows:

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held*	
			2023	*2022*
Abu Dhabi Stem Cells Center – Sole Proprietorship LLC	United Arab Emirates	Healthcare and research centers operation and management	**100%**	100%
Pure Health Medical Supplies LLC	United Arab Emirates	Health care technology and management services	**100%**	100%
Tamouh Healthcare LLC	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management	**100%**	100%
National Health Insurance Company – PJSC (Daman)	United Arab Emirates	Health insurance services.	**100%**	100%
Abu Dhabi Health Services Company – PSC (SEHA)	United Arab Emirates	Management of healthcare and medical facilities.	**100%**	100%
Yas Clinic Group – Sole Proprietorship LLC	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management	**100%**	100%
The Life Corner LLC	United Arab Emirates	Pharmacy management services	**100%**	100%
Pure Capital Investments LLC (iii)	United Arab Emirates	Investment in commercial enterprises & management	**100%**	-
Pure CS Investments LLC (iii)	United Arab Emirates	Investment in commercial enterprises & management	**100%**	-
Talent One Employment Services LLC (ii)	United Arab Emirates	Human service delivery of medical cadres and upon request employees provision services	**100%**	-
SEHA Care LLC (formerly Pure Care Facilities Management LLC) (i)	United Arab Emirates	Commercial enterprises investment, institution, and management company. management and operation of public utilities company.	**100%**	100%
<u>Below is the subsidiary of Abu Dhabi Stem Cells Center – Sole Proprietorship LLC</u>:				
ADSCC Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical and related items	**100%**	100%
<u>Below are the subsidiaries of Pure Health Medical Supplies LLC:</u>				
Dawak Healthcare Supplies LLC (i)	United Arab Emirates	Commercial enterprises investment, institution and management company.	**100%**	100%
Medclaim Billing Services LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management company.	**100%**	100%
One Health LLC	United Arab Emirates	Health services and commercial enterprises investment, institution and management company. Health treatment undertaking services company.	**100%**	100%

2 BASIS OF PREPARATION continued

2.2 BASIS FOR CONSOLIDATION continued

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held* 2023	2022
Below are the subsidiaries of Pure Health Medical Supplies LLC: *continued*				
Pure Lab LLC	United Arab Emirates	Health services enterprises investment, institution and management company.	**100%**	100%
Pure Health Capital LLC	United Arab Emirates	Commercial enterprises investment, institution and management company.	**100%**	100%
Pure Health Facilities Management LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management company.	**100%**	100%
Pure Health Investment – Sole Proprietorship LLC (i)	United Arab Emirates	Investment, institution and management company.	**100%**	100%
Pure Investment LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management company.	**100%**	100%
Rafed Healthcare Supplies LLC	United Arab Emirates	Healthcare group procurement company. Wholesale trading of medical related items and medical storehouse.	**100%**	100%
Telldoc Technology LLC (i)	United Arab Emirates	Investment, establishment and management of technology projects company.	**100%**	100%
The Medical Office Facilities Management LLC	United Arab Emirates	Health services enterprises investment, institution and management company and health treatment undertaking services company.	**100%**	100%
Union Health Facilities Management LLC (i)	United Arab Emirates	Commercial enterprises investment, institution and management company.	**100%**	100%
Below are the subsidiaries of Pure Lab LLC:				
Pure Lab North LLC SO (i) (ii)	United Arab Emirates	Investment in healthcare enterprises and development	**100%**	-
Pure Lab South L.L.C (formerly Union 71 Medical Facilities Management LLC)	United Arab Emirates	Management of medical facilities	**100%**	100%
Below are the subsidiary of Pure Health Capital LLC:				
Pure Health Capital Americas 1 SPV RSC LTD	United Arab Emirates	Holding ownership of equity, non-equity assets, real property, intellectual property, other tangible and intangible assets.	**100%**	100%
Pure Health Capital UK 1 RSC LTD (i) (ii)	United Arab Emirates	Holding ownership of equity and non-equity assets, including shares, debentures, bonds, other forms of security. Holding ownership of real property, intellectual property, other tangible and intangible assets.	**100%**	-
Pure Health UK Topco LTD (i) (ii)	England & Wales, UK	Holding ownership of equity.	**100%**	-

2 BASIS OF PREPARATION continued

2.2 BASIS FOR CONSOLIDATION continued

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held*	
			2023	*2022*
<u>Below is the subsidiary of Pure Health UK Topco LTD:</u>				
Pure Health UK Bidco LTD (i) (ii)	England & Wales, UK	Holding ownership of equity.	**100%**	-
<u>Below are the subsidiaries of Tamouh Healthcare LLC:</u>				
Protect 7 Healthcare – Sole Proprietorship LLC	United Arab Emirates	Retail sale of medical equipment and apparatuses	**100%**	100%
Society Travel LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management.	**99.99%**	99.99%
INOCHI Healthcare – Sole Proprietorship LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management.	**100%**	100%
Medi Q Healthcare LLC (i)	United Arab Emirates	Investment, incorporation and management of healthcare service projects.	**51%**	51%
Somerian Health LLC	United Arab Emirates	Health services and commercial enterprises investment, institution and management	**80%**	80%
<u>Below are the subsidiaries of Somerian Health LLC:</u>				
American Crescent Health Care Center - Sole Proprietorship LLC	United Arab Emirates	Medical complex, onshore and offshore oil and gas fields and facilities services	**100%**	100%
GenQore Drug Store LLC	United Arab Emirates	Para pharmaceutical products trading, beauty and personal care requisites trading, baby care requisites trading, soap & hair care products trading, medical, surgical equipment trading, laboratories tools & requisites trading.	**-**	90%
<u>Below are the subsidiaries of National Health Insurance Company – PJSC (Daman):</u>				
Daman Healthcare Solutions GmbH	Germany	Provision of services in international healthcare management.	**100%**	100%
Independent Health Information Technology Services – Sole Proprietorship L.L.C	United Arab Emirates	Software designing and IT related services.	**100%**	100%
<u>Below are the subsidiaries of Abu Dhabi Health Services Company – PJSC (SEHA):</u>				
Plus International Medical Center – Sole Proprietorship L.L.C	United Arab Emirates	Natural and rehabilitation medical center related services	**100%**	100%
Qemmat Al Shumookh Properties – Sole Proprietorship L.L.C	United Arab Emirates	Purchase and sale land and real estate and to provide real estate lease and management services.	**100%**	100%

2 BASIS OF PREPARATION continued

2.2 BASIS FOR CONSOLIDATION continued

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held* **2023**	*2022*
Below are the subsidiaries of Yas Clinic Group Sole Proprietorship LLC:				
Yas Clinic Al Mushrif – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex	**100%**	100%
Yas Clinic Center Al Ain – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex and performing medical analysis	**100%**	100%
Yas Clinic Khalifa City – Sole Proprietorship LLC	United Arab Emirates	General hospital, management of medical facilities, pharmacy and ambulance services.	**100%**	100%
Yas Clinic One Day Surgery – Sole Proprietorship LLC	United Arab Emirates	Performance of day surgery cases	**100%**	100%
Yas Clinic Saadiyat– Sole Proprietorship LLC (i)	United Arab Emirates	Operation and management of medical complex	**100%**	100%
Yas Clinic Emirates – Sole Proprietorship LLC (i)	United Arab Emirates	Health services enterprises investment, institution and management	**100%**	100%
Yas Clinic Hospital – Sole Proprietorship LLC	United Arab Emirates	Health services	**100%**	100%
Yas Clinic Emirates Palace – Sole Proprietorship LLC	Unite Arab Emirates	General medicine	**100%**	100%
YAS Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	**100%**	100%
YAS City Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	**100%**	100%
Medlife – Sole Proprietorship LLC	United Arab Emirates	Management of medical facilities and onshore and offshore oil and gas fields facilities services	**100%**	100%
Below are the subsidiaries of Medlife – Sole Proprietorship LLC:				
AIC Medical Center Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex	**100%**	100%
Al Haneen Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	**100%**	100%
ALD Medical Clinic Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	**100%**	100%
AMH Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine and onshore and offshore oil and gas fields facilities services	**100%**	100%
CHC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	**100%**	100%
HHC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	**100%**	100%
ILLC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine and onshore and offshore oil and gas fields facilities services	**100%**	100%

2 BASIS OF PREPARATION continued

2.2 BASIS FOR CONSOLIDATION continued

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held* **2023**	*2022*
Below are the subsidiaries of Medlife – Sole Proprietorship LLC: **continued**				
AMC Medical Clinic – Sole Proprietorship LLC	United Arab Emirates	Sale of general medicine	**100%**	100%
Sehaty Medical Center – Sole Proprietorship LLC	United Arab Emirates	Operation and management of medical complex	**100%**	100%
Golden Health Mobile Medical – Sole Proprietorship LLC	United Arab Emirates	Mobile medical services and onshore and offshore oil and gas fields facilities services	**100%**	100%
Good Care Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	**100%**	100%
Healing Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products and offshore and onshore oil and gas fields facilities services	**100%**	100%
Med Care Pharmacy – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	**100%**	100%
Below is the subsidiary of YAS Pharmacy – Sole Proprietorship LLC:				
YAS Pharmacy Ladies Club – Sole Proprietorship LLC	United Arab Emirates	Sale of pharmaceutical products	**100%**	100%
Below is the subsidiary of Pure Capital Investments LLC:				
Pure CS IT Infrastructure LLC	United Arab Emirates	Computer systems & communication equipment software trading	**99%**	-
Pure Health Medical Billing Services LLC (i)	United Arab Emirates	Medical billing services	**99%**	-
Two Five 55 Healthcare Investment LLC (i)	United Arab Emirates	Investment in industrial enterprises & management	**99%**	-
Union Health Facilities Management LLC (i)	United Arab Emirates	Facilities management services	**99%**	-
Pure Health FZE (i)	United Arab Emirates	Trading in pharmaceuticals and related products	**99%**	-
Below is the subsidiary of Pure Health FZE :				
Pure Health Medical Supplies FZE (i)	United Arab Emirates	General trading and trading in pharmaceuticals & related products	**100%**	-

(i) Dormant subsidiaries with no operations during the year.
(ii) Subsidiaries established during the year.
(iii) Subsidiaries acquired during the year.

2 BASIS OF PREPARATION continued

2.3 CHANGES IN ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new standards and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- International Tax Reforms – Pillar Two Model Rules – Amendments to IAS 12

The Group has applied, IFRS 17 *Insurance Contracts* for the first time. The nature and effect of these changes are described below. The other amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements.

Impact on the adoption of IFRS 17
IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Group has restated comparative information for 2022.

The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement
The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA (Premium allocation approach). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

2.3 CHANGES IN ACCOUNTING POLICIES continued

New standards, interpretations and amendments adopted by the Group continued
Impact on the adoption of IFRS 17 continued
Changes to classification and measurement continued
The Group does not immediately expense out the insurance acquisition cashflows, it allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

Changes to presentation and disclosure
For presentation in the statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows. The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:
- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, estimates and assumptions and changes therein, when applying the standard

Transition
On transition date, the Group:
- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in the Group’s consolidated financial statements for the year 2022.

2.3 CHANGES IN ACCOUNTING POLICIES continued

New standards, interpretations and amendments adopted by the Group continued
Impact on the adoption of IFRS 17 continued
Changes to presentation and disclosure
The Group's IFRS 17 adoption relates to its subsidiary, National Health Insurance Company – PJSC (Daman), which applied IFRS 17 on 1 January 2022 in its financial statements for the period ended 31 December 2023. The Group acquired Daman on 1 October 2022, and accordingly the Group adjusted the fair value of the identifiable assets and liabilities acquired by AED 68,817 thousand to reflect the impact of the adoption of IFRS 17 as of the acquisition date of 1 October 2022.

The adjustment to the purchase price allocation as at 1 October 2022 increased the previously recorded bargain gain by AED 68,817 thousand. The impact of the IFRS 17 adoption for the period from 2 October 2022 to 31 December 2022 amounted to a reduction in the previously reported profit of AED 25,662 thousand. The net impact on the Group's profit for the year ended 31 December 2022 as a result of the adoption of IFRS 17 was AED 43,154 thousand. The restatement was accounted for in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, as follows:

Restatement of previously issued consolidated financial statements
For the year ended 31 December 2022

	As previously reported AED '000	*Restatement adjustments AED '000*	*Reclassification AED '000*	*As restated AED '000*
Consolidated Statement of Profit and Loss				
Revenue	12,295,061	190,955	-	12,486,016
Cost of sales	(7,578,912)	(77,358)	-	(7,656,270)
General and administrative expenses	(2,365,237)	65,120	-	(2,300,117)
Selling and distribution expenses	(29,645)	2,542	-	(27,103)
Finance costs	(45,994)	1,439	-	(44,555)
Government grant income	1,423,331	(208,415)		1,214,916
Other income	137,517	54	(322)	137,249
Share result of an associate and a joint venture	-	-	322	322
Gain on bargain purchase	406,640	68,817	-	475,457
Impact on the profit for 2022	**4,242,761**	**43,154**	**-**	**4,285,915**
Consolidated Statement of Financial Position				
Trade and other receivables	7,992,405	(2,045,699)	-	5,946,706
Reinsurance contract assets	394,129	879,485	-	1,273,614
Cash and bank balances	7,008,086	(4,630)	-	7,003,456
Trade and other payables	(6,760,990)	920,309	-	(5,840,681)
Due to related parties	(1,049,363)	322	-	(1,049,041)
Insurance contract liabilities	(2,612,383)	293,367	-	(2,319,016)
Impact on total equity as of 31 December 2022	**4,971,884**	**43,154**	**-**	**5,015,038**

Reclassification
Certain amounts in the 2022 consolidated financial statements have been classified to conform with the current year presentation. These changes in classification had no significant impact to the consolidated financial statements.

Making Materiality Judgments – Disclosure of Accounting Policies
The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES continued

Making Materiality Judgments – Disclosure of Accounting Policies continued
The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

UAE corporate income tax
On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered as at 31 December 2023. Following an assessment of the potential impact of the UAE CT Law on the consolidated statement of financial position, deferred tax liability of AED 418,698 thousand has been recorded as at 31 December 2023.

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

2.4 STANDARDS ISSUED BUT NOT EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Amendments to IFRS 16 – Lease Liability in a Sale Lease Back
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 17
- Lack of Exchangeability – Amendments to IAS 21

The Group does not expect impact, that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income or in the consolidated statement of changes in equity, as considered appropriate.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Changes in Group's ownership interest in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity under merger and other reserves and attributed to the Owner of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

Disposals of interest in a subsidiary to an equity accounted investee
Gain or loss on the disposal of interest in a subsidiary to an equity accounted investee is eliminated to the extent of the retained indirect interest in that disposed entity by the Group.

