Pure Health Holding PJSC

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

Pure Health Holding PJSC

DIRECTORS’ REPORT

31 DECEMBER 2024

Pure Health Holding PJSC

DIRECTOR'S REPORT
At 31 December 2024

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 2024.

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

Results for the year
During the year ended 31 December 2024, the Group reported profit of AED 1,715,725 thousand and revenue of AED 25,848,242 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. Jawad Shafique 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 10 February 2025.

Auditors
A resolution proposing the reappointment of Ernst & Young as auditors of the Group for the year ending 31 December 2025 will be put to the shareholders at Annual General Meeting.

On behalf of Board of Directors

Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi
Chairman

Pure Health Holding PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

EY
Building a better working world

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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 (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (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 2024, total revenue of the Group amounted to AED 25,848,242 thousand (2023: AED 16,398,920) (note 26).

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 IFRSs 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.

Business combinations within the scope of IFRS 3
During the year, the Group has acquired control over the entities as disclosed in note 5.1 which were determined to be business combinations as defined by IFRS 3. External valuation specialists were engaged by the Group to perform the purchase price allocation exercise, including the fair valuation and identification of acquired assets and liabilities. The acquisition of businesses is a key audit matter as these are significant transactions during the year which require significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired businesses with those of the Group.

We performed the following procedures:

- Reviewed the share purchase agreements and ownership structures before and after the acquisitions to assess if the acquisitions fulfilled the requirements of business combination under IFRS 3;

- Obtained the provisional purchase price allocation reports for material acquisitions prepared by the external valuers engaged by the Group;

- Involved our internal specialists to review the reports. The review included an assessment of reasonableness of inputs used in the valuation, assumptions made such as the cash flow projections, discount rate, terminal growth rate., the identification of intangible assets and the useful life of tangible and intangible assets;

- Assessed the independence, qualification and expertise of external valuation specialists engaged by the Group and read the terms of their engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work; and

- Verified that the business combination was properly accounted by the Group, including the determination of the date of acquisition and the fair value of the consideration transferred, in accordance with IFRS 3, and all related disclosures, as required by IFRSs, are disclosed in the consolidated financial statements.

Valuation of insurance contract liabilities and reinsurance contract assets
As at 31 December 2024, insurance contract liabilities and reinsurance contract assets amounted to AED 3,232,639 thousand and AED 1,526,851 thousand respectively, as detailed in note 24 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 consolidated financial statements related to reinsurance contract assets and insurance contract liabilities as per IFRS 17.

Impairment assessment of Goodwill
The Group has recognised goodwill amounting to AED 4,642,142 thousand (2023: AED 1,342,106 thousand) arising from the acquisition of subsidiaries operating in multiple segments under business combinations within the scope of IFRS 3 (note 9).

Management carries out impairment assessments of goodwill annually. Goodwill impairment testing is considered a key audit area given the significant estimates and assumptions involved in determining the value in use of the repsective cash generating units. Assumptions used relate to future cash flows, revenue growth rates, expected inflation rates and discount rates.

As part of our audit procedures, we performed, or involved component auditors to perform the following for CGUs with significant goodwill:

- tested, with involvement of internal valuation specialists, the methodologies and inputs used by the Group in the discounted cash flow models for impairment testing including key assumptions relating to growth rates, inflation rates and discount rates;
- analyzed the sensitivity of available headroom in the respective CGUs to changes in certain assumptions;
- compared actual performance of cash generating units to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates; and
- assessed the adequacy of disclosure in line with the requirements of the IFRSs.

Report on the Audit of the consolidated Financial Statements continued

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 IFRS Accounting Standards as issued by the International Accounting Standards Board (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.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

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 continued

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

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 2024:

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;

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

PURE HEALTH HOLDING PJSC continued

Report on Other Legal and Regulatory Requirements continued

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 2024;

vi) note 25 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 2024, 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 2024; 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 2024, 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 2024:

i) Its Memorandum of Association or Law of Establishment which would materially affect its activities or its financial position as at 31 December 2024; and

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

For Ernst & Young

Raed Ahmad
Registration No. 811

10 February 2025
Abu Dhabi, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2024

	Notes	***2024*** ***AED '000***	*2023* *AED '000*
ASSETS			
Non-current assets			
Property and equipment	6	**3,277,222**	1,662,166
Investment property	7	**2,097**	2,696
Right-of-use assets	8	**11,018,566**	1,407,721
Intangible assets and goodwill	9	**8,644,003**	4,382,911
Deferred tax assets	20	**199,985**	-
Investments in associates and joint ventures	10	**40,340**	1,865,185
Investments in financial assets	11.2 & 11.3	**2,577,692**	266,305
Other non-current assets	13	**84,037**	3,260
		25,843,942	9,590,244
Current assets			
Inventories	12	**1,183,577**	741,322
Due from related parties	25	**1,178,168**	262,219
Trade receivables and other assets	13	**4,869,538**	4,680,975
Derivative financial instrument	14	**-**	24,511
Investments in financial assets	11.1	**270,584**	351,369
Reinsurance contract assets	24	**1,526,851**	1,330,898
Contract assets	26	**1,750,647**	633,462
Cash and bank balances	15	**11,951,518**	10,559,509
		22,730,883	18,584,265
TOTAL ASSETS		**48,574,825**	28,174,509
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**11,111,111**	11,111,111
Share premium		**2,507,749**	2,507,749
Statutory reserve	17	**424,242**	202,596
Fair value reserve		**(78,237)**	49,997
Cashflow hedge reserve	14	**-**	24,511
Foreign currency translation reserve		**(72,739)**	21
Merger and other reserves		**2,055,128**	6,437
Retained earnings		**3,766,935**	2,150,373
Equity attributable to owners of the Company		**19,714,189**	16,052,795
Non-controlling interests		**22,061**	4,172
Total equity		**19,736,250**	16,056,967
Non-current liabilities			
Borrowings	18	**1,834,039**	284,628
Lease liabilities	19	**12,205,124**	1,620,448
Deferred tax liabilities	20	**1,025,139**	418,698
Net employees defined benefit liabilities	21	**1,506,422**	1,413,143
Other liabilities	22	**186,640**	154,588
		16,757,364	3,891,505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
At 31 December 2024

	Notes	***2024*** ***AED '000***	*2023* *AED '000*
EQUITY AND LIABILITIES continued			
Current liabilities			
Borrowings	18	**26,204**	4,962
Trade and other payables	23	**7,576,448**	4,964,116
Contract liabilities		**56,602**	39,244
Insurance contract liabilities	24	**3,232,639**	2,563,899
Lease liabilities	19	**306,969**	45,841
Income tax payable	20	**182,910**	-
Due to related parties	25	**611,459**	607,975
Other liabilities	22	**87,980**	-
		12,081,211	8,226,037
Total liabilities		**28,838,575**	12,117,542
TOTAL EQUITY AND LIABILITIES		**48,574,825**	28,174,509

Chairman

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024** ***AED '000***	*(Reclassified Note 2.3)* 2023 *AED '000*
Revenue	26	**25,848,242**	16,398,920
Cost of sales	27	**(19,212,442)**	(12,976,007)
Gross profit		**6,635,800**	3,422,913
General and administrative expenses, net	28	**(4,665,725)**	(2,718,255)
Selling and distribution expenses		**(59,262)**	(43,944)
Gain on bargain purchase on acquisition of a subsidiary	5.1	**24,925**	-
Finance costs	29	**(847,634)**	(117,472)
Share of profit from associates and joint ventures	10	**81,655**	25,153
Other income, net	30	**608,002**	815,254
PROFIT BEFORE TAX		**1,777,761**	1,383,649
Income tax expense	20	**(62,036)**	(418,698)
PROFIT FOR THE YEAR		**1,715,725**	964,951
Attributable to:			
Owners of the Company		**1,711,640**	964,657
Non-controlling interests		**4,085**	294
TOTAL PROFIT FOR THE YEAR		**1,715,725**	964,951
Basic and diluted earnings per share (AED)	31	**0.15**	0.10

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	***2024*** ***AED '000***	*2023* *AED '000*
PROFIT FOR THE YEAR		**1,715,725**	964,951
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange difference on translation of foreign operations		**(72,760)**	4
		(72,760)	4
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement gain on net employees defined benefit liabilities, net of tax	21	**61,305**	77,220
Share of other comprehensive loss of associates and joint ventures	10	**(779)**	(2,800)
Share of other comprehensive loss of an associate reclassified to profit or loss on loss of significant influence	10	**3,579**	-
Net (loss) / gain on cash flow hedge		**(14,575)**	24,511
Change in fair value of investment in financial assets carried at fair value through other comprehensive income, net of tax		**(65,771)**	36,611
		(16,241)	135,542
Total other comprehensive (loss) / income		**(89,001)**	135,546
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,626,724**	1,100,497
Attributable to:			
Owners of the Company		**1,622,639**	1,100,203
Non-controlling interests		**4,085**	294
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,626,724**	1,100,497

The attached notes 1 to 37 form part of these consolidated financial statements.