Acquisition of entities under common control
Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to merger and other reserves within equity. Any transaction costs paid for the acquisition are recognised directly in equity.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investments in joint venture and associate
An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture and associate are accounted for using the equity method. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture or associate since the acquisition date. Goodwill relating to the joint venture or associate is included in the consolidated carrying amount of the investment and goodwill is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint ventures and associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.

The aggregate of the Group's share of profit or loss of a joint venture or associate is shown on the face of the consolidated statement of profit or loss outside operating profit. The financial statements of the joint venture and associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

Upon loss of joint control over the joint venture or associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

If the ownership interest in a joint venture or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition
For contracts determined to be within the scope of revenue recognition, the Group is required to apply the five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Group allocates the transaction price to the performance obligations in a contract based on the input method, which requires revenue recognition based on the Group’s efforts or inputs to the satisfaction of the performance obligations.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is recognised to the extent that it is probable that the economics benefits will flow to the Group and the revenue and cost, if applicable can be measured reliably.

Laboratory management services
The Group provides laboratory management services to certain customers for a certain service fee as well as a percentage share in certain laboratory revenues. The Group has one performance obligation and revenue is recognised at a point in time when the service is performed, and results are delivered to the customers.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition continued
Hospitals management services
The Group provides hospitals' management services against a service fee and percentage share in hospitals' revenue. The Group has one performance obligation (i.e. to manage the operations of the hospitals) and revenue is recognised at a point in time when the services are rendered and simultaneously consumed by the customer.

Hospitalisation and other related services
The Group provides hospitalisation, quarantine, clinical and other related hospital services to its customers. For hospitalisation and quarantine services, revenue is recognised over the period as services are performed. For clinical and other related hospital services, revenue is recognised at a point in time when the services are rendered and simultaneously consumed by the customers.

Procurement and supply of medical related products
The Group procures, manages and supplies medicines, diagnostic and other medical equipment to its customers. The Group has two performance obligations (i.e. to deliver goods to the customers and to render inventory management services). The revenue for delivery of goods is recognised at a point in time when control is transferred to the customers and revenue for inventory management services is recognised over time.

Insurance contracts revenue and insurance commission income
The Group provides health insurance services to its customers. Premiums are recognised as revenue (earned premium) on time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability. Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.

Government Grant income including government funded program income
Government grant income includes fees arising from different contracts with various clients for government funded programs. Income is recognized when the Group satisfies a performance obligation by transferring a service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts related to government funded programs are summarized as follows:

- Government grant is recognized when there is a reasonable assurance that the grant will be received.
- Government grant is recognized when the group will comply with all the attached conditions.
- Government grant is recognized when the group fulfills the performance obligations.

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the years that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When grant relates to administrative services is recognised over time as the services are provided and if it relates to significant act (e.g. medical saving) is recognised when the act is completed.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

Dividend income
Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of Income can be measured reliably).

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition continued

Interest income and expense

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument and are recognised within ‘finance income’ in the consolidated statement of profit or loss. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group has recognised contract asset related to hospitals management services.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on property and equipment is calculated using the straight-line basis over their useful economic lives as follows:

Freehold property	10 - 30 years
Leasehold improvements	5 - 15 years
Medical equipment	4 - 10 years
Furniture and fixtures	3 - 7 years
Office equipment	3 - 8 years
Computer and IT equipment	3 - 8 years
Motor vehicles	4 - 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

When parts of an item of property and equipment are significant and have different useful lives, they are accounted for as separate items of property and equipment. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of comprehensive income.

Capital work in progress

Assets under construction (‘capital work in progress’) are stated at cost, net of accumulated impairment losses, and are not depreciated. All costs directly attribute to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost, including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or investment properties category and is depreciated in accordance with the Group’s policies.

Derecognition

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated statement profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investment property
Investment property principally comprises of offices that are held to earn lease rentals. Investment property is measured at cost less accumulated depreciation and impairment losses, if any. The historical cost of investment property represents the purchase cost together with any incidental expenses of acquisition. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write off the cost of the investment property over its estimated useful life of 20 years.

Transfers to and from investment properties are made when and only when there is change in use, evidenced by either starting or ending of owner-occupation, commencement or cessation of an operating lease to another party or commencement or cessation of construction or a development plan. Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into account in determining non-operating income. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income.

The estimated useful lives are:

Trade licenses	Indefinite
Customer relationships and contracts	5 - 20 years
Computer softwares	3 - 10 years
Trademarks	3-8 years
Favourable lease contract	10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Intangible assets continued
Customer relationships and contracts
Customer contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long-term contracts with customers for the supply of services which were acquired through business combinations. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives as stated above.

Brand
Brand is a unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Brand names represent future economic benefits in the form of future business linked with the brand names of subsidiaries acquired in business combination. Brand names identified as part of acquisitions have finite and indefinite useful lives. Brand names with indefinite useful lives are carried at cost less accumulated impairment. Brand names with finite useful lives are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 10 years.

Trademarks
Trademarks are words, names, symbols or other devices used in trade to indicate the source of a product and to distinguish it from` the products of others. Trademarks represent future economic benefits in the form of future business linked with the trademarks of subsidiaries acquired in business combinations. The trademarks identified as part of acquisitions have finite useful lives. Trademarks with a finite useful life are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 to 8 years.

Trade license
During the year, as part of business combinations, a health insurance license has been identified with an indefinite useful life.

Lease benefit
Lease benefits represents the future economic benefits in the form of a favorable lease arrangement the Group acquired in a business combination. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 10 years.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any premeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
Group as a lessee continued

i) Right-of-use assets continued

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful life of the assets, as follows:

Premises	2 - 10 years
Vehicles	3 - 5 years
Equipment	3 - 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the year in which the event or condition that triggers those payments occurs and are included in the line 'other expenses' in the consolidated statement of comprehensive income.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
Group as a lessee continued

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

iv) Variable lease payments

If lease arrangements contain variable payments that are linked to the usage/performance of the leased asset, such lease payments are recognised in the consolidated statement of comprehensive income.

Inventories
Inventories are stated at the lower of cost and net realisable value after recognising a provision for slow moving and obsolete inventory. Cost is determined on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and necessary to make the sale.

Goods in transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

Foreign currencies
Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items (if any) denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the consolidated statement of comprehensive income in the year in which they arise.

Foreign currency translation
The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated exchange differences are recognised in the consolidated statement of profit or loss in the year in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur which form part of the net investment in a foreign operation, and which are recognised initially in the foreign currency translation reserve and recognised in the consolidated statement of profit or loss on disposal of the net investment.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Foreign currency translation continued
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United Arab Emirates Dirhams ("AED"), using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve. Such exchange differences are recognised in the consolidated statement of profit or loss in the year in which the foreign operation is disposed.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that does not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each period. Exchange differences arising are recognised in equity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
d) Financial assets at fair value through profit or loss.

The Group has the following financial assets:

Financial assets at amortised cost
The Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial assets continued
Financial assets at amortised cost continued
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables, contract assets, due from related parties and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to consolidated profit or loss.

The Group does not have any debt instruments under this category.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of comprehensive income when the right of payment has been established.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial assets continued

Impairment of financial assets continued

For trade receivables, due from related parties and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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 Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, due to related parties, lease liabilities and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Equity instruments and financial liabilities continued
Financial liabilities at amortised cost
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value added tax ("VAT")
Expenses and assets are recognised net of the amount of VAT, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority; in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Fair value measurement
The Group measures financial instruments such as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at each consolidated statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a reasonable period to project future cash flows.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Employee benefits
i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period and is classified as current liability.

ii) Defined contribution plan

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. 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. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Pension contributions are made in respect of other GCC National employees, who are covered by the Circular no. 3 of 2007 issued by the General Authority of Pension and Social Security. The contribution made by the Group is charged to consolidated statement of profit or loss. The pension contribution is made according to the laws of the respective GCC nation.

iii) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' basic salaries at the end of their employment contract. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognized past service costs are deducted.

The calculation of defined benefit obligation is performed periodically 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 consolidated profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans within profit or loss.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Investment income
Investment income mainly comprises interest income/profit and realised gains and losses on sale of investments classified as available for sale.

Dividend distribution
Dividend distribution to the Shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are declared and approved by the Shareholders.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Insurance contracts
Definition and classification
The Group issues contracts with insurance risk. The Group does not issue contracts that transfer only financial risks.

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (that is if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Group does not have any self-insurance policies that need to be excluded from the scope of IFRS 17. The Group does not write any investment contracts with discretionary participation features or insurance contracts with direct participation features. The Group does not have any contracts that contain embedded derivatives, distinct investments, or service components that need to be unbundled and accounted for under other IFRSs.

Unit of account
The Group manages insurance contracts issued by product type. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) starting 1 January and ending 31 December of the respective year.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Insurance contracts continued
Unit of account continued
Each cohort is classified under one of the following groups of contracts:

- Contracts that are onerous at initial recognition.
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently.
- A group of remaining contracts.

This level of granularity determines sets of contracts.

The Group uses underwriting/pricing review exercise and combined/loss ratio analysis in order to define onerosity. Significant judgement is used to assess the onerosity of the set of contracts.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group has split reinsurance contracts into portfolio based on the product types which are covered by reinsurance contracts. For the Enhanced product, the Group has a quota share treaty while for the Basic product, the Group has an arrangement with the Department of Health.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers.

Applying the grouping requirements to reinsurance contracts held, the Group classifies reinsurance contracts held and concluded within a calendar year (annual cohorts) into:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

This level of granularity determines sets of contracts for reinsurance contracts.

For all reinsurance contracts net gain or net loss is assessed at the same level as direct insurance contracts using underwriting/pricing review exercise and combined/loss ratio analysis.

Recognition and derecognition
Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period; the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognized as follows:

- A group of reinsurance contracts held that provide proportionate coverage is recognized at the later of the beginning of the coverage period of the group and the initial recognition of any underlying insurance contract, unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognized, in which case the reinsurance contract held is recognized at the date the entity recognizes an onerous group of underlying insurance contracts.
- All other groups of reinsurance contracts held are recognized from the beginning of the coverage period of the group of reinsurance contracts held; unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognized prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognized at the same time as the group of underlying insurance contracts is recognized.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Insurance contracts continued

Recognition and derecognition continued

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria. The composition of the groups is not reassessed in subsequent periods.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the Free Cash Flows (FCFs), unless the conditions for the de-recognition of the original contract are met.

The Group de-recognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

- If the modified terms had been included at contract inception and the Group would have concluded that the modified contract is not within the scope of IFRS 17, results in different separable components, results in a different contract boundary or belongs to a different group of contracts.
- The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa.
- The original contract was measured under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.
- When an insurance contract accounted for under the PAA is derecognized, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss.
- If the contract is extinguished, any net difference between the derecognized part of the Liabilities for Remaining Coverage (LRC) of the original contract and any other cash flows arising from extinguishment.
- If the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party.

If the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Measurement approach

The Group elects to measure all insurance contracts under the PAA where eligible to do so. Contracts written by the Group that have a coverage period of one year or less are automatically eligible for the PAA. Currently, all insurance contracts are eligible and thus measured under the PAA.

The Group elects to measure all reinsurance contracts under the PAA where eligible to do so. For all the groups of contracts within the portfolio, the LRC measured under the PAA and the General Measurement Approach (GMA) were projected over the lifetime of the contracts, considering different reasonable scenarios, to determine if the differences were significant. The Group has found that for all these contracts the PAA provided a reasonable approximation of the GMA and were thus eligible for measurement under the PAA.

Contract boundaries

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Insurance contracts continued
Contract boundaries continued

- The Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
  1. The Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  2. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary of the treaty business of the Group which is written on a risk attaching basis includes the reinsurer's share of all the cash flows of all contracts that attach during the term of the treaty.

Measurement of expenses
The Group has defined acquisition expenses as the costs of selling, underwriting and starting/issuing a group of insurance contracts as per the Standard requirements. The Group had defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or portfolio of contracts (as opposed to new business in general).

The Group had defined all other expenses as maintenance expenses. The Group had defined maintenance costs as attributable if they could not have been avoided if the contract had not been entered into.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognized in other operating expenses as incurred.

The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance and reinsurance contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Group allocates these using relevant proxies. Similar methods are consistently applied to allocate expenses of a similar nature.

The Group does not pay (or recognize a liability, applying a standard other than IFRS 17) directly attributable acquisition costs before a group of insurance contracts is recognized. As such, no pre-recognition acquisition costs assets have been established.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Insurance contracts continued

Initial and subsequent measurement – group of contracts measured under the PAA

For insurance contracts issued measured under the PAA, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid. Insurance acquisition cash flows allocated to a group are deferred and recognized over the coverage period of contracts in a group.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- Increased for premiums received in the period
- Decreased for insurance acquisition cash flows paid in the period
- Decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the period
- Increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

The Group does not adjust the remaining coverage for reinsurance contracts held for the effect of the time value of money, because reinsurance premiums are due and expected to be paid within a year of the coverage provided associated with each premium.

For groups of reinsurance contracts, the Group recognizes reinsurance expenses related to the premium ceded based on the same earning pattern as the underlying contract. This is because where reinsurance is on risk attaching basis, risk pattern would be based on the individual contracts earning (actual risk) pattern.

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMA with the amount of such an increase recognized in insurance service expenses, and a loss component is established for the amount of the loss recognized. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMA relating to the future service and the carrying amount of the LRC without the loss component.

When a loss is recognized on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognized in profit or loss and a loss recovery component is established or adjusted for the amount of income recognized. The referred income is calculated by multiplying the loss recognized on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts.

Changes in the loss recovery component are not disaggregated between income and expenses from reinsurance contracts held and reinsurance finance income or expenses for the effect of the time value of money and financial risk as the underlying loss components, which are all measured under the PAA, are not adjusted for the effect of the time value of money and financial risk.

Reinsurance contracts held – loss recovery component

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognized when a loss component is set up for the group of onerous underlying insurance contracts.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Insurance contracts continued

Reinsurance contracts held – loss recovery component

This amount is calculated by multiplying the loss recognized on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts. When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

Estimates and assumptions

Best estimate cash flows

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfillment of the contracts. At gross level, the main cash flows include:

- Cash Inflows (premiums, recoveries on past and future claims)
- Cash Outflows (claims, commission, expenses)

Future cash flows within the contract boundary which are to be included in the IFRS 17 valuation are those that relate directly to the fulfilment of the existing insurance contract. In short, these cash flows comprise premiums and premium receivables, claims acquisition, claims handling and administrative costs, transaction based taxes or tax payments on behalf of the client (where the Group does not act as an agent), potential recoveries and attributable overhead costs, and other expenses, all within the boundary of the corresponding contract.

All the cash flows as described above must be best estimate cash flows after removing any margin for prudence or management margins.

The cash flows as described are not adjusted for present value using discount rates as these are expected to be paid/received within 12 months from the date of incurrence.

The claims and Unallocated Loss Adjustment Expenses (ULAE) cash flows need to be adjusted and multiplied with risk adjustment percentage and the corresponding amount shall be added while computing FCFs.

The reinsurance cash flows will be calculated in a similar way like insurance cash flows with the following additional considerations to be taken:

- Reinsurance Level of Aggregation may not be aligned completely with the gross level.
- The Group does not have cashflows contingent to claims.
- The Group does not expect any probability of default of reinsurer.

Other cash flows, which need to be considered, are:

- Costs of providing benefits in kind
- Potential cash inflows from claim recoveries, as long as they have not been recognized as a separate asset
- Transaction-based taxes and levies that arise directly from existing insurance contracts or are attributable to them
- Payments to (or on behalf of) a policyholder resulting from derivatives that are not separated from the contracts (if applicable).

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Insurance contracts continued
Estimates and assumptions continued
Discount rates
The bottom-up approach is used to derive the discount rate for all contracts within the scope of IFRS 17, where applicable. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium').

The three-step approach to derive discount rates has been highlighted below:

- Credit risk premium component is removed from the asset yields of the reference portfolio
- The illiquidity risk premium is then derived using the risk-free rates and the rates computed in above step
- Subsequently, the bottom-up approach is used by adding this illiquidity premium to the risk-free base curve in order to arrive at the "point-in-time" locked-in interest rate curve.

Currently, all the premiums written by the Group are received within 12 months from the policy start date, so there are no contracts with significant financing component or credit facilities. Hence, there is no requirement of discounting the LRC under PAA.

Similarly, most of the claims are settled within 12 months from the date of incurrence. Hence, there is no requirement of discounting the Liability for Incurred Claims (LIC) under PAA.

In the future, if the Group has policies with claims pattern exceeding one year then the Group shall use the discount rate computed under the bottom-up approach to determine the impact of discounting.

Risk Adjustment (RA) for non-financial risk
The RA for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For LIC, the Group measures volatility of reserves using a combination of the Mack Method for most periods and the volatility of past expectations vs. actuals for recent periods and reconciliations. The current calculations would be aggregated from the current reserving segmentation to derive the RA at the portfolio level decided under level of aggregation.

For LRC, the Group has decided to use volatility in past ultimate loss ratio expectations vs. actuals to estimate the RA on unexpired business.

The profitable groups which are either automatically eligible for PAA or decided to be run using PAA based on the results of PAA eligibility run at the portfolio level will not require an explicit RA on LRC. Currently, all groups are PAA eligible. The RA for all groups of contracts is 65% confidence level.

The Group does not disaggregate changes in the RA between insurance service result and insurance finance income or expenses.

For reinsurance contracts the Group uses the same approach to calculate the RA as for the insurance contracts.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Taxation
Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

4 KEY SOURCES OF ESTIMATION OF UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

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

While applying the accounting policies as stated in note 3, the management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year of the revision in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation of uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group’s management uses all available information to make these fair value determinations.

Useful lives of property, right of use assets and equipment and intangible assets
The Group's management determines the estimated useful lives of its property and equipment, right of use assets, and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses (ECL) of trade and other receivables (including government receivables), due from related parties and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables, other receivables, government receivables, due from related parties and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, time value of money, and rating etc.).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

At the reporting date 31 December 2023, gross trade receivables and other receivables (including government receivables), due from related parties, and contract assets were AED 5,543,851 thousand with provision for expected credit losses of AED 305,671 thousand (31 December 2022 (Restated): AED 5,793,072 thousand with provision for expected credit losses of AED 301,479 thousand). Any difference between the amounts collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of comprehensive income.

4 KEY SOURCES OF ESTIMATION OF UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS continued

Key sources of estimation of uncertainty continued

Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence, or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration, and quality issues. Based on these factors, management has identified inventory items as slow and non-moving to calculate the allowance for slow moving and obsolete inventories. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

At the reporting date 31 December 2023, inventories amounted to AED 1,023,820 thousand and allowance for slow moving inventories were AED 282,498 thousand (31 December 2022: AED 994,143 thousand and allowance for slow moving inventories were AED 393,778 thousand).

Impairment assessment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Assets classified under property and equipment, intangible assets and right-of-use assets are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss.

An impairment loss of AED nil thousand was recorded on non-financial assets for the year ended 31 December 2023 (31 December 2022: AED 834 thousand).

Employees’ end of service benefits

The cost and the present value of the defined benefit plans obligation are generally determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and voluntary termination rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All significant assumptions and assets are reviewed at each reporting date.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4 KEY SOURCES OF ESTIMATION OF UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS continued

Key sources of estimation of uncertainty continued

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

5 BUSINESS COMBINATIONS

5.1 Business combinations under common control

a) Acquired during the year:

During the year, the Group acquired the following entities under common control. These acquisitions are excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as the business combinations of entities under common control, given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

Pure Capital Investment LLC

Effective 1 October 2023, the Company acquired 100% equity interest in Pure Capital Investment LLC, for no consideration. Pure Capital Investment LLC is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in technology and related services. From the date of acquisition, Pure Capital Investment LLC contributed revenue and net profit to the Group amounting to AED 76,288 thousand and AED 6,453 thousand respectively. If the acquisition had taken place at the beginning of the year 2023, Pure Capital Investment LLC would have contributed revenue and profit to the Group amounting to AED 266,257 thousand and AED 28,863 thousand respectively.

Pure CS Investment LLC

Effective 1 October 2023, the Company acquired 100% equity interest in Pure CS Investment LLC, for no consideration. Pure CS Investment LLC is a limited liability company, registered and incorporated in the Emirate of Dubai. The acquired Company does not meet the definition of a business as it did not have any operations at the acquisition date.

5 BUSINESS COMBINATIONS continued

5.1 Business combinations under common control continued

a). Acquired during the year: continued

Pure CS Investment LLC continued
Summary of business combination of above stated entities under common control is as follows:

	Pure capital investment AED '000	*Pure CS investment AED '000*	*Total AED '000*
Assets			
Property and equipment	17,914	-	17,914
Intangible assets	4,790	-	4,790
Right-of-use assets	3,802	-	3,802
Due from related parties	17,218	100	17,318
Contract assets	22,456	-	22,456
Trade and other receivables	110,253	-	110,253
Cash and bank balances	44,755	-	44,755
Total assets	**221,188**	**100**	**221,288**
Liabilities			
Loan from related party	109,351	-	109,351
Lease liabilities	3,995	-	3,995
Employees' end of service benefits	4,095	-	4,095
Trade and other payables	82,362	-	82,362
Due to related parties	14,992	56	15,048
Total liabilities	**214,795**	**56**	**214,851**
Net assets	**6,393**	**44**	**6,437**
Less: non-controlling interests	-	-	-
Proportionate share of identifiable net assets acquired	**6,393**	**44**	**6,437**
Consideration paid	-	-	-
Merger and other reserves	**6,393**	**44**	**6,437**

b). Acquired during the previous year

Pure Health Medical Supplies LLC
Effective 1 January 2022, the Company acquired 63% equity interest in Pure Health Medical Supplies LLC ("PHMS"), for no consideration. PHMS is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in Health care technology and management services. From the date of acquisition, PHMS contributed revenue and net profit to the Group for the year ended 31 December 2022, amounting to AED 6,344,786 thousand and AED 2,167,525 thousand respectively.

Abu Dhabi Stem Cells Center – Sole Proprietorship LLC
Effective 1 January 2022, the Company acquired 100% equity interest in Abu Dhabi Stem Cells Center – Sole Proprietorship LLC ("ADSCC"), for no consideration. ADSCC is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in healthcare and research centres operation and management. From the date of acquisition, ADSCC contributed revenue and net loss to the Group for the year ended 31 December 2022, amounting to AED 27,656 thousand and AED 1,087 thousand respectively.

5 BUSINESS COMBINATIONS continued

5.1 Business Combinations under common control continued

b). Acquired during the previous year continued

Tamouh Healthcare LLC
Effective 1 January 2022, the Company acquired 100% equity interest in Tamouh Healthcare LLC ("Tamouh"), for no consideration. Tamouh is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in health services enterprises and tourist services investment, institution and management. From the date of acquisition, Tamouh contributed revenue and net profit to the Group for the year ended 31 December 2022, amounting to AED 1,401,241 thousand and AED 736,621 thousand respectively.

Yas Clinic Group – Sole Proprietorship LLC
Effective 1 January 2022, the Company acquired 100% equity interest in Yas Clinic Group – Sole Proprietorship LLC ("YAS") for no consideration. YAS is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in health services enterprises and tourist services investment, institution and management. From the date of acquisition, YAS contributed revenue and profit to the Group for the year ended 31 December 2022, amounting to AED 1,545,277 thousand and AED 413,232 thousand respectively.

Summary of business combination of above stated entities under common control is as follows:

	ADSCC AED'000	*YAS AED'000*	*Tamouh AED'000*	*PHMS* AED'000*	*Total AED'000*
Assets					
Property and equipment	60,306	380,985	468	121,477	563,236
Intangible assets and goodwill	873	5,749	-	1,145,587	1,152,209
Right-of-use assets	1,438	17,889	-	122,023	141,350
Due from related parties	36,988	859	29,258	826,000	893,105
Inventories	1,280	7,432	-	103,409	112,121
Contract assets	-	-	-	44,572	44,572
Trade and other receivables	45,806	1,008,882	647,785	1,148,423	2,850,896
Cash and bank balances	5,079	20,804	89,821	2,130,134	2,245,838
Total assets	151,770	1,442,600	767,332	5,641,625	8,003,327
Liabilities					
Borrowings	-	300,000	-	-	300,000
Lease liabilities	1,437	18,900	-	123,434	143,771
Employees' end of service benefits	693	828	7,386	15,098	24,005
Other liabilities	-	-	-	27,442	27,442
Trade and other payables	42,616	387,540	243,328	1,915,580	2,589,064
Due to related parties	1,224	36,624	203,630	1,247,268	1,488,746
Total liabilities	45,970	743,892	454,344	3,328,822	4,573,028
Net assets	105,800	698,708	312,988	2,312,803	3,430,299
Less: non-controlling interests	-	-	(70,360)	(855,736)	(926,096)
Proportionate share of identifiable net assets acquired	105,800	698,708	242,628	1,457,067	2,504,203
Consideration paid	-	-	-	-	-
Merger and other reserves	105,800	698,708	242,628	1,457,067	2,504,203

5 BUSINESS COMBINATIONS continued

5.1 Business Combinations under common control continued

b). Acquired during the previous year continued

Yas Clinic Group – Sole Proprietorship LLC continued
* During the fourth quarter of 2022, PHMS completed the purchase price allocations (PPAs) for the acquisitions of Rafed and Union71, which resulted in the following adjustments compared to the assets and liabilities acquired as of 1 January 2022:

- Decrease in the fair value of identifiable assets and liabilities by AED 10,602 thousand (includes reduction of intangible assets amounting to AED 44,602 thousand);
- Increase in goodwill by AED 40,195 thousand;
- Increase in merger and other reserve by AED 18,451 thousand; and
- Increase in non-controlling interest by AED 10,834 thousand.

PHMS's assets and liabilities shown in the table above reflect the completed PPAs for Rafed and Union71.

5.2 Acquisition under IFRS 3 Business Combination

During the previous year, the Group acquired the following entities, which were accounted for using the acquisition method under IFRS 3 Business Combination:

GenQore Drug Store LLC
Effective 1 February 2022, Somerian Health LLC, a subsidiary, acquired a 90% equity interest in GenQore Drug Store LLC ("GenQore"), for a consideration of AED 2. GenQore is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in trading of cosmetic and medical related items. From the date of acquisition, GenQore contributed revenue and net loss to the Group for the year ended 31 December 2022, amounting to AED 22,092 thousand and AED 1,067 thousand respectively.

Abu Dhabi Health Services Company PJSC ("SEHA"), The Life Corner LLC ("TLC") and Daman Health Insurance Company PJSC ("Daman")
Effective 1 October 2022, The Company entered into an agreement with a third party to acquire 100% ownership interest in SEHA, TLC and Daman in addition to a 27% non-controlling interest in PHMS, for a total consideration of AED 9,827,347 thousand, being the fair value of the 225,038,001 newly issued shares of the Company to the third party.

Consideration has been allocated to the acquired businesses as follows:

- SEHA and TLC — AED 4,584,958 thousand
- Daman — AED 1,651,389 thousand

The consideration of AED 3,591,000 thousand, allocated to the acquisition of 27% non-controlling interest in PHMS, has been accounted for as an increase in shareholding (acquisition of NCI), as disclosed in note 5.3(b).

SEHA (including TLC)
SEHA is a public joint stock company registered in Abu Dhabi, United Arab Emirates and is involved in managing healthcare establishments, implementing healthcare policies, projects and strategies, providing and purchasing supplies and medicines needed for healthcare purposes to the general public and collecting prescribed fees for health, curative and preventive services. From the date of acquisition, SEHA contributed revenue and profit to the Group amounting to AED 1,866,676 thousand and AED 547,984 thousand respectively for the year ended 31 December 2022. If the acquisition had taken place at the beginning of the year 2022, SEHA would have contributed revenue and profit to the Group amounting to AED 7,052,000 thousand and AED 902,854 thousand respectively.

TLC is a limited liability company registered in Abu Dhabi, United Arab Emirates and is involved in pharmacy management services. From the date of acquisition, TLC did not contribute revenue and profit to the Group.