Pure Health Holding PJSC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Attributable to equity holders of the Company										
	Share capital AED '000	*Share premium AED '000*	*Statutory reserve AED '000*	*Fair value reserve AED '000*	*Cashflow hedge reserve AED '000*	*Foreign currency translation reserve AED '000*	*Merger and other reserves AED '000*	*Retained earnings AED '000*	*Total AED '000*	*Non controlling-interests AED '000*	*Total equity AED '000*
Balance at 1 January 2023	500,000	11,214,927	109,242	16,186	-	17	(1,896,193)	1,383,117	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	-	-	-	33,811	24,511	4	-	77,220	135,546	-	135,546
Total comprehensive income for the year	-	-	-	33,811	24,511	4	-	1,041,877	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 reserve (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	49,997	24,511	21	6,437	2,150,373	16,052,795	4,172	16,056,967
Balance at 1 January 2024	11,111,111	2,507,749	202,596	49,997	24,511	21	6,437	2,150,373	16,052,795	4,172	16,056,967
Profit for the year	-	-	-	-	-	-	-	1,711,640	1,711,640	4,085	1,715,725
Other comprehensive (loss) / income for the year, net of tax	-	-	-	(62,971)	(14,575)	(72,760)	-	61,305	(89,001)	-	(89,001)
Total comprehensive (loss) / income for the year	-	-	-	(62,971)	(14,575)	(72,760)	-	1,772,945	1,622,639	4,085	1,626,724
Transferred to non-financial assets (note 5.1)	-	-	-	-	(9,936)	-	-	-	(9,936)	-	(9,936)
Transfer of fair value reserve on disposal of equity investments carried at fair value through other comprehensive income	-	-	-	(65,263)	-	-	-	65,263	-	-	-
Transfer to statutory reserve (note 17)	-	-	221,646	-	-	-	-	(221,646)	-	-	-
Acquisition of subsidiaries (note 5.1)	-	-	-	-	-	-	2,048,691	-	2,048,691	13,804	2,062,495
Balance at 31 December 2024	**11,111,111**	**2,507,749**	**424,242**	**(78,237)**	**-**	**(72,739)**	**2,055,128**	**3,766,935**	**19,714,189**	**22,061**	**19,736,250**

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	*2024* *AED '000*	*2023* *AED '000*
OPERATING ACTIVITIES			
Profit before tax		**1,777,761**	1,383,649
Adjustments for:			
Depreciation of property and equipment	6	**624,519**	564,061
Depreciation of investment property	7	**599**	598
Depreciation of right-of-use assets	8	**628,598**	196,095
Amortisation of intangible assets	9	**306,676**	203,831
Impairment of intangible assets	9	**22**	-
Impairment of property and equipment	6	**10,748**	-
Impairment of right-of-use assets	8	**55,069**	-
Write-off of property and equipment	6	**1,075**	-
Allowance for slow moving inventories	12	**3,039**	4,968
Allowance for expected credit loss of financial assets		**284,930**	77,953
Amortisation of discount on investment through amortised cost	11.3	**240**	-
Share of profit of investment in associates	10	**(81,655)**	(25,153)
Gain on loss of significant influence of associate	10	**(56,332)**	-
(Gain) / loss on disposal of property and equipment	30	**(444)**	1,569
Write-off of intangible assets	9	**-**	163
Gain on bargain purchase arising on acquisition of a subsidiary	5.1	**(24,925)**	-
Gain on disposal of a subsidiary	5.2	**-**	(955)
Provision for employees' end of service benefits, net	21	**227,257**	153,168
Fair value gain / (loss) on investment carried at fair value through profit and loss	30	**(11,843)**	8,713
Dividend income	30	**(18,554)**	(19,372)
Finance income	30	**(285,492)**	(130,155)
Finance costs	29	**847,634**	117,472
Operating cash flows before changes in working capital		**4,288,922**	2,536,605
Working capital changes:			
Inventories		**(230,616)**	(146,762)
Due from related parties		**(1,073,403)**	54,522
Trade receivables and other assets		**667,335**	1,346,097
Reinsurance contract assets		**(195,952)**	(57,285)
Contract assets		**(960,359)**	(209,811)
Other liabilities		**82,759**	(17,551)
Restricted cash		**(653,308)**	52,826
Due to related parties		**344,336**	(148,553)
Insurance contract liabilities		**668,740**	284,127
Contract liabilities		**17,357**	-
Trade and other payables		**1,364,465**	(952,983)
Cash generated from operations		**4,320,276**	2, 741,232
Employees' end of service benefit paid	21	**(156,889)**	(208,787)
Cash generated from operating activities		**4,163,387**	2,532,445

CONSOLIDATED STATEMENT OF CASH FLOWS continued
For the year ended 31 December 2024

	Notes	*2024* AED '000	*2023* AED '000
INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**4,148**	104
Purchase of property and equipment	6	**(777,529)**	(390,467)
Purchase of intangible assets	9	**(177,212)**	(58,547)
Purchase of investments		**(697,020)**	(30,395)
Proceeds from sale of investments		**392,798**	26,989
Change in derivative financial instrument		**14,575**	-
Investment in an associate		**-**	(1,843,925)
Disposal of a joint venture		**-**	46,964
Movement in term deposits with original maturities greater than 3 months		**63,319**	(427,004)
Dividend received		**25,125**	19,372
Interest received		**292,562**	130,155
Disposal of subsidiaries, net of cash	5.2	**(62,744)**	(1,493)
Acquisition of subsidiaries - net of cash acquired	5.1	**(2,730,780)**	44,755
Cash used in investing activities		**(3,652,758)**	(2,483,492)
FINANCING ACTIVITIES			
Issue of share capital	16	**-**	3,618,859
Repayment of borrowings		**(705,283)**	(4,726)
Repayment of related party loan		**-**	(110,358)
Proceeds from borrowings, net		**1,830,340**	-
Other liabilities		**63,065**	58,441
Lease liabilities payments	19	**(774,193)**	(85,283)
Finance cost paid		**(114,201)**	(38,248)
Dividends paid	25	**-**	(300,000)
Cash generated from financing activities		**299,728**	3,138,685
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**810,357**	3,187,638
Foreign exchange rate changes during the year		**(8,337)**	-
Cash and cash equivalents at beginning of the year		**7,986,659**	4,799,021
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	**8,788,679**	7,986,659

The attached notes 1 to 37 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.

The share capital of the Company was increased during the year 2023 as further disclosed in note 16. Additionally, the shareholders approved changing the 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 operations and management services, hospitalisation services, clinical services, pharmacy services, diagnostic and laboratory management 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 10 February 2025.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRSs") 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 instruments 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 Group 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 consolidated statement of 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 consolidated statement of 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 2024 were as follows:

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held*	
			2024	*2023*
Abu Dhabi Stem Cells Center – Sole Proprietorship LLC (ii)	United Arab Emirates	Healthcare and research centers operation and management	-	100%
Pure Health Medical Supplies LLC (PHMS)	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 (ii)	United Arab Emirates	Health services enterprises investment, institution and management. Tourist services investment, institution and management	-	100%
The Life Corner LLC (TLC)	United Arab Emirates	Pharmacy management services	**100%**	100%
Pure Capital Investments LLC	United Arab Emirates	Investment in commercial enterprises & management	**100%**	100%
Pure CS Investments LLC	United Arab Emirates	Investment in commercial enterprises & management	**100%**	100%
Talent One Employment Services LLC	United Arab Emirates	Human service delivery of medical cadres and upon request employees provision services	**100%**	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 (ii)	United Arab Emirates	Sale of pharmaceutical and related items	-	100%
<u>Below are the subsidiaries of Pure Health Medical Supplies LLC:</u>				
Dawak Healthcare Supplies LLC	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*	
			2024	*2023*
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 L.L.C	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	United Arab Emirates	Investment in healthcare enterprises and development	**100%**	100%
Pure Lab South L.L.C	United Arab Emirates	Management of medical facilities	**100%**	100%
Below are the subsidiaries 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 LTD (formerly Pure Health Capital UK 1 RSC LTD)	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%**	100%
Below is the subsidiary of Pure Health Capital UK 1 LTD:				
Pure Health UK Topco Limited	United Kingdom	Holding ownership of equity	**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*	
			2024	*2023*
Below is the subsidiary of Pure Health UK Topco Limited:				
Pure Health UK Bidco Limited	United Kingdom	Holding ownership of equity	**100%**	100%
Below is the subsidiary of Pure Health UK Bidco Limited:				
Circle Health Holdings Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	**-**
Below is the subsidiary of Circle Health Holdings Limited:				
Circle Health 1 Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	**-**
Below is the subsidiary of Circle Health 1 Limited:				
Circle Health 2 Limited (iii)	United Kingdom	Holding ownership of equity.	**100%**	-
Below are the subsidiaries of Circle Health 2 Limited:				
Circle Holdings Limited (Jersey) (iii)	United Kingdom	Holding ownership of equity.	**100%**	-
Circle Health 3 Limited (iii)	United Kingdom	Holding ownership of equity.	**100%**	-
Below is the subsidiary of Circle Holdings Limited (Jersey):				
Circle International plc (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below is the subsidiary of Circle International PLC:				
CHG Management Services Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below are the subsidiaries of CHG Management Services Limited:				
Circle Rehabilitation Services Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Circle Hospital (Reading) Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Circle Clinical Services Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Circle Birmingham Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Nations Healthcare Limited (i) (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below is the subsidiary of Nations Healthcare Limited:				
Circle Nottingham Limited (i) (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Below is the subsidiary of Circle Health 3 Limited:				
Circle Health 4 Limited (i) (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below is the subsidiary of Circle Health 4 Limited:				
GHG Healthcare Holdings Limited (iii)	United Kingdom	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*	
			2024	*2023*
Below is the subsidiary of GHG Healthcare Holdings Limited:				
General Healthcare Group Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below is the subsidiary of General Healthcare Group Limited:				
General Healthcare Holdings (2) Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below is the subsidiary of General Healthcare Holdings (2) Limited:				
General Healthcare Holdings (3) Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below are the subsidiaries of General Healthcare Holdings (3) Limited:				
GHG (DB) Pension Trustees Limited (iii)	United Kingdom	Pension Trustee	**100%**	-
North West Cancer Clinic Limited (i) (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Generale de Sante International Limited (i) (iii)	United Kingdom	Holding ownership of equity	**100%**	-
GHG Mount Alvernia Hospital Limited (i) (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Syon Clinic Limited (iii)	United Kingdom	Provision of healthcare services	**50%**	-
GHG Intermediate Holdings Limited (iii)	United Kingdom	Holding ownership of equity	**100%**	-
Below are the subsidiaries of GHG Intermediate Holdings Limited:				
Bishopswood SPV Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Runnymede SPV Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
GHG Leasing Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Circle Health MyWay Limited (iii)	United Kingdom	Health plan subscription services	**100%**	-
Circle Health Group Limited (iii)	United Kingdom	Provision of healthcare services	**100%**	-
Below are the subsidiary of Circle Health Group Limited				
Circle Decontamination Limited (iii)	United Kingdom	Provision of decontamination services	**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*	
			2024	*2023*
Below are the subsidiaries of Tamouh Healthcare LL:				
Protect 7 Healthcare – Sole Proprietorship LLC (i)	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%
Below is the subsidiary of Somerian Health LLC:				
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%
Below are the subsidiaries of National Health Insurance Company – PJSC (Daman):				
Daman Healthcare Solutions GmbH	Germany	Provision of services in international healthcare management.	**100%**	100%
Independent Health Information Technology Services L.L.C	United Arab Emirates	Software designing and IT related services	**100%**	100%
Damam Healthcare Solutions - L.L.C (iv)	United Arab Emirates	Management of health insurance claims (TPA)	**100%**	-
Below are the subsidiaries of Abu Dhabi Health Services Company – PSC (SEHA):				
Salma Rehabilitation Hospital - L.L.C - S.P.C (formerly 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%
Sheikh Shakhbout Medical City (SSMC) – Sole Proprietorship L.L.C (iii)	United Arab Emirates	General hospital, pharmacy, medical complex, ambulance services	**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*	
			2024	*2023*
Below are the subsidiaries of Yas Clinic Group Sole Proprietorship LLC:				
Yas Clinic Al Mushrif – Sole Proprietorship LLC (ii)	United Arab Emirates	Operation and management of medical complex	-	100%
Yas Clinic Center Al Ain – Sole Proprietorship LLC (ii)	United Arab Emirates	Operation and management of medical complex and performing medical analysis	-	100%
Yas Clinic Khalifa City – Sole Proprietorship LLC (ii)	United Arab Emirates	General hospital, management of medical facilities, pharmacy and ambulance services	-	100%
Yas Clinic One Day Surgery – Sole Proprietorship LLC (ii)	United Arab Emirates	Performance of day surgery cases	-	100%
Yas Clinic Saadiyat– Sole Proprietorship LLC (i) (ii)	United Arab Emirates	Operation and management of medical complex	-	100%
Yas Clinic Emirates – Sole Proprietorship LLC (i) (ii)	United Arab Emirates	Health services enterprises investment, institution and management	-	100%
Yas Clinic Hospital – Sole Proprietorship LLC (ii)	United Arab Emirates	Health services	-	100%
Yas Clinic Emirates Palace – Sole Proprietorship LLC (ii)	Unite Arab Emirates	General medicine	-	100%
YAS Pharmacy – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products	-	100%
YAS City Pharmacy – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products	-	100%
Medlife – Sole Proprietorship LLC (ii)	United Arab Emirates	Management of medical facilities and onshore and offshore oil and gas fields facilities services	-	100%
Below are the subsidiaries of Medlife – Sole Proprietorship LLC:				
AIC Medical Center Sole Proprietorship LLC (ii)	United Arab Emirates	Operation and management of medical complex	-	100%
Al Haneen Pharmacy – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products	-	100%
ALD Medical Clinic Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of general medicine	-	100%
AMH Medical Clinic – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of general medicine and onshore and offshore oil and gas fields facilities services	-	100%
CHC Medical Clinic – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of general medicine	-	100%
HHC Medical Clinic – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of general medicine	-	100%
ILLC Medical Clinic – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of general medicine and onshore and offshore oil and gas fields facilities services	-	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* 2024	2023
Below are the subsidiaries of Medlife – Sole Proprietorship LLC: continued				
AMC Medical Clinic – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of general medicine	-	100%
Sehaty Medical Center – Sole Proprietorship LLC (ii)	United Arab Emirates	Operation and management of medical complex	-	100%
Golden Health Mobile Medical – Sole Proprietorship LLC (ii)	United Arab Emirates	Mobile medical services and onshore and offshore oil and gas fields facilities services	-	100%
Good Care Pharmacy – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products	-	100%
Healing Pharmacy – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products and offshore and onshore oil and gas fields facilities services	-	100%
Med Care Pharmacy – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products	-	100%
Below is the subsidiary of YAS Pharmacy – Sole Proprietorship LLC:				
YAS Pharmacy Ladies Club – Sole Proprietorship LLC (ii)	United Arab Emirates	Sale of pharmaceutical products	-	100%
Below are the subsidiaries of Pure Capital Investments LLC:				
Pure CS IT Infrastructure LLC	United Arab Emirates	Computer systems & communication equipment software trading	**99%**	99%
Pure Health Medical Billing Services LLC (i)	United Arab Emirates	Medical billing services	**99%**	99%
Two Five 55 Healthcare Investment LLC (i)	United Arab Emirates	Investment in industrial enterprises & management	**99%**	99%
Union Health Facilities Management LLC (i)	United Arab Emirates	Facilities management services	**99%**	99%
Pure Health FZE (i)	United Arab Emirates	Trading in pharmaceuticals and related products	**99%**	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%**	100%