5 BUSINESS COMBINATIONS continued

5.2 Acquisition under IFRS 3 Business Combination continued

Abu Dhabi Health Services Company PJSC ("SEHA"), The Life Corner LLC ("TLC") and Daman Health Insurance Company PJSC ("Daman") continued

Daman

Daman was established in 2005 and is currently the market leader in health insurance in the UAE and provides comprehensive health insurance solutions to its members in the UAE. Daman's key portfolio includes enhanced plan, basic plan, Thiqa and other Government health insurance programs including activity-based mandate ("ABM"), IPC and UAE Army. From the date of acquisition, Daman contributed revenue and net profit to the Group amounting to AED 1,109,495 thousand and AED 83,609 thousand respectively for the year ended 31 December 2022. If the acquisition had taken place at the beginning of the year 2022, Daman would have contributed revenue and profit to the Group amounting to AED 3,966,002 thousand and AED 303,236 thousand respectively.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	GenQore AED'000	*SEHA (including TLC) AED'000*	*Daman* AED'000*	*Total AED'000*
Assets				
Property and equipment	19	1,236,501	9,105	1,245,625
Investment property	-	-	3,444	3,444
Intangible assets	570	2,756,354	445,115	3,202,039
Right-of-use assets	-	1,381,742	69,502	1,451,244
Sub- lease receivables	-	-	1,448	1,448
Investment in joint venture	-	-	45,549	45,549
Investments	-	-	552,390	552,390
Inventories	-	556,647	-	556,647
Trade and other receivables	6,120	2,788,922	3,461,683	6,256,725
Cash and bank balances	261	654,381	2,651,891	3,306,533
Total assets	**6,970**	**9,374,547**	**7,240,127**	**16,621,644**
Liabilities				
Lease liabilities	-	1,385,218	69,409	1,454,627
Employees' end of service benefits	418	1,408,882	64,454	1,473,754
Insurance contract liabilities	-	-	2,271,803	2,271,803
Trade and other payables	6,430	1,073,728	2,522,111	3,602,269
Due to related parties	416	1,183,234	185,504	1,369,154
Total liabilities	**7,264**	**5,051,062**	**5,113,281**	**10,171,607**
Total identifiable net assets at fair value	**(294)**	**4,323,485**	**2,126,846**	**6,450,037**
Share of identifiable net (liabilities)/ assets acquired	(294)	4,323,485	2,126,846	6,450,037
Non-controlling interest	(29)	-	-	(29)
Goodwill arising on acquisition	265	261,473		261,738
Bargain purchase gain arising on acquisition	-	-	(475,457)	(475,457)
Purchase consideration	**-**	**4,584,958**	**1,651,389**	**6,236,347**

* During the year 2023, the Group completed the purchase price allocations (PPAs) for aforementioned acquisitions. The fair values of certain identifiable assets and liabilities of Daman acquired as of 1 October 2022, were adjusted to reflect the adoption of IFRS 17 as follows::

- Decrease in "Trade and other receivables" by AED 1,717,684 thousand;
- Decrease in "Cash and bank balances" by AED 4,301 thousand;
- Decrease in "Insurance contract liabilities" by AED 637,276 thousand;
- Decrease in "Trade and other payables" by AED 1,339,030 thousand;
- Increase in "Due to related parties" by AED 185,504 thousand;
- Increase in the fair value of identifiable assets and liabilities by AED 68,817 thousand;
- Increase in bargain purchase gain on acquisition by AED 68,817 thousand;

Daman's assets and liabilities shown in the table above reflect the completed PPA. No other changes resulted from the completion of the PPAs.

5 BUSINESS COMBINATIONS continued

5.2 Acquisition under IFRS 3 Business Combination continued

Assets acquired and liabilities assumed continued
The Group has recognised intangible assets of AED 3,109,055 thousand as a result of the aforementioned acquisitions, which comprise mainly of brand, contract relationships, licenses and favourable lease contract. Further, the Group has also recognised an uplift in the fair value of property and equipment amounting to AED 376,563 thousand.

Goodwill of AED 261,738 thousand arising from the acquisitions comprises largely the value of expected synergies arising from the acquisitions, which are not separately recognised.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- Assumed discount rates of 5.8% to 14.7%; and
- A terminal value calculated based on long-term sustainable growth rates for the industry ranging from 1% to 2%, which has been used to determine income for the future years.

The goodwill and intangibles arising from the acquisition of GenQore and amounting to AED 834 thousand (note 9) were impaired during the year ended 31 December 2022.

Analysis of cash flows on acquisitions is as follows:

	GenQore *AED'000*	*SEHA (including TLC)* *AED'000*	*Daman* *AED'000*	*Total* *AED'000*
Net cash acquired on business combination	261	654,381	2,656,192	3,310,834
Cash paid for the acquisition	-	-	-	-
Acquisition of operating business – net of cash acquired (included in cash flows from investing activities)	261	654,381	2,656,192	3,310,834
Transaction costs of the acquisition (included in cash flows from operating activities)	(30)	(537)	(335)	(902)
Net cash acquired on acquisition	**231**	**653,844**	**2,655,857**	**3,309,932**

Acquisition related costs amounted to AED 902 thousand were expensed during the year and are included in general and administrative expenses.

5 BUSINESS COMBINATIONS continued

5.3 Acquisition of non-controlling interest

(a) On 1 January 2022, the shareholders of AH Capital FZE transferred their 10% equity interest in a subsidiary, Pure Health Medical Supplies LLC, to the Company in return for 112,428 shares of the Company, which were issued to the shareholders of AH Capital FZE.

The shares acquired in Pure Health Medical Supplies LLC represents an acquisition of a non-controlling interest which was accounted for as follows:

	AED '000
Fair value of the consideration given, shares issued	**1,612,618**
Less: Carrying value of the 10% shareholding acquired	**(231,281)**
Difference recognized in merger and other reserves	**1,381,337**

(b) Effective 1 October 2022, the Company entered into an agreement with a third party to acquire multiple businesses (note 5.2), which also included the acquisition of 27% ownership interest in PHMS, for a consideration of AED 3,591,000 thousand. The transaction resulted in an increase in the Group's effective shareholding in PHMS by 27%. Following is the summary of increase in shareholding:

	AED '000
Fair value of the consideration given, shares issued	**3,591,000**
Less: Carrying value of the 27% shareholding acquired	**(845,902)**
Difference recognized in merger and other reserves	**2,745,098**

The above resulted in a decrease of non-controlling interest by AED 1,077,183 thousand for the year ended 31 December 2022.

5.4 Disposal of subsidiary

GenQore Drug Store LLC
Effective 01 October 2023, Somerian Health LLC, a subsidiary, disposed of its entire ownership interest in GenQore Drug Store LLC ("GenQore") for nil consideration. This resulted in a gain on disposal of subsidiary, amounting to AED 955 thousand, during the year, which is recognized as other income (note 31) in the consolidated statement of profit and loss.

6 PROPERTY AND EQUIPMENT

	Freehold property AED '000	*Leasehold improvements AED '000*	*Medical equipments AED '000*	*Furniture & fixtures AED '000*	*Office equipments AED '000*	*Motor vehicles AED '000*	*Computer & IT equipment AED '000*	*Capital work in progress AED '000*	*Total AED '000*
Cost:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Acquired through business combinations (note 5.1 & 5.2)	818,654	130,228	3,084,465	534,520	197,537	56,130	945,534	12,825	5,779,893
Additions	9	14,386	52,706	7,210	17,073	780	23,280	115,631	231,075
Write-off	(4,438)	(943)	(22,755)	(56)	-	-	(32)	(1,281)	(29,505)
Disposal	-	-	(276,633)	(8,486)	(20,441)	(98)	(56,592)	(1,464)	(363,714)
At 31 December 2022	814,225	143,671	2,837,783	533,188	194,169	56,812	912,190	125,711	5,617,749
Acquired through business combinations (note 5.1)	-	281	-	755	19	-	16,753	1,346	19,154
Additions	275	21,287	76,256	8,848	12,158	5,276	36,432	171,494	332,026
Transfer	(76,611)	181,205	17,387	1,893	6,183	14,778	54,941	(202,666)	(2,890)
Write-off	-	-	(59)	(15)	(466)	(36)	-	(3,520)	(4,096)
Government grant additions	-	18,269	12,765	-	-	-	-	27,407	58,441
Government grant disposals	-	-	-	-	-	-	-	(2,959)	(2,959)
Disposal of subsidiary	-	-	-	(72)	(171)	-	(6)	-	(249)
Disposals	(2,615)	(763)	(176,099)	(50,741)	(5,336)	(11,373)	(68,657)	-	(315,584)
At 31 December 2023	**735,274**	**363,950**	**2,768,033**	**493,856**	**206,556**	**65,457**	**951,653**	**116,813**	**5,701,592**
Accumulated depreciation:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Acquired through business combinations (note 5.1 & 5.2)	382,705	47,554	2,264,590	397,229	98,020	43,733	737,201	-	3,971,032
Charge for the year	17,068	13,037	89,234	30,633	8,168	7,274	25,828	-	191,242
Written-off	-	(393)	(13,850)	-	-	-	-	-	(14,243)
Disposals	-	-	(274,647)	(8,158)	(20,434)	(98)	(56,501)	-	(359,838)
At 31 December 2022	399,773	60,198	2,065,327	419,704	85,754	50,909	706,528	-	3,788,193
Acquired through business combinations (note 5.1)	-	89	-	701	13	-	437	-	1,240
Charge for the year	24,825	32,673	261,053	102,674	45,745	5,224	91,867	-	564,061
Reclassifications	(1,970)	805	608	302	716	860	(1,321)	-	-
Written-off	-	(3)	(59)	-	-	-	-	-	(62)
Disposal of subsidiary	-	-	-	(12)	(77)	-	(5)	-	(94)
Disposals	(2,591)	(159)	(175,187)	(50,644)	(5,316)	(11,366)	(68,649)	-	(313,912)
At 31 December 2023	**420,037**	**93,603**	**2,151,742**	**472,725**	**126,835**	**45,627**	**728,857**	**-**	**4,039,426**
Carrying amount:									
At 31 December 2023	**315,237**	**270,347**	**616,291**	**21,131**	**79,721**	**19,830**	**222,796**	**116,813**	**1,662,166**
At 31 December 2022	414,452	83,473	772,456	113,484	108,415	5,903	205,662	125,711	1,829,556

6 PROPERTY AND EQUIPMENT continued

Included in the property and equipment is a freehold property building with a carrying value of AED 262,909 thousand as at 31 December 2023 (31 December 2022: AED 271,254 thousand), which is mortgaged against a borrowing by a subsidiary. During the year, Group disposed property and equipment with a net carrying amount of AED 1,673 thousand against proceeds of AED 104 thousand accordingly, a loss of AED 1,569 thousand was recognized (note 31).

Depreciation charge for the year has been allocated and disclosed in the consolidated financial statements as follows:

	2023	*2022*
	AED'000	*AED'000*
Cost of sales (note 28)	**263,462**	90,326
General and administrative expenses (note 29)	**300,599**	100,916
	564,061	191,242

7 INVESTMENT PROPERTY

	2023	*2022*
	AED'000	*AED'000*
Cost:		
At 1 January	**6,239**	-
Acquired through business combination (note 5.2)	**-**	6,239
At 31 December	**6,239**	6,239
Accumulated depreciation:		
At 1 January	**2,945**	-
Additions due to acquisition (note 5.2)	**-**	2,795
Charge for the year (note 28 & 29)	**598**	150
At 31 December	**3,543**	2,945
Net book value:		
At 31 December	**2,696**	3,294

The investment property represents leasehold property situated at Jumeirah Lake Tower, Dubai. The Group's investment property comprises of offices, which are leased out during the current year. The Group earned rental income of AED 287 thousand (31 December 2022: AED 71 thousand) from the investment property. The Group did not incur any material operating expenses during the year.

The fair value of the investment property as at 31 December 2023 is AED 9,050 thousand (31 December 2022: AED 5,910 thousand). The Group's investment property was valued by independent external valuer having recognised professional qualification and recent experience in the locations and segments of the investment property valued. The valuation of the Group's investment property was determined using the investment (income capitalization) method whereby the rental income is capitalized at an appropriate yield reflecting current market conditions. The fair value measurement falls under level 3 in the fair value measurement hierarchy.

8 RIGHT-OF-USE ASSETS

	2023 Right-of-use assets AED '000'	*2022 Right-of-use assets AED '000'*
Cost:		
At 1 January	**1,837,446**	-
Acquired through business combinations (note 5.1 & 5.2)	**5,142**	468,039
Additions during the year	**26,696**	1,384,357
Modifications	**4,849**	(14,950)
Cancellations	**(88,268)**	-
At 31 December	**1,785,865**	1,837,446
Accumulated depreciation:		
At 1 January	**303,140**	-
Acquired through business combinations (note 5.1 & 5.2)	**1,340**	247,545
Modifications	**(101,940)**	(18,041)
Cancellations	**(20,491)**	-
Charge for the year	**196,095**	73,636
At 31 December	**378,144**	303,140
Net book value:		
At 31 December	**1,407,721**	1,534,306

The Group entered into 10-year lease agreements for land and buildings which are discounted using an incremental borrowing rate of 5%.