(i) Dormant subsidiaries with no operations during the year.
(ii) Subsidiaries disposed of during the year.
(iii) Subsidiaries acquired during the year.
(iv) Subsidiary incorporated during the year.

2 BASIS OF PREPARATION continued

2.3 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

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 2023, except for the adoption of the following new standards and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7;
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current with Covenants.

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Voluntary change in accounting policy - government grants
During the year, the Group changed its accounting policy for the presentation of grants related to income from presenting the grants separately on the face of the consolidated statement of profit or loss to deducting the grants from the related expenses.

The Group has elected to change the accounting policy to improve the users' understanding of the Group’s financial performance by showing the net cost after the application of the related grants. The change in accounting policy has been applied retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the prior year’s consolidated statement of profit or loss has been reclassified to conform with the current year presentation.

Results of reclassifications on prior year consolidated statement of profit or loss are as follows:

	As previously reported AED ‘000	*Reclassification due to change in accounting policy AED ‘000*	*Other reclassifications ** AED ‘000*	*As Presented AED ‘000*
31 December 2023				
Cost of sales (note 27)	(13,840,050)	1,131,771	(267,728)	(12,976,007)
General and administrative expenses, net (note 28)	(3,731,784)	745,801	267,728	(2,718,255)
Government grant income	2,296,172	(2,296,172)	-	-
Other income, net (note 30) *	396,654	418,600	-	815,254

* This item represents the grants related to capital expenditures and COVID which were previously presented separately on the face of consolidated statement of profit or loss.

** Other reclassifications include depreciation of right-of-use assets of AED 179,997 thousand and amortisation of intangible assets of AED 87,731 thousand reclassified from general and administrative expenses to cost of sales. These comparative numbers were reclassified to conform the current year presentation and have no effect on the previously reported profit, total assets, total liabilities or the equity of the Group.

2 BASIS OF PREPARATION continued

2.3 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES continued

Voluntary change in accounting policy - government grants continued

Government grants are presented on consolidated profit or loss as follows:

	2024	*2023*
	AED '000	*AED '000*
Deducted from cost of sales (note 27) *	**1,556,839**	1,131,771
Deducted from general and administrative expenses, net (note 28) *	**891,694**	745,801
Reported as other income, net (note 30)	**102,699**	418,600
	2,551,232	2,296,172

* This includes AED 1,350,779 thousand (2023: AED 1,003,770 thousand) and AED 488,237 thousand (2023: AED 745,801 thousand) on account of grants deducted from salaries, allowances and benefits, as disclosed in note 27 and 28, respectively.

Change in Accounting Estimate for Useful Life of Property and Equipment
During the year, the Group reviewed and revised the estimated useful lives of medical equipment. This review was conducted as part of its regular assessment of the actual usage, wear and tear, and technological advancements affecting the assets. The estimated useful lives of the medical equipment have been revised based on the current assessment of the period over which the assets are expected to be utilized by the Group. The change in the estimated useful lives reflects a more realistic expectation of the period over which the assets will generate economic benefits for the group.

This change has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8. Accordingly, the effect of this change has been recognized prospectively in the consolidated statement of profit or loss. These changes in accounting estimates have an impact on depreciation expense for the current year. Had there been no change in estimate of useful lives of medical equipment, depreciation expense pertaining to medical equipment for the year would have been higher by AED 18,233 thousand. The expected impact on future periods will depend on the remaining carrying amounts and the revised useful lives of the affected medical equipment.

UAE corporate income tax
On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("CT Law") to enact a new Corporate Tax ("CT") regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax year of the Group is the period from 1 January 2024 to 31 December 2024, with the tax return to be filed on or before 30 September 2025.

The taxable income of the Group entities, exceeding AED 375,000 per taxable person, is subject to applicable rate as per CT Law.

2 BASIS OF PREPARATION continued

2.3 CHANGES IN ACCOUNTING POLICIES AND ESTIMATES continued

UAE corporate income tax continued

International Tax Reform **-** *Pillar Two model rules*

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy. The Group is in scope of such Globe Rules as it operates in multiple jurisdictions and has an annual consolidated revenue which exceeds the prescribed threshold of Euro 750 million in at least two of the four preceding years.

It is expected that the UAE will implement the Domestic Minimum Top-up Tax (DMTT) in 2025. The Group is closely monitoring the legislative developments and is further assessing the potential quantitative impact of the Cabinet Decision on Group operations.

As of the reporting date, Globe Rules were already enacted in Germany and United Kingdom (UK), where the Group operates. The Group has performed an initial assessment of the potential exposure to Pillar Two rules in these jurisdictions and simulated the Transitional CbCR Safe Harbour tests as set out in the OECD Pillar 2 guidelines. According to this assessment, the Group should qualify for the Transitional CbCR Safe Harbour relief in the Germany, UK (including operations in China). Therefore, there is no top up tax attributable to these jurisdictions for the financial year ended December 31, 2024.

The Group has applied the temporary exemption issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12 under Pillar 2. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two taxes.

2 BASIS OF PREPARATION continued

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.

- IFRS 18: Presentation and disclosure in financial statements;
- IFRS 19: Subsidiaries without public accountability: Disclosures; and
- Amendments to IAS 21: Lack of Exchangeability.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Business combinations continued
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 profit or loss 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 profit or loss.

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 profit or loss 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 IFRSs.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Business combinations continued
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 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 (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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investments in joint venture and associate continued
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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition continued
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 and diagnostic services
The Group provides laboratory management and diagnostic 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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition continued

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.

Implementation of turnkey IT systems

The Group generates it revenue from the development of customized turnkey system solutions including provision of IT infrastructure, software licenses, providing professional services including implementation and consulting and providing support and maintenance services including post contract support for its customers. The revenue is recognised over time.

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 and unbilled hospitalisation 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 - 50 years
Medical equipment	3 - 15 years
Furniture and fixtures	3 - 10 years
Office equipment	3 - 10 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 profit or loss.

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 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 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 profit or loss 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 profit or loss.

The estimated useful lives are:

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

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 profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Intangible assets continued
Customer and consultants 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 finite useful lives are carried at cost less accumulated amortisation and impairment. Amortisation on brand names with definite useful lives is calculated using the straight-line method to allocate the cost over their estimated useful life as stated above. Brand names with indefinite useful lives are carried at cost less accumulated impairment.

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 as stated above.

Trade license
During 2022, as part of business combinations, a health insurance license has been identified with an indefinite useful life.

Favorable lease contracts
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 as stated above.

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 - 107 years
Vehicles	2 - 5 years
Equipment	3 - 15 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 profit or loss.

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 profit or loss.

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 profit or loss 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; and
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 profit or loss 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 consolidated statement of 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 statement of 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 consolidated statement of profit or loss . Dividends are recognised as other income in the consolidated statement of consolidated statement of profit or loss 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 profit or loss.

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 profit or loss 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; and
- 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 profit or loss 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 profit or loss.

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 profit or loss 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.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and term deposits with original maturity of three and less than 3 months, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

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.

Payments to defined contribution retirement benefit schemes related to UK employees are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

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 statement of 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 statement of profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in consolidated statement of other comprehensive income and all expenses related to defined benefit plans within consolidated statement of 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

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.

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; and
- 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; and
- 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 consolidated statement of 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); and
- 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; and
- 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; and
- 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

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 consolidated statement of 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 consolidated statement of profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Taxation continued
Deferred tax continued
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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Derivative financial instruments continued
Cash flow hedge continued
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.

Classification of investment in Ardent Health as investment in financial assets
Significant influence is presumed to exist when the Group holds 20% or more of the voting power of investee. In July 2024, and due to the issuance of new shares in a public offering, the Group's share in Ardent got diluted from 26.05% to 21.20% and as a result the Group ceased to have board representation on Ardent's Board of Directors.

The Group has determined that it lost significant influence over Ardent when it lost its board representation and the power to participate in the financial and operating policy decisions of Ardent subsequent to the listing of Ardent shares in New York Stock Exchange .

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.

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

Key sources of estimation of uncertainty continued

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.

As at 31 December 2024, gross trade receivables and other receivables (including government receivables), due from related parties, and contract assets were AED 7,985,656 thousand with provision for expected credit losses of AED 582,786 thousand (2023: AED 5,522,834 thousand with provision for expected credit losses of AED 305,617 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.

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 2024, inventories amounted to AED 1,296,530 thousand and allowance for slow moving inventories were AED 112,953 thousand (2023: AED 1,023,820 thousand and allowance for slow moving inventories were AED 282,498 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.

During the year, the Group conducted impairment assessments on non-financial assets and concluded that an amount of AED 55,069 thousand against right-of-use assets and AED 10,748 thousand against property and equipment pertaining to hospital in UK and AED 22 thousand against intangible assets pertaining to computer software. The impairment was determined by reference to a discounted cash flow method, using discount rate of 7.5%. Accordingly, an impairment loss of AED 65,839 thousand was recorded on non-financial assets for the year ended 31 December 2024 (2023: AED nil).

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

Key sources of estimation of uncertainty continued

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).

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 Acquisition of subsidiaries

a) Acquired during the year:

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

Circle Health Holdings Limited

Effective 1 January 2024, Pure Health UK Bidco LTD acquired a 100% equity interest in Circle Health Holdings Limited and its subsidiaries ("Circle Health"), for a consideration of AED 3,457,741 thousand (GBP 742,009 thousand). Circle Health is a limited liability company, registered and incorporated in the United Kingdom ("UK") and is engaged in provision of hospitalisation and integrated healthcare services. From the date of acquisition, Circle Health contributed revenue and net profit after tax to the Group, amounting to AED 6,005,870 thousand and AED 121,406 thousand respectively.

5 BUSINESS COMBINATIONS continued

5.1 Acquisition of subsidiaries continued

a) Acquired during the year continued

Sheikh Shakhbout Medical City LLC
Effective 1 February 2024, Abu Dhabi Health Services Company – PSC acquired a 100% equity interest in Sheikh Shakhbout Medical City LLC ("SSMC"), for a consideration of AED 2,599,497 thousand. SSMC is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in provision of hospitalisation services. From the date of acquisition, SSMC contributed revenue and net profit after tax to the Group, amounting to AED 2,132,446 thousand and AED 126,001 thousand respectively. If the acquisition had taken place at the beginning of the year, SSMC would have contributed revenue and net profit after tax to the Group amounting to AED 2,232,358 thousand and AED 35,166 thousand respectively.

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

	Notes	*Circle Health Holdings Limited AED '000*	*Sheikh Shakhbout Medical City LLC AED '000*	*Total AED '000*
Assets				
Property and equipment	6	1,465,594	482,042	1,947,636
Right-of-use assets	8	9,343,205	557,985	9,901,190
Intangible assets	9	594,005	505,146	1,099,151
Investment in associates and joint ventures	10	29,040	-	29,040
Sub-lease receivables		2,490	-	2,490
Inventories		91,345	152,590	243,935
Due from related parties		8,918	-	8,918
Contract assets		-	196,586	196,586
Trade and other receivables		492,832	705,004	1,197,836
Deferred tax asset	20	178,378	8,861	187,239
Indemnification asset		115,432	-	115,432
Cash and bank balances		188,034	1,089,733	1,277,767
Total assets		**12,509,273**	**3,697,947**	**16,207,220**
Liabilities				
Borrowings	18	709,639	-	709,639
Lease liabilities	19	9,944,486	557,985	10,502,471
Deferred tax liabilities	20	659,859	52,909	712,768
Employees' end of service benefits	21	-	95,578	95,578
Other liabilities		5,286	4,996	10,282
Trade and other payables		1,065,547	324,269	1,389,816
Income tax payable	20	717	-	717
Due to related parties		4,213	37,788	42,001
Total liabilities		**12,389,747**	**1,073,525**	**13,463,272**
Net assets acquired		**119,526**	**2,624,422**	**2,743,948**
Less: non-controlling interests		(13,804)	-	(13,804)
Proportionate share of identifiable net assets acquired		**105,722**	**2,624,422**	**2,730,144**
Goodwill arising on acquisition	9	3,352,019	-	3,352,019
Bargain purchase gain arising on acquisition		-	(24,925)	(24,925)
Purchase consideration		**3,457,741**	**2,599,497**	**6,057,238**

The net assets recognised are based on a provisional assessment of their fair values as at the respective acquisition dates. The Group will finalise the purchase price allocation exercise for the acquisitions before the end of first quarter of 2025.

5 BUSINESS COMBINATIONS continued

5.1 Acquisition of subsidiaries continued

a) Acquired during the year continued

Purchase consideration includes the below:

	Circle Health Holdings Limited AED '000	*Sheikh Shakhbout Medical City LLC AED '000*	*Total AED '000*
Cash paid for the acquisition (i)	3,457,741	550,806	4,008,547
Shareholder contribution (ii)	-	2,048,691	2,048,691
Total	**3,457,741**	**2,599,497**	**6,057,238**

(i) The cash paid for the acquisition of Circle Health is net of the amount transferred from the cash flow hedge reserve of AED 9,936 thousand upon the settlement of the foreign exchange forward contract.

The cash paid for the acquisition of SSMC represents the cash paid by the Group to acquire 25% of the shares of SSMC from a third party.

(ii) The shareholder contribution represents 75% of the economic rights in the equity of SSMC transferred from a shareholder for no consideration. The shareholder contribution was calculated on the basis of provisional assessment of the fair value of the 75% ownership in SSMC.

The Group has recognised an indemnification asset of AED 115,432 thousand (GBP 24,700 thousand) at fair value which pertains to the reimbursement of the expenses related to one of the hospitals which was not operational at the date of acquisition as well as the provision for a claim raised by one of the aquiree's patient.
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The Group has recognised intangible assets of AED 1,099,151 thousand as a result of the aforementioned acquisitions, which comprise mainly of brand and consultant relationships. Further, the Group has also recognised an uplift in the fair value of property and equipment amounting to AED 210,266 thousand.

The Group has recognized property and equipment at its fair value using the depreciated replacement cost and market approaches.

Further, the fair values of right-of-use assets are determined using the incremental borrowings rate prevailing in the market at acquisition date adjusted for favorable / unfavorable market terms.

Goodwill of AED 3,352,019 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 7.3% to 9.3%; and
- A terminal value calculated based on long-term sustainable growth rate for the industry 2%, which has been used to determine income for the future years.