The following are the amounts recognised in the consolidated statement of profit and loss:

	2023 AED '000	*2022 AED '000*
Cost of sales (note 28)	**15,604**	4,078
General and administrative expenses (note 29)	**180,491**	69,558
	196,095	73,636

9 INTANGIBLE ASSETS

	Computer software AED '000	*Trademarks AED '000*	*Customer relationships and contracts AED '000*	*Brand AED '000*	*Goodwill AED '000*	*Favorable lease contract AED '000*	*Trade license AED '000*	*Captial work in progress AED '000*	*Total AED '000'*
Cost:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Relating to business combinations (notes 5.2)	1,004,368	1,533	1,959,935	1,358,157	301,933	877,308	11,000	23,318	5,537,552
Additions during the year	18,657	384	-	-	-	-	-	8,405	27,446
Impairment (note 29)	-	(569)	-	-	(265)	-	-	-	(834)
Transfers during the year	16,482	-	-	-	-	-	-	(16,482)	-
Write off during the year	(13,106)	-	-	-	-	-	-	-	(13,106)
Settlement of pre-existing rights	-	-	(1,040,438)	-	1,040,438	-	-	-	-
At 31 December 2022	1,026,401	1,348	919,497	1,358,157	1,342,106	877,308	11,000	15,241	5,551,058
At 1 January 2023	1,026,401	1,348	919,497	1,358,157	1,342,106	877,308	11,000	15,241	5,551,058
Relating to business combinations (notes 5.1)	5,236	-	-	-	-	-	-	-	5,236
Additions during the year	20,563	-	-	-	-	-	-	37,984	58,547
Transfers during the year	21,741	-	-	-	-	-	-	(18,853)	2,888
Write off during the year	(4)	(9)	-	-	-	-	-	(157)	(170)
Disposal of subsidiary	-	(375)	-	-	-	-	-	-	(375)
At 31 December 2023	**1,073,937**	**964**	**919,497**	**1,358,157**	**1,342,106**	**877,308**	**11,000**	**34,215**	**5,617,184**
Accumulated amortisation:									
At 1 January 2022	-	-	-	-	-	-	-	-	-
Relating to business combinations (notes 5.2)	921,342	210	14	-	-	-	-	-	921,566
Write off during the year	(6,663)	-	-	-	-	-	-	-	(6,663)
Charge for the year (note 28 & 29)	21,562	138	70,218	1,249	-	21,933	-	-	115,100
At 31 December 2022	936,241	348	70,232	1,249	-	21,933	-	-	1,030,003
At 1 January 2023	936,241	348	70,232	1,249	-	21,933	-	-	1,030,003
Relating to business combinations (notes 5.1)	446	-	-	-	-	-	-	-	446
Charge for the year (note 28 & 29)	49,303	138	61,661	4,998	-	87,731	-	-	203,831
Write off during the year	(7)	-	-	-	-	-	-	-	(7)
At 31 December 2023	**985,983**	**486**	**131,893**	**6,247**	**-**	**109,664**	**-**	**-**	**1,234,273**
Carrying amount:									
At 31 December 2023	**87,954**	**478**	**787,604**	**1,351,910**	**1,342,106**	**767,644**	**11,000**	**34,215**	**4,382,911**
At 31 December 2022	90,160	1,000	849,265	1,356,908	1,342,106	855,375	11,000	15,241	4,521,055

9 INTANGIBLE ASSETS continued

During the previous year, Group wrote off certain ERP systems which resulted in a loss of AED 6,443 thousand (note 31).

During the previous year, the acquisition of SEHA resulted in settlement of pre-existing rights relating to customer contracts recognised during 2021 by PHMS from the acquisitions of Rafed and Union71. On the acquisition date of SEHA, management carried out an assessment of the contracts and determined that the contracts have no favorable or unfavorable components and that the pricing of the contracts are comparable to current market transactions. Accordingly, no gain or loss was recognised in the consolidated statement of profit and loss. The amount recognised as customer contracts as of the acquisition date of SEHA of AED 1,040,438 thousand was adjusted against goodwill.

Brand
Brand represents future economic benefits in the form of future business linked with the brand names of subsidiaries acquired in various business combinations and meet the criteria for recognition as intangible assets under IAS 38.

Customer relationships and contracts
These represent long term non-cancellable contracts with customers and non-contractual relationships which were acquired in various business combinations and meet the criteria for recognition as intangible assets under IAS 38.

Trademarks
Trademarks represent future economic benefits in the form of future business linked with the trademarks which were acquired in various business combinations and meet the criteria for recognition as intangible assets under IAS 38.

Trade license
Trade license includes license of an acquired subsidiary, National Health Insurance Company PJSC ("Daman"), that allows them to carry out insurance related activities. The license has an indefinite useful life.

Lease benefits
Lease benefits represents the future economic benefits in the form of favorable lease arrangements the Group acquired in business combinations. These represent leases of hospitals, medical centers and retail shops having a useful life of 10 years.

Goodwill
Goodwill primarily comprises sales growth, new customers and expected synergies arising from the acquisitions. Goodwill is allocated to respective cash generating units.

During the year ended 31 December 2023, management performed its annual impairment assessments of goodwill, using the discounted cashflow model approach to calculate the value in use for the respective cash generating units. For the purpose of the impairment testing, goodwill was allocated to the respective cash generating units based on the respective enterprise values. Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date. Following key assumptions were used in the discounted cashflow review:

- Terminal growth rate: 3% - 4%
- Inflation rate: 4%
- Discount rate: 8.5% - 12.5%

10 INVESTMENT IN ASSOCIATE AND JOINT VENTURE

Details of Group's investment in associates and joint venture are as follows:

Name of entities	*Country of incorporation*	*Principal activities*	*Ownership interest*		*Carrying value*	
			2023	*2022*	***2023*** ***AED '000***	*2022* *AED '000*
Joint venture:						
Munich Health Daman Holding Limited (i)	UAE	Investing and consulting	-	49%	-	45,871
Associate:						
Ardent Health Partners LLC (ii)	USA	Healthcare	**26.05%**	-	**1,865,185**	-

(i) During the year, investment in Munich Health Daman Holding Limited ("MHDH") was liquidated. Munich Health Daman Holding Limited ("MHDH") was incorporated in Abu Dhabi, UAE as a limited liability company and was 51% owned by Munich Health Holding AG and 49% owned by the Group. This investment was liquidated at net book value, resulting no gain or loss on disposal.

(ii) During the year, the Group acquired a 26.05% shareholding in Ardent Health Partners LLC ("AHP") for a consideration of USD 500 million (equivalent to AED 1,837,500 thousand) and a direct attributable cost of AED 6,425 thousand. The investment in Ardent Health Partners LLC is accounted for based on provisional fair values / net asset values, which will be finalised within 12 months of the date of acquisition.

The reporting date for the associate and joint venture is same as for the Group.

Movement in investment in associate and joint venture is as follows:

	2023 ***AED'000***	*2022* *AED'000*
At 1 January	**45,871**	-
Acquired through business combinations (note 5.2)	**-**	45,549
Additions during the year	**1,843,925**	-
Share of net profit for the year (note 31)	**25,153**	322
Disposals	**(46,964)**	-
Share of other comprehensive income for the year	**(2,800)**	-
At 31 December	**1,865,185**	45,871

10 INVESTMENT IN ASSOCIATE AND JOINT VENTURE continued

Summarized financial information of the assets, liabilities and profit of the associate and joint venture as at 31 December is as follows:

	2023	*2022*
	AED'000	*AED'000*
Assets and liabilities:		
Assets	**17,189,560**	93,745
Liabilities	**(13,212,026)**	(131)
Non controlling interest	**(1,511,961)**	-
Net assets	**2,465,573**	93,614
Group's share of net assets	**642,282**	45,871
Goodwill implied including intangible assets	**1,222,903**	-
Carrying amount	**1,865,185**	45,871
Revenues and profit for the year:		
Revenue for the year	**13,408,182**	-
Net profit for the year	**94,593**	657
Group's share of net profit for the year	**25,153**	322

11 INVESTMENTS

	2023	*2022*
	AED'000	*AED'000*
Investments at fair value through profit or loss (note 11.1)	**351,369**	359,701
Investments at fair value through other comprehensive income (note 11.2)	**266,305**	226,474
	617,674	586,175

Geographic concentration of investments is as follows:

	2023	*2022*
	AED'000	*AED'000*
Inside UAE	**262,365**	280,544
Outside UAE	**355,309**	305,631
	617,674	586,175

11 INVESTMENTS continued

11.1 Investments carried at fair value through profit or loss

	2023 *AED'000*	*2022* *AED'000*
Quoted equity securities	**348,432**	357,567
Unquoted equity securities	**2,937**	2,134
	351,369	359,701

Movement in investments carried at fair value through profit or loss during the year is as follows:

	2023 *AED'000*	*2022* *AED'000*
At 1 January	**359,701**	-
Acquired through business combinations (note 5.2)	**-**	343,699
Purchased during the year	**185**	10,273
Changes in fair value (note 31)	**(8,713)**	5,439
Foreign exchange differences	**196**	290
At 31 December	**351,369**	359,701

11.2 Investments carried at fair value through other comprehensive income

	2023 *AED'000*	*2022* *AED'000*
Quoted securities – equities	**253,995**	217,041
Unquoted securities – managed funds	**12,310**	9,433
	266,305	226,474

Management of the Group has elected to designate these investments in financial instruments as fair value through other comprehensive income, as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Movement in at fair value through other comprehensive income financial assets during the year is as follows:

	2023 *AED'000*	*2022* *AED'000*
At 1 January	**226,474**	-
Acquired through business combinations (note 5.2)	**-**	208,691
Purchased during the year	**30,210**	8,890
Changes in fair value during the year	**36,611**	15,329
Disposals during the year	**(26,989)**	(6,496)
Foreign exchange differences	**(1)**	60
At 31 December	**266,305**	226,474

12 INVENTORIES

	2023	*2022*
	AED '000	*AED '000*
Medical supplies and spare parts	**1,023,820**	994,143
Less: allowance for slow moving inventories	**(282,498)**	(393,778)
	741,322	600,365

Movement in allowance for slow moving inventories during the year was as follows:

	2023	*2022*
	AED '000	*AED '000*
At 1 January	**393,778**	-
Acquired through business combinations (note 5.2)	**-**	405,693
Charge for the year, net (note 29)	**4,968**	2,932
Write off for the year	**(116,248)**	(14,847)
At 31 December	**282,498**	393,778

13 TRADE AND OTHER RECEIVABLES

		(Restated)
	2023	*2022*
	AED '000	*AED '000*
Trade receivables	**2,151,412**	2,553,822
Less: allowance for expected credit losses	**(83,565)**	(75,378)
Net trade receivables	**2,067,847**	2,478,444
Other receivables	**1,941,487**	739,819
Provision for expected credit losses for other receivables	**(152,274)**	(226,101)
Government funded programs receivables	**499,799**	1,743,076
Provision for Government funded programs receivables	**(14,306)**	-
Advances to suppliers	**44,806**	545,323
Advances against investment (note 13.1)	**-**	370,861
Prepayments	**250,044**	265,524
Margin and other deposits	**43,572**	29,760
	4,680,975	5,946,706

13.1 In the prior year, the Group entered into an agreement to acquire 26.05% equity stake in Ardent Health Partners LLC ("AHP") for a total consideration of USD 500 million (equivalent to AED 1,837,500 thousand) excluding direct attributable cost of AED 6,424 thousand.

Under the terms of the agreement, the Group deposited AED 367,500 thousand in an escrow account which had accumulated an interest of AED 7,958 thousand from 1 January 2023 till acquisition date (31 December 2022: AED 3,361 thousand). The Group obtained regulatory approvals during the year ended 31 December 2023. Accordingly, the amount deposited in the escrow was released and the Group settled the remaining consideration to acquire the investment in AHP (note 10).

13 TRADE AND OTHER RECEIVABLES continued

Movement in the allowance for expected credit losses against trade receivables during the year is as follows:

	2023 AED '000	*(Restated) 2022 AED '000*
At 1 January	**75,378**	-
Acquired through business combinations (note 5.2)	**-**	139,377
Charge for the year (note 29)	**99,559**	10,184
Transfer to other receivables	**(17,613)**	-
Write off for the year	**(73,655)**	(74,183)
Disposal of subsidiary	**(104)**	-
At 31 December	**83,565**	75,378

Movement in the allowance for expected credit losses against other receivables during the year is as follows:

	2023 AED '000	*2022 AED '000*
At 1 January	**226,101**	-
Acquired through business combinations (note 5.2)	**-**	57,117
(Reversal) / charge for the year (note 29)	**(91,384)**	171,251
Transfer from trade receivables	**17,613**	-
Write off for the year	**-**	(2,267)
Disposal of subsidiary	**(56)**	-
At 31 December	**152,274**	226,101

Movement in the allowance for expected credit losses against Government funded programs receivables:

	2023 AED '000	*2022 AED '000*
At 1 January	**-**	-
Charge for the year (note 29)	**14,306**	-
At 31 December	**14,306**	-

The Group measures the loss allowance for trade receivables and other receivable at an amount equal to lifetime ECL. The expected credit losses on financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

13 TRADE AND OTHER RECEIVABLES continued

	Total AED'000	*Not past due AED'000*	*<30 days AED'000*	*31-60 days AED'000*	*61-120 days AED'000*	*121-360 days AED'000*	*> 360 Days AED'000*
31 December 2023							
Expected credit loss rate		**0.18%**	**0.50%**	**0.98%**	**0.95%**	**1.03%**	**16.41%**
Estimated total gross carrying amount at default	**2,151,412**	**251,482**	**179,697**	**163,065**	**415,316**	**719,738**	**422,114**
Life time ECL	**83,565**	**446**	**903**	**1,596**	**3,930**	**7,411**	**69,279**

(Restated)	*Total AED'000*	*Not past due AED'000*	*<30 days AED'000*	*31-60 days AED'000*	*61-120 days AED'000*	*121-360 days AED'000*	*> 360 days AED'000*
31 December 2022							
Expected credit loss rate		0.22%	0.25%	0.59%	0.50%	1.09%	22.99%
Estimated total gross carrying amount at default	2,553,822	155,185	414,366	312,389	522,025	889,717	260,140
Life time ECL	75,378	336	1,028	1,844	2,622	9,731	59,817

14 DERIVATIVE FINANCIAL INSTRUMENT

Hedging activities and derivative

Cash flow hedge – Foreign exchange forward contract

During the year, the Group entered into a sale and purchase agreement to acquire 100% of the voting shares of Circle Health Holdings Limited ("Circle Health"). In addition, the Group will settle the bank loans of Circle Health upon acquisition. The completion of the transaction was subject to obtaining approvals from the regulatory authorities, at which time the agreed consideration and the bank loans will be settled by the Group. As mentioned in note 33, the transaction was completed subsequent to year end.

In order to manage its exposure to the fluctuations in the exchange rate of the GBP, the Group has entered into a foreign exchange forward contract with a counter-party bank to fix the exchange rate of the GBP in future dates. The derivative financial instrument was designated as cash flow hedge at inception and had a positive fair value of AED 24,511 thousand as at 31 December 2023.