5 BUSINESS COMBINATIONS continued

5.1 Acquisition of subsidiaries continued

a) Acquired during the year continued

Analysis of cashflows on acquisitions is as follows:

	Circle Health Holdings Limited AED '000	*Sheikh Shakhbout Medical City LLC AED '000*	*Total AED '000*
Net cash acquired on business combination	188,034	1,089,733	1,277,767
Cash paid for the acquisition	(3,457,741)	(550,806)	(4,008,547)
Acquisition of operating business – net of cash acquired (included in cash flows from investing activities)	(3,269,707)	538,927	(2,730,780)
Transaction costs of the acquisition (included in cash flows from operating activities)	(25,450)	-	(25,450)
Net cash acquired on acquisition	**(3,295,157)**	**538,927**	**(2,756,230)**

b) Acquired during the previous year

During the year 2023, the Group acquired the following entities.

Pure Capital Investment LLC
Effective 1 October 2023, the Company acquired 100% equity interest in Pure Capital Investment LLC from a shareholder, 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 till 31 December 2023, 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 for the year ended 31 December 2023.

Pure CS Investment LLC
Effective 1 October 2023, the Company acquired 100% equity interest in Pure CS Investment LLC from a shareholder, 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 Acquisition of subsidiaries continued

b) Acquired during the previous year continued

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

	Note	*Pure capital investment AED '000*	*Pure CS investment AED '000*	*Total AED '000*
Assets				
Property and equipment	6	17,914	-	17,914
Right-of-use assets	8	3,802	-	3,802
Intangible assets	9	4,790	-	4,790
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	19	3,995	-	3,995
Employees' end of service benefits	21	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		-	-	-
Shareholder contribution		**6,393**	**44**	**6,437**

5 BUSINESS COMBINATIONS continued

5.2 Disposal of subsidiaries

a) Disposal during the year

Yas Clinic Group Sole Proprietorship LLC and Abu Dhabi Stem Cells Center Sole Proprietorship LLC
Effective 1 April 2024, the Group disposed its 100% equity interest in Yas Clinic Group Sole Proprietorship LLC and Abu Dhabi Stem Cells Center Sole Proprietorship LLC, to related parties at an agreed consideration of AED 40,191 thousand. The disposal of equity interest was aligned with the Group's strategy to streamline operations and reallocate resources towards synergies.

	Note	*Yas Clinic Group Sole Proprietorship LLC*	*Abu Dhabi Stem Cells Center Sole Proprietorship LLC*	*Total AED '000*
Assets				
Property and equipment	6	376,573	63,302	439,875
Right-of-use assets	8	10,002	1,933	11,935
Intangible assets	9	3,204	1,800	5,004
Inventories		22,868	5,035	27,903
Due from related parties		159,538	47,001	206,539
Contract assets		30,282	216	30,498
Trade and other receivables		46,338	11,983	58,321
Cash and bank balances		32,270	30,474	62,744
Total assets		**681,075**	**161,744**	**842,819**
Liabilities				
Loans and borrowings	18	288,362	-	288,362
Lease liabilities	19	11,189	1,795	12,984
Employees' end of service benefits	21	3,766	1,533	5,299
Trade and other payables		66,186	47,173	113,359
Due to related parties		326,001	56,624	382,625
Total liabilities		**695,504**	**107,125**	**802,629**
Net (liabilities) / assets disposed off		**(14,429)**	**54,619**	**40,190**
Consideration receivable (note 25)				40,190
Gain / (loss) at disposal				-

5 BUSINESS COMBINATIONS continued

5.2 Disposal of subsidiaries continued

a) Disposal during the year continued

Analysis of cash flow from the disposal of subsidiaries:

	Yas Clinic Group Sole LLC AED '000	*Abu Dhabi Stem Cells Center Sole Proprietorship LLC*	*Total AED '000*
Cash received on disposal	-	-	-
Cash sold as part of the disposal	(32,270)	(30,474)	(62,744)
Net cash outflow on date of derecognition	**(32,270)**	**(30,474)**	**(62,744)**

The results of the operations of the above-mentioned disposed subsidiaries were not segregated on the face of the consolidated statement of profit or loss, as the amounts are insignificant.

b) Disposal during the previous year

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 net cash out flow of AED 1,493 thousand and a gain on disposal of subsidiary, amounting to AED 955 thousand during the year, which is recognized as other income (note 30) in the consolidated statement of profit or 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 2023	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)	-	192	-	54	6	-	16,316	1,346	17,914
Additions	275	39,556	89,021	8,848	12,158	5,276	36,432	198,901	390,467
Transfer	(76,611)	181,205	17,387	1,893	6,183	14,778	54,941	(202,666)	(2,890)
Written-off	-	-	(59)	(15)	(466)	(36)	-	(6,478)	(7,054)
Disposal	(2,615)	(763)	(176,099)	(50,741)	(5,336)	(11,373)	(68,658)	-	(315,585)
Disposal of a subsidiary	-	-	-	(72)	(171)	-	(6)	-	(249)
At 31 December 2023	735,274	363,861	2,768,033	493,155	206,543	65,457	951,215	116,814	5,700,352
At 1 January 2024	735,274	363,861	2,768,033	493,155	206,543	65,457	951,215	116,814	5,700,352
Acquired through business combinations (note 5.1)	811,670	-	858,131	26,262	17,231	-	110,590	123,752	1,947,636
Additions	101,596	47,728	188,953	18,013	18,401	1,772	23,572	377,494	777,529
Reclassifications	65,674	113,306	17,991	3,019	(1,484)	1,368	10,177	(210,051)	-
Transfer to intangible assets (note 9)	(338)	-	-	-	-	-	-	(4,523)	(4,861)
Written-off	-	-	-	(452)	-	-	(607)	(715)	(1,774)
Disposals	(4,138)	(163)	(94,985)	(37,062)	(5,903)	(11)	(41,546)	-	(183,808)
Disposal of subsidiaries (note 5.2)	(279,577)	(58,123)	(133,176)	(14,211)	-	(1,956)	(8,693)	(49,121)	(544,857)
Foreign exchange movement	(14,629)	-	(7,669)	(441)	-	-	(1,434)	(3,711)	(27,884)
At 31 December 2024	**1,415,532**	**466,609**	**3,597,278**	**488,283**	**234,788**	**66,630**	**1,043,274**	**349,939**	**7,662,333**
Accumulated depreciation and impairment:									
At 1 January 2023	399,773	60,198	2,065,327	419,704	85,754	50,909	706,528	-	3,788,193
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)
Disposals	(2,591)	(159)	(175,187)	(50,644)	(5,316)	(11,366)	(68,649)	-	(313,912)
Disposal of a subsidiary	-	-	-	(12)	(77)	-	(5)	-	(94)
At 31 December 2023	420,037	93,514	2,151,742	472,024	126,822	45,627	728,420	-	4,038,186
At 1 January 2024	420,037	93,514	2,151,742	472,024	126,822	45,627	728,420	-	4,038,186
Charge for the year	73,133	49,991	337,874	23,064	44,901	4,896	90,660	-	624,519
Reclassifications	4,390	-	(5,564)	(1,322)	(1,060)	-	3,556	-	-
Transfer to intangible assets (note 9)	(338)	-	-	-	-	-	-	-	(338)
Written-off	-	-	-	(396)	-	-	(303)	-	(699)
Disposals	(1,249)	(163)	(94,559)	(36,759)	(5,892)	(11)	(41,471)	-	(180,104)
Disposal of subsidiaries (note 5.2)	(18,749)	(24,220)	(46,881)	(8,463)	-	(1,158)	(5,511)	-	(104,982)
Impairment during the year (note 28)	7,176	-	3,505	47	-	-	79	(59)	10,748
Foreign exchange movement	(879)	-	(926)	(77)	-	-	(338)	1	(2,219)
At 31 December 2024	**483,521**	**119,122**	**2,345,191**	**448,118**	**164,771**	**49,354**	**775,092**	**(58)**	**4,385,111**
Carrying amount:									
At 31 December 2024	**932,011**	**347,487**	**1,252,087**	**40,165**	**70,017**	**17,276**	**268,182**	**349,997**	**3,277,222**
At 31 December 2023	315,237	270,347	616,291	21,131	79,721	19,830	222,795	116,814	1,662,166

6 PROPERTY AND EQUIPMENT continued

During the year, Group disposed property and equipment with a net carrying amount of AED 3,704 thousand against proceeds of AED 4,148 thousand accordingly, a gain of AED 444 thousand was recognised (note 30).

Depreciation charge for the year has been allocated and disclosed in the consolidated statement of profit or loss as follows:

	2024	*2023*
	AED'000	*AED'000*
Cost of sales (note 27)	**339,850**	263,462
General and administrative expenses (note 28)	**284,669**	300,599
	624,519	564,061

7 INVESTMENT PROPERTY

	2024	*2023*
	AED'000	*AED'000*
Cost:		
At 1 January	**6,239**	6,239
At 31 December	**6,239**	6,239
Accumulated depreciation:		
At 1 January	**3,543**	2,945
Charge for the year (note 27 & 28)	**599**	598
At 31 December	**4,142**	3,543
Net book value at 31 December	**2,097**	2,696

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 366 thousand (2023: AED 287 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 2024 is AED 9,825 thousand (2023: AED 9,050 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

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2024	2023
	AED '000'	*AED '000'*
At 1 January	**1,407,721**	1,534,306
Acquired through business combinations (note 5.1)	**9,901,190**	3,802
Additions	**413,336**	26,696
Depreciation	**(628,598)**	(196,095)
Impairment during the year (note 28)	**(55,069)**	-
Modification and termination	**133,940**	39,012
Disposal of subsidiaries (note 5.2)	**(11,935)**	-
Foreign exchange movement	**(142,019)**	-
At 31 December	**11,018,566**	1,407,721

The Group entered into lease agreements with tenure ranging from 2 - 107 years for medical equipment, land and buildings which are discounted using an incremental borrowing rate of 4.1% - 6.08%.

Depreciation charge has been recognised in the consolidated statement of profit or loss as follows:

	2024	2023
	AED '000	*AED '000*
Cost of sales (note 27)	**628,448**	195,601
General and administrative expenses (note 28)	**150**	494
	628,598	196,095

9 INTANGIBLE ASSETS AND GOODWILL

	Computer software AED '000	*Trademarks AED '000*	*Customer and consultants 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 2023	1,026,401	1,348	919,497	1,358,157	1,342,106	877,308	11,000	15,241	5,551,058
Acquired through business combinations (note 5.1)	4,790	-	-	-	-	-	-	-	4,790
Additions	20,563	-	-	-	-	-	-	37,984	58,547
Transfers	21,741	-	-	-	-	-	-	(18,853)	2,888
Written-off	(4)	(9)	-	-	-	-	-	(157)	(170)
Disposal of a subsidiary	-	(375)	-	-	-	-	-	-	(375)
At 31 December 2023	1,073,491	964	919,497	1,358,157	1,342,106	877,308	11,000	34,215	5,616,738
At 1 January 2024	1,073,491	964	919,497	1,358,157	1,342,106	877,308	11,000	34,215	5,616,738
Acquired through business combinations (note 5.1)	45,334	-	322,462	261,708	3,352,019	469,647	-	-	4,451,170
Additions	93,356	-	-	-	-	-	-	83,856	177,212
Transfers	19,725	-	-	-	-	-	-	(19,725)	-
Transfer from property and equipment (note 6)	338	-	-	-	-	-	-	4,523	4,861
Disposal of subsidiaries (note 5.2)	(9,674)	(964)	-	-	-	-	-	-	(10,638)
Foreign exchange movement	(263)	-	(4,986)	(4,047)	(51,983)	-	-	-	(61,279)
At 31 December 2024	**1,222,307**	**-**	**1,236,973**	**1,615,818**	**4,642,142**	**1,346,955**	**11,000**	**102,869**	**10,178,064**
Accumulated amortisation and impairment:									
At 1 January 2023	936,241	348	70,232	1,249	-	21,933	-	-	1,030,003
Charge for the year (note 27 & 28)	49,303	138	61,661	4,998	-	87,731	-	-	203,831
Written-off	(7)	-	-	-	-	-	-	-	(7)
At 31 December 2023	985,537	486	131,893	6,247	-	109,664	-	-	1,233,827
At 1 January 2024	985,537	486	131,893	6,247	-	109,664	-	-	1,233,827
Charge for the year (note 27 & 28)	60,856	34	96,864	18,140	-	130,782	-	-	306,676
Impairment during the year (note 28)	22	-	-	-	-	-	-	-	22
Transfer from property and equipment (note 6)	338	-	-	-	-	-	-	-	338
Disposal of subsidiaries (note 5.2)	(5,114)	(520)	-	-	-	-	-	-	(5,634)
Foreign exchange movement	(214)	-	(695)	(259)	-	-	-	-	(1,168)
At 31 December 2024	**1,041,425**	**-**	**228,062**	**24,128**	**-**	**240,446**	**-**	**-**	**1,534,061**
Carrying amount:									
At 31 December 2024	**180,882**	**-**	**1,008,911**	**1,591,690**	**4,642,142**	**1,106,509**	**11,000**	**102,869**	**8,644,003**
At 31 December 2023	87,954	478	787,604	1,351,910	1,342,106	767,644	11,000	34,215	4,382,911

9 INTANGIBLE ASSETS continued

Amortisation charge has been recognised in the consolidated statement of profit or loss as follows:

	2024	*2023*
	AED '000	*AED '000*
Cost of sales (note 27)	**178,848**	105,789
General and administrative expenses (note 28)	**127,828**	98,042
	306,676	203,831

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 and consultants 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.

Favorable lease contract
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, assembled workforce and expected synergies arising from the acquisitions. Goodwill is allocated to respective cash generating units.

During the year ended 31 December 2024, the Group 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. The Group has assessed that the recoverable amounts of the cash generating units exceed their carrying values and so 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: 2% - 3%
- Inflation rate: 2% - 5%
- Discount rate: 7.5% - 9.9%

The recoverable amounts of the CGUs are most sensitive to the discount rate used for the value-in-use calculation. A change in discount rate by 1% would result in a reduction in the difference between the carrying values of the CGUs (including allocated goodwill) and the recoverable amounts by a range of 14% to 44%, without resulting in an impairment loss.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

Name of entities	*Principal activities*	*Place of incorporation and operation*	*Ownership interest*		*Carrying value*	
			2024	*2023*	*2024* *AED '000*	*2023* *AED '000*
Ardent Health Partners LLC *	Healthcare	USA	**-**	**26.05%**	**-**	1,865,185
Three Shires Hospital LLP	Healthcare	UK	**50%**	-	**18,575**	-
Joint ventures:						
Meriden Hospital Advanced Imaging Centre Limited	Healthcare	UK	**50%**	-	**4,127**	-
BMI Imaging Clinic Limited	Healthcare	UK	**50%**	-	**13,593**	-
BMI Southend Private Hospital Limited	Healthcare	UK	**50%**	-	**3,215**	-
Circle Harmony Health Limited (China)	Healthcare	China	**50%**	-	**830**	-
					40,340	1,865,185

The reporting date for the associates and joint ventures is same as for the Group.