Derivative designated as hedging instrument:

	Notional amount AED'000	***Current***	
		Assets AED'000	***Liabilities AED'000***
31 December 2023:			
Foreign exchange forward contract	**4,545,000**	**24,511**	**-**

15 CASH AND CASH EQUIVALENTS

	2023	*(Restated)* *2022*
	AED '000	*AED '000*
Cash on hand	**2,903**	3,129
Bank balances	**7,994,148**	4,800,523
Fixed term deposits	**2,052,441**	1,625,437
Restricted cash *	**518,407**	567,823
Margins against bank guarantees	**2,002**	11,174
Provision for ECL on cash and bank balances	**(10,392)**	(4,630)
Cash and bank balances	**10,559,509**	7,003,456
Less: fixed term deposits (original maturity of more than 3 months)	**(2,052,441)**	(1,625,437)
Less: margins against bank guarantee	**(2,002)**	(11,174)
Less: restricted cash *	**(518,407)**	(567,824)
Less: Deposits and other balances	**(2,572,850)**	(2,204,435)
Cash and cash equivalents	**7,986,659**	4,799,021

Movement in the allowance for expected credit loss against cash and bank balances:

	2023	*2022*
	AED '000	*AED '000*
At 1 January	**4,630**	-
Charge for the year (note 29)	**5,762**	4,630
At 31 December	**10,392**	4,630

* Restricted cash mainly comprises of:

- bank balances representing fines collected on behalf of the Department of Health – Abu Dhabi amounting to AED 6,759 thousand as at 31 December 2023 (7,236 thousand 31 December 2022);
- funds received from the Department of Health amounting to AED 443,413 thousand pertaining to medical claims of governmental health fund management programs not yet paid to medical providers as at 31 December 2023 (AED 471,358 thousand 31 December 2022);
- funds received from the Department of Health amounting to AED 67,952 thousand for strategic procurement as at 31 December 2023 (AED 62,199 thousand 31 December 2022).

Fixed term deposits are placed with local financial institutions, denominated in UAE Dirham and carry interest at an effective rate ranging from 4% to 7% per annum (31 December 2022: 3% to 7% per annum).

16 SHARE CAPITAL

	31 December 2023 AED '000	*31 December 2022 AED '000*
Authorised and issued		
11,111,111,111 shares with par value of AED 1 each (31 December 2022: 500,000,000 shares with par value of AED 1 each)	**11,111,111**	500,000

On 1 January 2022, the Shareholders approved to increase the share capital of the Company from AED 300 thousand to AED 1,000 thousand, with a reduction of the par value from AED 1,000 to AED 1 per share and to increase the number of shares from 300 to 300 thousand, and the issuance of 700,000 new shares. Further, the Shareholders approved the distribution of the increased share capital amongst the existing Shareholders at that time in line with the Memorandum of Association of the Company.

On 25 July 2023, the Shareholders approved to transfer AED 1,896,193 thousand from share premium to merger reserve.

On 1 October 2022, the Shareholders approved to increase the share capital of the Company from AED 1,000 thousand to AED 500,000 thousand, with a par value of AED 1 per share, through the issuance of 499,000 thousand new shares. Out of the new shares issued, 225,038 thousand shares were issued at their fair value of AED 9,827,347 thousand to acquire SEHA, Daman and TLC, and 27% non-controlling interest in PHMS (note 5.2), resulting in a share premium of AED 9,602,309 thousand. Further, the Shareholders approved the distribution of the increased share capital amongst the existing Shareholders at that time in line with the Memorandum of Association of the Company.

On 22 September 2023, the Shareholders approved to increase the share capital of the Company from AED 500,000 thousand to AED 10,000,000 thousand, through the issuance of 9,500,000 thousand new shares with a par value of AED 1 per share. Further, the Shareholders approved the distribution of the increased share capital pro-rate to the shares they hold as documented in the amendment to the addendum of the Memorandum of Association. The increase in share capital was completed by capitalizing retained earnings by an amount of AED 181,266 thousand and share premium of AED 9,318,734 thousand

On 20 October 2023, the Shareholders approved to increase the share capital of the Company from AED 10,000,000 thousand to AED 11,111,111 thousand, through the issuance of 1,111,111 thousand new shares with a par value of AED 1 per share. Further, the new shares of 1,111,111 thousand were sold through a public offering, which took place in December 2023, at a price of AED 3.26 per share. The proceeds from the offering amounted to AED 3,618,859 thousand (net of IPO related cost AED 3,362 thousand) and resulted in share premium of AED 2,507,749 thousand.

17 STATUTORY RESERVE

In accordance with UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 5% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law.

18 BORROWINGS

Movement in bank borrowings during the year was as follows:

	2023 ***AED '000***	*2022* *AED '000*
At 1 January	**294,316**	-
Acquired through business combinations (note 5.1)	**-**	300,000
Repayments during the year	**(4,726)**	(5,684)
At 31 December	**289,590**	294,316

Annual interest rate	***Maturity***	***AED '000***	***Instalments***	***Purpose***	***Limit Security***
3m EIBOR+3.5% p.a.	Nov-36	300,000	Quarterly	To finance the purchase of a hospital building	Secured against properties (note 6)

Borrowings are presented in the consolidated statements of financial position as follows:

	2023 ***AED '000***	*2022* *AED '000*
Non-current portion	**284,628**	289,543
Current portion	**4,962**	4,773
	289,590	294,316

19 LEASE LIABILITIES

	2023 ***Lease Liabilities*** ***AED '000***	*2022* *Lease Liabilities* *AED '000*
At 1 January	**1,608,392**	-
Acquired through business combinations (note 5.1 & 5.2)	**3,995**	1,598,398
Addition during the year	**26,696**	12,257
Lease modification	**34,366**	5,292
Interest expense	**78,216**	26,459
Cancellation	**(93)**	(45)
Payments	**(85,283)**	(33,969)
At 31 December	**1,666,289**	1,608,392

19 LEASE LIABILITIES continued

Lease liabilities are presented in the consolidated statements of financial position as follows:

	2023	*2022*
	AED '000	*AED '000*
Non-current	**1,620,448**	1,459,891
Current	**45,841**	148,501
	1,666,289	1,608,392

20 INCOME TAX EXPENSE

	2023	*2022*
	AED '000	*AED '000*
Consolidated statement of profit or loss		
Income tax expense- deferred		
Relating to enactment of UAE corporate income tax	**418,698**	-

	2023	*2022*
	AED'000	*AED'000*
Consolidated statement of financial position - deferred tax liability		
Relating to enactment of UAE corporate income tax	**418,698**	-

Deferred tax liability relates to the following:

	Consolidated statement of financial position		***Consolidated statement of profit or loss***	
	2023	*2022*	***2023***	*2022*
	AED'000	*AED'000*	***AED'000***	*AED'000*
Goodwill acquired through business Combination – prior to enactment of UAE CT Law*	**120,789**	-	**120,789**	-
Intangible assets acquired through business combination – prior to enactment of UAE CT Law*	**297,909**	-	**297,909**	-
Deferred tax expense	**-**	-	**418,698**	-
Deferred tax liabilities	**418,698**	-	**-**	-

* These items mainly relate to the initial recognition of deferred tax liability in respect of the goodwill and intangible assets arising from business combination of certain UAE based entities prior to the enactment of UAE CT law.

21 EMPLOYEES' END OF SERVICE BENEFITS

The movement in employees' end of service benefits during the year is as follows:

	2023 ***AED '000***	*2022* *AED '000*
At 1 January	**1,542,089**	-
Acquired through business combinations (note 5.1 & 5.2)	**4,095**	1,497,759
Charge during the year	**153,168**	69,442
Actuarial (gain)/loss recognised in other comprehensive income (i)	**(77,220)**	35,748
Paid during the year	**(208,787)**	(60,860)
Disposal of subsidiary	**(202)**	-
At 31 December	**1,413,143**	1,542,089

(i) The actuarial valuation of the present value of the defined benefit obligations was carried out at 31 December 2023 and 2022 by an actuary registered in the UAE. The present value of defined benefit obligations and the related current and past service cost were measured using the projected unit credit method.

The provision is recognised based on the following significant assumptions:

	2023 ***AED'000***	*2022* *AED'000*
Average period of employment (years)	**3.4 -10.3**	10.6
Average annual rate of salary increase (percentage)	**2.0%**	3.0%
Average annual voluntary termination rate (percentage)	**8.0%**	8.0%
Discount rate (percentage)	**4.8%**	5.0%

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single rate has been used.

Charge for the year ended 31 December 2023 includes current service cost of AED 87,222 thousand and net interest cost of AED 65,946 thousand (31 December 2022: AED 56,103 thousand and AED 13,339 thousand).

Actuarial losses recognised in other comprehensive income includes the following:

	2023 ***AED'000***	*2022* *AED'000*
Actuarial (gain) / loss arising from experience adjustments	**(22,174)**	11,821
Actuarial (gain) / loss arising from changes in financial assumptions	**(55,046)**	23,927
	(77,220)	35,748

The weighted average duration of the defined benefit obligation is 5 years. The mortality rates for ages 18 to 59 range between 0.24 to 3.2 deaths per thousand of population (31 December 2022: 0.16 to 4.20).

21 EMPLOYEES' END OF SERVICE BENEFITS continued

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Actuarial assumption	***2023 Increase AED'000***	***2023 Decrease AED'000***	*2022 Increase AED'000*	*2022 Decrease AED'000*
Discount rate (0.5%)	**(33,423)**	**35,266**	(33,326)	35,193
Annual rate of salary increase (0.5%)	**36,042**	**(34,440)**	35,743	(34,137)
Voluntary termination rate (2%)	**18,596**	**(22,387)**	13,008	(15,749)

This end of service benefit schemes are governed by the employment laws of United Arab Emirates. The management ensure compliance with the requirements of the employment law on an on-going basis.

22 DEFERRED GOVERNMENT GRANT

	2023 AED'000	*2022 AED'000*
At 1 January	**42,143**	-
Grant received during the year	**58,441**	50,211
Derecognised	**(2,959)**	-
Grant recognized as income during the year (note 30)	**(4,147)**	(8,068)
At 31 December	**93,478**	42,143

23 OTHER LIABILITIES

Other liabilities comprise of end of service benefits of hospitals' employees payable in accordance with the hospitals' management agreement entered into by the Group (note 27).

24 TRADE AND OTHER PAYABLES

	2023 AED '000	*(Restated) 2022 AED '000*
Trade payables	**1,369,289**	965,199
Unearned income	**284,706**	172,076
Advances from customers and policy holders (24.1)	**392,441**	576,218
Accrued expenses (note 24.2)	**2,086,845**	1,975,082
Government funded programs payables	**794,423**	1,934,256
VAT payable, net	**-**	98,527
Other payables	**29,653**	112,087
Fines collected on behalf of Department of Health - Abu Dhabi (note 24.3)	**6,759**	7,236
	4,964,116	5,840,681

24 TRADE AND OTHER PAYABLES continued

24.1 Advances from customers and policy holders includes an amount of AED 322,243 thousand (31 December 2022: AED 467,721 thousand) received from a customer in relation to the purchase and supply of medical supplies.

24.2 Included in accrued expenses is a net amount of AED 252,215 thousand (31 December 2022: AED 194,164 thousand) against management of hospitals in the Northern Emirates. In addition, an amount of AED 1,157,023 thousand (31 December 2022: 1,149,575 thousand) relates to accruals against inventories and services received but not invoiced by the suppliers.

24.3 In accordance with Circular no. (35) issued by Department of Health - Abu Dhabi (DOH) in 2010, all insurance companies licensed in health insurance field in the Emirate of Abu Dhabi, should collect fines from the violators of health insurance system on behalf of DOH, upon issuance and renewal of their insurance policies.

25 REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

	Amounts recoverable on incurred claims			
	Assets for remaining coverage AED'000	*Estimates of the present value of future cash flows AED'000*	*Risk adjustment (RA) AED'000*	*Total AED'000*
Reinsurance contract assets as at 1 January 2023 (Restated)	**(76,612)**	**1,326,207**	**24,019**	**1,273,614**
Allocation of reinsurance premiums (i)	**(1,987,981)**	**-**	**-**	**(1,987,981)**
Amounts recoverable from reinsurers for incurred claims (i) and (ii)	**-**	**2,999,413**	**16,615**	**3,016,028**
Net (expense) / income from reinsurance contracts held	**(1,987,981)**	**2,999,413**	**16,615**	**1,028,047**
Reinsurance commission expense (i)	**5,098**	**-**	**-**	**5,098**
Total changes in the consolidated statement of profit or loss	**(1,982,883)**	**2,999,413**	**16,615**	**1,033,145**
Cash flows:				
Premiums paid	**1,846,618**	**-**	**-**	**1,846,618**
Amounts received (ii)	**-**	**(2,822,479)**	**-**	**(2,822,479)**
Total cash flows	**1,846,618**	**(2,822,479)**	**-**	**(975,861)**
Reinsurance contract assets as at 31 December 2023	**(212,877)**	**1,503,141**	**40,634**	**1,330,898**
Reinsurance contract assets as at 31 December 2022 (Restated)	(76,612)	1,326,207	24,019	1,273,614

(i) Allocation of reinsurance premiums, amounts recoverable from reinsurers for incurred claims and reinsurance commission expense have been presented under cost of revenue in the consolidated statement of profit or loss.

(ii) Subsidy receivable from the Government of Abu Dhabi in respect of insurance policies issued under the Basic product, includes an amount of AED 241,024 thousand (31 Dec 2022: AED 221,158 thousand) paid by the Group to health care providers.

25 REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES continued

		Liabilities for incurred claims		
	Liabilities for remaining coverage AED'000	*Estimates of the present value of future cash flows AED'000*	*Risk adjustment (RA) AED'000*	*Total AED'000*
Insurance contract liabilities as at 1 January 2023 (Restated)	672,672	1,602,379	43,965	2,319,016
Insurance revenue *	(5,248,338)	-	-	(5,248,338)
Insurance service expenses **	147,465	5,565,652	30,381	5,743,498
Insurance service result	(5,100,873)	5,565,652	30,381	495,160
Total changes in the consolidated statement of profit or loss	(5,100,873)	5,565,652	30,381	495,160
Cash flows:				
Premiums received	5,000,812	-	-	5,000,812
Premiums written	338,482	-	-	338,482
Claims and other expenses paid	-	(5,442,815)	-	(5,442,815)
Insurance acquisition cash flows	(146,756)	-	-	(146,756)
Total cash flows	5,192,538	(5,442,815)	-	(250,277)
Insurance contract liabilities as at 31 December 2023	764,337	1,725,216	74,346	2,563,899
Insurance contract liabilities as at 31 December 2022 (Restated)	672,672	1,602,379	43,965	2,319,016

* Insurance revenue has been presented under health insurance revenue in the consolidated statement of profit or loss.

** Insurance service expenses have been presented under cost of revenue in the consolidated statement of profit or loss.

26 RELATED PARTIES

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of “related parties” as defined in IAS 24 *Related Party Disclosures.* Related parties comprise the shareholders, key management staff and business entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group’s management and the transactions with the related parties are based on agreements.

For the year ended 31 December 2023, the Group has not recorded any impairment of receivables relating to amounts due from related parties.

26 RELATED PARTIES continued

The following are the balances arising on transactions with related parties:

	2023	*(Restated)* *2022*
	AED '000	*AED '000*
Due from related parties:		
Shareholders	**-**	869
Other related parties	**262,219**	29,014
Entities under common control	**-**	269,804
	262,219	299,687
Due to related parties:		
Entities under common control	**-**	212,637
Dividend to shareholders	**-**	300,000
Other related parties	**72,303**	13,286
Key management personnel	**535,672**	523,118
	607,975	1,049,041
Balances with financial institutions	**5,473,330**	1,358,332

Balances related to government funded program receivables, deferred government grant, government funded programs payables, and fines collected on behalf of Department of Health – Abu Dhabi are disclosed in notes 13,22, and 24 respectively.

Below is the movement of the loan due to a related party:

	2023	*2022*
	AED '000	*AED '000*
At 1 January	**-**	-
Acquired through business combination (note 5.1)	**109,351**	-
Settled during the year	**(109,351)**	-
At 31 December	**-**	-

Transactions with related parties during the year were as follows:

	2023	*2022*
	AED '000	*AED '000*
Entities under common control:		
Expenses incurred by the Group on behalf of related parties	**7,613**	3,421
Expenses incurred by related parties on behalf of the Group	**(10,425)**	(1,481)
Goods sold and services rendered to related parties	**490,196**	1,452,358
Goods purchased and services received from related parties	**(245,458)**	(897,612)
Other related parties:		
Bank charges	**14,243**	4,018
Shareholders:		
Dividend declared	**-**	2,602,000
Dividend paid	**(300,000)**	(3,058,000)

26 RELATED PARTIES continued

	2023 *AED '000*	*2022* *AED '000*
Short-term benefits (note 26.1)	**61,260**	122,899
End of service benefits	**831**	2,613
	62,091	125,512

26.1 Short-term benefits include an incentive of 5% of the net profit of certain subsidiaries which their respective Managing Director / Group Chief Executive Officer and Chief Executive Officer are entitled to amounting to AED 39,391 thousand for the year ended 31 December 2023 (31 December 2022: AED 115,490 thousand).

27 REVENUE

	2023 *AED '000*	*(Restated)* *2022* *AED '000*
Type of goods or service		
Hospital management services (i)	**1,521,977**	1,474,469
Laboratory management services	**401,520**	2,864,704
Procurement and supply of medical related products	**970,927**	2,005,612
Hospitalisation and other related services	**7,835,015**	4,841,079
Health insurance related services	**5,619,572**	1,300,152
Services and others	**49,909**	-
	16,398,920	12,486,016
Timing of revenue recognition:		
Revenue at a point in time	**10,305,841**	9,758,135
Revenue over time	**6,093,079**	2,727,881
	16,398,920	12,486,016

The geographical information of revenues generated is as follows:

Within UAE	**16,398,920**	12,484,202
Outside UAE	**-**	1,814
	16,398,920	12,486,016

(i) The Group has a contract to operate and manage hospitals and healthcare facilities on behalf of "The Committee for Follow-Up on Implementing Initiatives for H.H. The President of UAE".

Revenue includes AED 77,902 thousand (31 December 2022: AED 26,346 thousand), which primarily relates to the Group's right on consideration for hospital management services provided but not billed at the reporting date. This amount has been included in the contract assets.

27 REVENUE continued

Contract assets are presented in the consolidated statement of financial position as follow:

	2023	*(Restated) 2022*
	AED '000	*AED '000*
Current	**633,462**	456,668

During the year, the Group charged an ECL of AED 55,472 thousand (31 December 2022: AED nil) in respect of contract assets.

28 COST OF SALES

	2023	*(Restated) 2022*
	AED '000	*AED '000*
Inventory consumed	**3,535,137**	3,274,168
Salaries, allowances and benefits	**3,675,543**	1,481,518
Hospitals management services	**1,305,134**	1,267,322
Insurance claims expenses	**4,816,833**	1,170,697
Outsourcing and purchased services	**157,673**	275,084
Depreciation of property and equipment (note 6)	**263,462**	90,326
Amortisation of intangible assets (note 9)	**18,058**	7,648
Depreciation of right-of-use assets (note 8)	**15,604**	4,078
Depreciation of investment property (note 7)	**586**	147
Other direct cost of goods sold	**52,020**	85,282
	13,840,050	7,656,270

29 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	*(Restated) 2022*
	AED '000	*AED '000*
Salaries and related benefits	**2,347,452**	958,864
Depreciation of property and equipment (note 6)	**300,599**	100,916
Depreciation of investment property (note 7)	**12**	3
Amortisation of right-to-use assets (note 8)	**180,491**	69,558
Amortisation of intangible assets (note 9)	**185,773**	107,452
Impairment of intangible assets (note 9)	**-**	834
Allowance for slow moving inventories (note 12)	**4,968**	2,932
Allowance for expected credit losses for trade receivable (note 13)	**99,559**	10,184
(Reversal) / allowance for expected credit loss of other receivables (note 13)	**(91,384)**	171,251
Allowance for expected credit loss of Government funded programs receivables (note 13)	**14,306**	-
Allowance for expected credit loss of contract asset (note 27)	**55,472**	-
Allowance for expected credit loss for cash and banks (note 15)	**5,762**	4,630
Utilities and communication	**138,054**	52,718
Outsourcing and purchased services	**289,883**	441,065
Business travel	**5,996**	38,614
Office expenses	**44,012**	94,112
IT expenses	**39,211**	63,925
Management incentive (note 26.1)	**39,391**	115,490
Other expenses	**72,227**	67,569
	3,731,784	2,300,117

30 GOVERNMENT GRANT INCOME

Government grant comprises of funding from Government of Abu Dhabi presented in consolidated statement of profit or loss as follows:

	2023	*(Restated) 2022*
	AED '000	*AED '000*
Government grant for:		
Covid related expenses	**2,292,025**	1,206,848
Covid related equipment (note 22)	**4,147**	8,068
	2,296,172	1,214,916

31 OTHER INCOME, NET

	2023 **AED '000**	*(Restated)* *2022* *AED '000*
Loss on disposals of property, plant and equipment (note 6)	**(1,569)**	(19,106)
Loss on intangible assets written off (note 9)	**-**	(6,443)
Interest income	**130,155**	17,317
Dividend income	**19,372**	-
Rental income	**36,021**	-
Gain on disposal of subsidiary (note 5.4)	**955**	-
Change in fair value of financial assets carried at fair value through profit or loss (note 11)	**(8,713)**	5,439
Miscellaneous income	**220,433**	140,042
	396,654	137,249

32 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributed to the Shareholders of the Group by the weighted average number of shares outstanding during the year as follows:

	2023	*(Restated)* *2022*
Profit attributed to owners of the Company (AED '000')	**964,657**	3,718,464
Weighted average number of shares (shares in thousands)	**10,036,530**	9,831,684
Basic and diluted earnings per share for the year (AED)	**0.10**	0.38

The Group does not have any instruments which could have a dilutive impact on earnings per share when these would have been converted or exercised.

33 CONTINGENT LIABILITIES AND COMMITMENTS

	2023 **AED '000**	*2022* *AED '000*
Letters of guarantee	**210,851**	51,702
Commitments for capital expenditures (note 33.1)	**3,934,489**	1,745,297

33.1 Included in the commitment for capital expenditure is the amount committed for the acquisition of 100% equity of Circle Health. Subsequently, in January 2024, the Group acquired 100% interest in the voting shares of Circle Health, for cash consideration of AED 3,472,417 thousand (GBP approximately 740 million), after completing the legal formalities and obtaining required UK Government and Regulatory approvals.

34 FAIR VALUE MEASUREMENT

While the Group prepares its financial information under the historical cost convention modified for measurement to fair value of investments carried at fair value and derivative financial instruments. In the opinion of management, the estimated fair values of financial assets and liabilities that are not carried at fair value in the consolidated financial statements are not materially different from their carrying values.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The table below analyses financial instruments measured at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised. Fair value measurements are categorised in its entirety in the same fair value level and that such level is determined based on the lowest level of input used in the measurement.

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
At 31 December 2023				
Investments				
Investments at fair value through profit or loss (note 11)	**348,432**	-	**2,937**	**351,369**
Investment at fair value through comprehensive income (note 11)	**253,995**	**-**	**12,310**	**266,305**
	602,427	**-**	**15,247**	**617,674**
Derivative financial instrument	**-**	**24,511**	**-**	**24,511**
At 31 December 2022				
Investments				
Investments at fair value through profit or loss (note 11)	357,567	-	2,134	359,701
Investment at fair value through comprehensive income (note 11)	217,041	-	9,433	226,474
	574,608	-	11,567	586,175

Movement in level 3 for investments at fair value through profit or loss is as follows:

	2023 AED '000	*2022 AED '000*
At 1 January	**2,134**	-
Acquired through business combination (note 5.2)	**-**	1,921
Gain from change of fair value of investments	**641**	-
Foreign exchange differences	**162**	213
At 31 December	**2,937**	2,134

34 FAIR VALUE MEASUREMENT continued

Movement in level 3 for investments at fair value through other comprehensive income is as follows:

	2023	*2022*
	AED '000	*AED '000*
At 1 January	**9,433**	-
Acquired through business combination (note 5.2)	**-**	6,276
Additions	**6,914**	3,027
Disposal	**(5,227)**	(228)
Loss from change of fair value of investments	**1,190**	358
At 31 December	**12,310**	9,433

35 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	At fair value through profit or loss AED'000	*At fair value through OCI AED'000*	*Amortised cost AED'000*	*Total AED'000*
At 31 December 2023				
Financial assets				
Investments (note 11)	**351,369**	**266,305**	**-**	**617,674**
Reinsurance contract assets (note 25)	**-**	**-**	**1,330,899**	**1,330,899**
Cash & bank balances (note 15)			**10,559,509**	**10,559,509**
Margin deposit (note 13)	**-**	**-**	**43,572**	**43,572**
Trade receivables (note 13)	**-**	**-**	**2,067,847**	**2,067,847**
Other receivables (note 13)	**-**	**-**	**1,768,196**	**1,768,196**
Government funded programs receivables (note 13)	**-**	**-**	**485,493**	**485,493**
Due from related parties (note 26)	**-**	**-**	**262,219**	**262,219**
Derivative financial instruments (note 14)	**-**	**24,511**	**-**	**24,511**
Contract assets (note 27)	**-**	**-**	**633,462**	**633,462**
Sublease receivable	**-**	**-**	**1,260**	**1,260**
	351,369	**290,816**	**17,152,457**	**17,794,642**
Financial liabilities				
Insurance contract liabilities (note 25)	**-**	**-**	**2,563,899**	**2,563,899**
Trade payables (note 24)	**-**	**-**	**1,369,289**	**1,369,289**
Fines collected on behalf of Department of Health - Abu Dhabi (note 24)	**-**	**-**	**6,759**	**6,759**
Other payables (note 24)	**-**	**-**	**29,654**	**29,654**
Borrowings (note 18)	**-**	**-**	**289,590**	**289,590**
Due to related parties (note 26)	**-**	**-**	**607,975**	**607,975**
Lease liability (note 19)	**-**	**-**	**1,666,289**	**1,666,289**
Government funded programs payables (note 24)	**-**	**-**	**794,423**	**794,423**
	-	**-**	**7,327,878**	**7,327,878**

35 FINANCIAL ASSETS AND FINANCIAL LIABILITIES continued

	At fair value through profit or loss AED'000	*At fair value through OCI AED'000*	*Amortised cost AED'000*	*Total AED'000*
At 31 December 2022				
Financial assets				
Investments (note 11)	359,701	226,474	-	586,175
Reinsurance contract assets (note 25)			1,273,614	1,273,614
Cash & bank balances (note 15)	-	-	7,003,456	7,003,456
Margin deposit (note 13)			29,760	29,760
Trade receivables (note 13)	-	-	2,478,444	2,478,444
Other receivables (note 13)			739,819	739,819
Government funded programs receivables (note 13)			1,743,076	1,743,076
Due from related parties (note 26)			299,687	299,687
Contract assets (note 27)			456,668	456,668
Sublease receivable	-	-	2,724	2,724
	359,701	226,474	14,027,248	14,613,423
Financial liabilities				
Insurance contract liabilities (note 25)			2,319,017	2,319,017
Trade payables (note 24)	-	-	965,199	965,199
Fines collected on behalf of Department of Health - Abu Dhabi (note 24)			7,236	7,236
Other payables (note 24)			112,087	112,087
Borrowings (note 18)			294,316	294,316
Due to related parties (note 26)			1,049,041	1,049,041
Lease liability (note 19)			1,608,392	1,608,392
Government funded programs payables (note 24)	-	-	1,934,256	1,934,256
	-	-	8,289,544	8,289,544

For the purpose of the above disclosure, non-financial assets amounting to AED 315,867 thousand as at 31 December 2023 were excluded from trade and other receivables and non-financial liabilities amounting to AED 2,763,991 thousand as at 31 December 2023 were excluded from trade and other payables.

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

36 FINANCIAL RISK MANAGEMENT

36.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group is also responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are meant to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group is exposed to the following risks related to financial instruments – credit risk, liquidity risk, market risk (including foreign exchange risk, interest rate risk and equity price risk) and insurance risk.

36 FINANCIAL RISK MANAGEMENT continued
36.2 CAPITAL RISK MANAGEMENT

The Group'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 other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts, as considered appropriate.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the Group defines as net profit divided by total shareholders' equity.

The Group finances its operations through equity, borrowings, and management of working capital with view of maintaining an appropriate mix between various source of finance to minimize risk. Capital comprises of share capital, share premium, statutory reserve, fair value reserve, currency translation reserve, merger and other reserves, and retained earnings and is measured at AED 16,052,795 thousand as at 31 December 2023 (31 December 2022: AED 11,327,296 thousand).

36.3 CREDIT RISK MANAGEMENT

Credit risk is managed on Group basis, except for credit risk relating to trade receivables, policy holders receivables and related party balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored. The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions.

As of 31 December 2023, the credit exposure against five customers accounted for 86% of the total credit risk exposure and the expected credit losses of the those five customers, were AED 29,740 thousand (31 December 2022: nil)

The tables below detail the credit quality of the Group's financial assets, contract assets , as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	*12 month or carrying lifetime ECL*	*Carrying impairment amount AED '000'*	*Allowance / impairment amount AED '000'*	*Carrying amount AED '000'*
At 31 December 2023					
Trade receivables	13	Lifetime ECL	**2,151,412**	**(83,565)**	**2,067,847**
Other receivables	13	Lifetime ECL	**1,920,470**	**(152,274)**	**1,768,196**
Contract assets	27	Lifetime ECL	**688,934**	**(55,472)**	**633,462**
Reinsurance contract asset	25	12-month ECL	**1,330,899**	**-**	**1,330,899**
Due from related parties	26	Lifetime ECL	**262,219**	**-**	**262,219**
Cash and bank balances	15	12-month ECL	**10,569,901**	**(10,392)**	**10,559,509**
At 31 December 2022					
Trade receivables	13	Lifetime ECL	2,553,822	(75,378)	2,478,444
Other receivables	13	Lifetime ECL	739,819	(226,101)	513,718
Contract assets	27	Lifetime ECL	456,668	-	456,668
Reinsurance contract asset	25	12-month ECL	1,273,614	-	1,273,614
Due from related parties	26	Lifetime ECL	299,687	-	299,687
Cash and bank balances	15	12-month ECL	7,008,086	(4,630)	7,003,456

36 FINANCIAL RISK MANAGEMENT continued

36.4 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The management uses different methods, which assists it in monitoring cash flow requirements and optimising the return on investments. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The 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 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.

The maturity profile of the financial liabilities at the end of the reporting period based on existing contractual repayment arrangements was as follows:

	On demand AED'000	*Less than 3 months AED'000*	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*More than 5 years AED'000*	*Total AED'000*
At 31 December 2023						
Insurance contract liabilities (note 25)	**-**	**2,563,899**	**-**	**-**	**-**	**2,563,899**
Trade payables (note 24)	**17,491**	**389,557**	**962,241**	**-**	**-**	**1,369,289**
Fines collected on behalf of Department of Health - Abu Dhabi (note 24)	**-**	**6,759**	**-**	**-**	**-**	**6,759**
Other payables (note 24)	**-**	**29,654**	**-**	**-**	**-**	**29,654**
Bank borrowings (note 18)	**-**	**4,153**	**12,369**	**107,389**	**275,859**	**399,770**
Due to related parties (note 26)	**-**	**607,975**	**-**	**-**	**-**	**607,975**
Lease liabilities (note 19)	**1,704**	**9,039**	**63,115**	**1,469,683**	**726,567**	**2,270,108**
Government funded programs payables (note 24)	**-**	**794,423**	**-**	**-**	**-**	**794,423**
Total	**19,195**	**4,405459**	**1,037,725**	**1,577,072**	**1,002,426**	**8,041,877**
At 31 December 2022						
Insurance contract liabilities (note 25)	-	2,319,017	-	-	-	2,319,017
Trade payables (note 24)	-	965,199	-	-	-	965,199
Fines collected on behalf of Department of Health – Abu Dhabi (note 24)	-	7,236	-	-	-	7,236
Other payables (note 24)	-	112,087	-	-	-	112,087
Bank borrowings (note 18)	-	4,154	12,341	99,853	299,961	416,309
Due to related parties (note 26)	-	1,049,041	-	-	-	1,049,041
Lease liabilities (note 19)	757	15,248	138,914	804,536	725,355	1,684,810
Government funded programs payables (note 24)	-	1,934,256	-	-	-	1,934,256
Total	757	6,406,238	151,255	904,389	1,025,316	8,487,955

36.5 MARKET RISK

(a) Foreign currency risk

The Group has no significant exposures in foreign currencies except for US Dollar (USD) and Great Britain Pound (GBP). The USD is pegged to AED and therefore, the exposure to foreign currency risk in USD is negligible. The Company entered into a derivative financial instrument to manage its exposure to GBP (note 14).

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures.

36 FINANCIAL RISK MANAGEMENT continued

36.5 MARKET RISK continued

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the borrowing from a bank by a subsidiary. Policies for managing interest rate risk relating to its variable interest borrowings are established and followed by the Group.

For the purpose of sensitivity analysis, a change of 100 basis points in interest rates would have increased/(decreased) the profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	2023 ***AED'000***	*2022* *AED'000*
100 basis points increased	**(2,896)**	(2,943)
100 basis points decreased	**2,896**	2,943

c) Equity price risk

Equity price risk is the risk that the fair values of equities change as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The following table estimates the sensitivity to a possible change in equity markets on the Group's total comprehensive income, with all other variables held constant. The effect of changes in equity prices is expected to be equal and opposite to the effect of the increases shown.

Market index	***Changes in variables***	***31 December 2023 impact on profit*** ***AED'000***	*31 December 2022 impact on profit* *AED'000*
Abu Dhabi Securities Exchange	5%	**8,686**	10,136
Dubai Financial Market	5%	**4,333**	4,307
Germany Stock Market Index	5%	**1,083**	151
London Stock Exchange	5%	**899**	575
Paris Stock Market	5%	**846**	670
Swiss Exchange	5%	**484**	479
Others	5%	**1,138**	1,472

36 FINANCIAL RISK MANAGEMENT continued

36.5 MARKET RISK continued

c) Equity price risk continued

Market index	***Changes in variables***	***31 December 2023 impact on other comprehensive income AED'000***	*31 December 2022 impact on other comprehensive income AED'000*
Others	5%	**13,315**	10,467

The limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty, and the assumption that all indices move in an identical fashion.

36.6 INSURANCE RISK

The Group's underwriting business is based entirely within the UAE. The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as through the use of reinsurance arrangements.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements. The reinsurance strategy of the Group is designed to protect exposures to individual risks and events based in current risk exposures through cost effective insurance agreements.

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Group underwrites health insurance business, based on different health insurance products. Some products are subsidised product by the Government of Abu Dhabi. In the case of loss ratio being more than a 100% on the net risk premiums, the Group requests the government of Abu Dhabi to provide a subsidy to cover the losses. In the case of the loss ratio being less than 100% on the net risk premium, the Group is liable to transfer the excess to a specific account (Government Claim Cap).

These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Managing reinsurance risk
In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurer and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

36 FINANCIAL RISK MANAGEMENT continued

36.6 INSURANCE RISK continued

Sources of uncertainty in the estimation of future claim payments
Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR).

In estimating the liability for the cost of reported claims not yet paid, the Group considers information on the cost of settling claims with similar characteristics in previous periods.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

36 FINANCIAL RISK MANAGEMENT continued

36.6 INSURANCE RISK continued

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive year at each reporting date, together with cumulative payments to date.

	Before 2013 AED'000	*2013 AED'000*	*2014 AED'000*	*2015 AED'000*	*2016 AED'000*	*2017 AED'000*	*2018 AED'000*	*2019 AED'000*	*2020 AED'000*	*2021 AED'000*	*2022 AED '000*	*2023 AED '000*	*Total AED'000*
At end of the reporting year	7,858,135	2,800,326	3,788,412	4,742,502	5,600,325	5,225,182	4,973,060	4,409,653	3,875,896	4,126,833	4,806,964	5,972,196	58,179,484
One years later	(89,530)	(26,392)	(17,968)	(20,603)	(27,178)	(108,333)	63,907	36,713	30,218	(38,413)	3,727	-	(193,852)
Two years later	(20,208)	(3,331)	10,592	(2,018)	(49,348)	62,689	79,463	33,417	(19,784)	(33,106)	-	-	58,366
Three years later	(10,977)	(7,934)	(21,118)	(16,174)	26,033	20,078	5,077	(8,326)	(12,253)	-	-	-	(25,594)
Four years later	(1,437)	(973)	(6,310)	1,645	21,153	(5,083)	(584)	(3,664)	-	-	-	-	4,747
Five years later	(1,860)	(100,097)	6,172	2,300	(4,545)	(330)	(9,842)	-	-	-	-	-	(108,202)
Six years later	(3,760)	-	1,037	1,578	(5,049)	(4,464)	-	-	-	-	-	-	(10,658)
Seven years later	(1,569)	-	598	(4,392)	(5,936)	-	-	-	-	-	-	-	(11,299)
Eight years later	(651)	-	(276)	(431)	-	-	-	-	-	-	-	-	(1,358)
Nineth years later	(245)	-	-	-	-	-	-	-	-	-	-	-	(245)
Tenth years later	(149)	-	-	-	-	-	-	-	-	-	-	-	(149)
eleventh years later	(93)	-	-	-	-	-	-	-	-	-	-	-	(93)
Current estimate of cumulative claims incurred	7,727,656	2,661,599	3,761,139	4,704,407	5,555,455	5,189,739	5,111,081	4,467,793	3,874,077	4,055,314	4,810,691	5,972,196	57,891,147
Cumulative claims payment to date - gross	7,727,656	2,661,599	3,761,139	4,704,407	5,555,743	5,190,536	5,079,494	4,406,232	3,801,460	3,964,092	4,685,507	4,967,218	56,505,083
Gross liabilities for incurred claims	-	-	-	-	(288)	(797)	31,587	61,561	72,617	91,222	125,184	1,004,978	1,386,064
Others*													497,634
Total gross liabilities for incurred claims (note 7)													1,883,698

*Others include gross Unallocated Loss Adjustment Expenses and insurance related payables.

37 SEGMENT ANALYSIS

Information regarding the Group's operating segments are set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the management of the Group, to allocate resources to the segment and to assess its performance. Operating segments are identified based on streams of revenue.

For the year ended 31 December 2023 and 2022, the Group's reportable segments under IFRS 8 are therefore as follows:

- **Hospital management services:** The Group operates and manages various hospitals and healthcare centers in the UAE, providing a host of general as well as multi-specialty healthcare services to the citizens and residents of UAE.

- **Laboratory management services:** The Group operates laboratories in the UAE, providing laboratory management, visa testing and screening services, including PCR testing.

- **Procurement and supply of medical related products:** The Group supplies a wide range of medical equipment, reagents, and consumables to various customers including hospitals, clinics, and laboratories in the UAE.

- **Hospitalisation and other related services:** The Group provides general healthcare related operations including hospitalisation, clinical, isolation / quarantine, vaccinations, and other healthcare related services.

- **Health insurance services:** The Group provides health insurance solutions in the UAE.

- **Services and others:** The Group provides information technology related services & healthcare solutions in the UAE.

37 SEGMENT ANALYSIS continued

The revenue split between the above-mentioned segments and their operating profits are set out below:

	Hospital management services AED '000	*Laboratory management services AED '000*	*Procurement and supply of medical related products AED '000*	*Hospitalisation and other related services AED '000*	*Health insurance related services AED '000*	*Services and others AED '000*	*Adjustments & eliminations AED '000*	*Total AED '000*
For the year ended 31 December 2023								
Revenue and results:								
Segment revenues	**1,521,977**	**1,043,100**	**4,099,120**	**9,006,044**	**5,852,996**	**76,288**	**(5,200,605)**	**16,398,920**
Operating expenses	**(1,341,882)**	**(595,306)**	**(3,720,501)**	**(6,678,316)**	**(5,339,945)**	**(39,294)**	**3,875,194**	**(13,840,050)**
Operating profit	**180,095**	**447,794**	**378,619**	**2,327,728**	**513,051**	**36,994**	**(1,325,411)**	**2,558,870**
Administration costs	**(23,362)**	**(334,016)**	**(104,559)**	**(3,971,371)**	**(277,339)**	**(64,974)**	**999,893**	**(3,775,728)**
Other income	**-**	**36,309**	**851**	**292,525**	**114,041**	**2,539**	**(24,458)**	**421,807**
Finance cost	**(63)**	**(3,344)**	**(415)**	**(110,953)**	**(7,057)**	**(1,040)**	**5,400**	**(117,472)**
Government grant income	**-**	**2,155**	**-**	**2,453,164**	**-**	**-**	**(159,147)**	**2,296,172**
Income tax expense	**-**	**-**	**-**	**-**	**-**	**-**	**(418,698)**	**(418,698)**
Total profit (loss) for the year	**156,670**	**148,898**	**274,496**	**991,093**	**342,696**	**(26,481)**	**(922,421)**	**964,951**
Segment assets	**459,621**	**7,401,124**	**2,319,730**	**12,474,587**	**6,299,510**	**15,620,175**	**(16,400,237)**	**28,174,510**
Segment liabilities	**440,215**	**3,330,711**	**2,115,749**	**9,998,614**	**4,080,047**	**295,636**	**(8,143,430)**	**12,117,542**

37 SEGMENT ANALYSIS continued

	Hospital management services AED '000	*Laboratory management services AED '000*	*Procurement and supply of medical related products AED '000*	*Hospitalisation and other related services AED '000*	*Health insurance related services AED '000*	*Services and others AED '000*	*Adjustments & eliminations*	*Total AED '000*
For the year ended 31 December 2022 (Restated)								
Revenue and results:								
Segment revenues	1,474,469	3,950,198	2,845,927	5,254,340	1,344,015	-	(2,382,933)	12,486,016
Operating expenses	(1,275,339)	(1,728,474)	(2,521,360)	(3,251,900)	(1,227,524)	-	2,348,327	(7,656,270)
Operating profit	199,130	2,221,724	324,567	2,002,440	116,491	-	(34,606)	4,829,746
Administration costs	(23,774)	(380,245)	(129,710)	(1,597,367)	(77,469)	(4,667)	(113,988)	(2,327,220)
Gain on bargain purchase	-	-	-	-	-	-	475,457	475,457
Other (loss)/ income	(52)	29,863	(560)	86,552	21,155	-	613	137,571
Finance cost	(1)	(4,802)	(164)	(37,361)	(2,229)	-	2	(44,555)
Government grant income	-	-	-	1,269,678	-	-	(54,762)	1,214,916
Total profit (loss) for the year	175,303	1,866,540	194,133	1,723,942	57,948	(4,667)	272,716	4,285,915
Segment assets	422,804	3,694,842	1,733,141	9,320,413	6,521,191	10,402,319	(7,989,233)	24,105,477
Segment liabilities	247,201	1,764,475	1,552,134	7,070,101	4,691,197	304,677	(2,855,439)	12,774,346

38 DIVIDENDS

During the year ended 31 December 2023, the shareholders of Pure Health Holding PJSC declared nil dividends (31 December 2022: AED 2,189,500 thousand).

39 SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2023, the Group has;

- acquired 100% equity interest in Circle Health (note 14 & 33.1). This acquisition was partly financed through obtaining a loan from a local bank;
- signed a definitive agreement to acquire 25% equity interest in Sheikh Shakhbout Medical City LLC ("SSMC"). The Group is in the process of completing legal formalities and requirements in this regard.