Movement in investment in associates and joint ventures in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2024 *AED'000*	*2023* *AED'000*
At 1 January	**1,865,185**	45,871
Acquired through business combinations (note 5.1)	**29,040**	-
Additions	**-**	1,843,925
Share of net profit for the year	**81,655**	25,153
Disposals	**-**	(46,964)
Dividends received	**(6,571)**	-
Share of other comprehensive loss for the year	**(779)**	(2,800)
Reclassification to investments carried at fair value through other comprehensive income *	**(1,927,505)**	-
Foreign exchange movement	**(685)**	-
At 31 December	**40,340**	1,865,185

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

* In July 2024, Ardent Health Partners, Inc. ("Ardent") issued new shares of common stock through a public offering upon listing on the New York Stock Exchange (NYSE). As a result of this issuance, the Group's ownership interest in Ardent was diluted from 26.05% to 21.20% of the common stock and the Group ceased to have board representation on Ardent's Board of Directors resulting in loss of significant influence. A net gain of AED 56,332 thousand was recorded upon loss of significant influence, under equity method, calculated as follows:

	2024 ***AED'000***	*2023* *AED'000*
Fair value of retained investment (note 11.2)	**1,987,416**	-
Carrying value of the investment in associate	**(1,927,505)**	-
	59,911	-
Other comprehensive loss reclassified to profit or loss	**(3,579)**	-
Net gain on loss of significant influence of an associate	**56,332**	-

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

	2024 ***AED'000***	*2023* *AED'000*
Assets and liabilities:		
Assets	**140,791**	17,189,560
Liabilities	**(60,110)**	(13,212,026)
Non-controlling interest	**-**	(1,511,961)
Net assets	**80,681**	2,465,573
Group's share of net assets	**40,340**	642,282
Goodwill implied including intangible assets	**-**	1,222,903
Carrying amount	**40,340**	1,865,185
Revenues and profit for the year:		
Revenue for the year	**12,688,219**	13,408,182
Net profit for the year	**279,336**	94,593
Group's share of net profit for the year	**81,655**	25,153

11 INVESTMENTS IN FINANCIAL ASSETS

	2024	*2023*
	AED'000	*AED'000*
Investments at fair value through profit or loss (note 11.1)	**270,584**	351,369
Investments at fair value through other comprehensive income (note 11.2)	**2,009,691**	266,305
Investments carried at amortised cost (note 11.3)	**568,001**	-
	2,848,276	617,674

Geographic concentration of investments is as follows:

	2024	*2023*
	AED'000	*AED'000*
Inside UAE	**547,497**	262,365
Outside UAE	**2,300,779**	355,309
	2,848,276	617,674

11.1 Investments carried at fair value through profit or loss

	2024	*2023*
	AED'000	*AED'000*
Quoted equity securities	**269,088**	348,432
Unquoted equity securities	**1,496**	2,937
	270,584	351,369

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

	2024	*2023*
	AED'000	*AED'000*
At 1 January	**351,369**	359,701
Additions	**-**	185
Changes in fair value (note 30)	**11,843**	(8,713)
Disposal during the year	**(92,474)**	-
Foreign exchange movement	**(154)**	196
At 31 December	**270,584**	351,369

11 INVESTMENTS IN FINANCIAL ASSETS continued

11.2 Investments carried at fair value through other comprehensive income

	2024 ***AED'000***	*2023* *AED'000*
Quoted securities – equities	**2,008,390**	253,995
Unquoted securities – managed funds	**1,301**	12,310
	2,009,691	266,305

The Group has elected to designate these investments in financial instruments as fair value through other comprehensive income, as it believes that recognising short-term fluctuations in the fair value of these investments 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 investment carried at fair value through other comprehensive income during the year is as follows:

	2024 ***AED'000***	*2023* *AED'000*
At 1 January	**266,305**	226,474
Reclassified from investment in associates and joint ventures (note 10)	**1,987,416**	-
Additions	**121,319**	30,210
Changes in fair value	**(65,027)**	36,611
Disposals	**(300,324)**	(26,989)
Foreign exchange movement	**2**	(1)
At 31 December	**2,009,691**	266,305

11.3 Investment carried at amortized cost

	2024 ***AED'000***	*2023* *AED'000*
Debt Instruments	**568,001**	-
	568,001	-

Debt instruments are stated at amortised cost using the effective interest rate method.

11 INVESTMENTS IN FINANCIAL ASSETS continued

11.3 Investment carried at amortized cost continued

Movement in investment in financial assets carried at amortised cost is as follows:

	2024	*2023*
	AED'000	*AED'000*
At 1 January	**-**	-
Purchased during the year	**568,633**	-
Amortisation during the year	**(240)**	-
Disposal	**(204)**	-
Provision for expected credit losses	**(188)**	-
At 31 December	**568,001**	-

12. INVENTORIES

	2024	*2023*
	AED '000	*AED '000*
Medical supplies and spare parts	**1,296,530**	1,023,820
Less: allowance for slow moving inventories	**(112,953)**	(282,498)
	1,183,577	741,322

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

	2024	*2023*
	AED '000	*AED '000*
At 1 January	**282,498**	393,778
Acquired through business combinations	**12,902**	-
Charge for the year, net (note 28)	**3,039**	4,968
Write off for the year	**(185,063)**	(116,248)
Disposal of subsidiaries	**(228)**	-
Foreign exchange movement	**(195)**	-
At 31 December	**112,953**	282,498

13 TRADE RECEIVABLES AND OTHER ASSETS

	2024	2023
	AED '000	*AED '000*
Trade receivables	**1,984,564**	2,151,412
Less: allowance for expected credit losses	**(140,463)**	(83,565)
Net trade receivables	**1,844,101**	2,067,847
Other receivables	**2,049,854**	1,920,470
Provision for expected credit losses for other receivables	**(361,646)**	(152,274)
Government funded programs receivables	**957,689**	499,799
Provision for government funded programs receivables	**(15,943)**	(14,306)
Advances to suppliers	**55,208**	44,806
VAT receivable	**29,647**	21,017
Prepayments	**228,516**	250,044
Sub-lease receivables	**7,210**	1,260
Indemnification asset	**113,647**	-
Statutory deposits	**2,000**	2,000
Margin and other deposits	**43,292**	43,572
	4,953,575	4,684,235

Trade receivables and other assets are presented in consolidated statement of financial position as follows:

	2024	2023
	AED '000	*AED '000*
Non-current	**84,037**	3,260
Current	**4,869,538**	4,680,975
	4,953,575	4,684,235

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

	2024	2023
	AED '000	*AED '000*
At 1 January	**83,565**	75,378
Acquired through business combinations	**35,186**	-
Charge for the year (note 28)	**68,794**	99,559
Transfer to other receivables	**(15,229)**	(17,613)
Written-off	**(25,273)**	(73,655)
Disposal of subsidiaries	**(6,190)**	(104)
Foreign exchange movement	**(390)**	-
At 31 December	**140,463**	83,565

13 TRADE RECEIVABLES AND OTHER ASSETS continued

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

	2024 *AED '000*	*2023* *AED '000*
At 1 January	**152,274**	226,101
Acquired through business combinations	**28,042**	-
Charge / (reversal) for the year (note 28)	**205,049**	(91,384)
Transfer from trade receivables	**15,229**	17,613
Written-off	**(38,948)**	-
Disposal of subsidiaries	**-**	(56)
At 31 December	**361,646**	152,274

Movement in the allowance for expected credit losses against government funded programs receivables is follows:

	2024 *AED '000*	*2023* *AED '000*
At 1 January	**14,306**	-
Charge for the year (note 28)	**1,637**	14,306
At 31 December	**15,943**	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.

	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 2024							
Expected credit loss rate		**0.27%**	**0.36%**	**0.47%**	**0.91%**	**6.42%**	**31.67%**
Estimated total gross carrying amount at default	**1,984,564**	**244,625**	**460,804**	**155,822**	**390,313**	**389,192**	**343,808**
Life time expected credit losses	**140,463**	**649**	**1,663**	**733**	**3,553**	**24,971**	**108,894**
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 expected credit losses	83,565	446	903	1,596	3,930	7,411	69,279

14 DERIVATIVE FINANCIAL INSTRUMENT

Hedging activities and derivative
Cash flow hedge – Foreign exchange forward contract
During the year 2023, in order to manage its exposure to the fluctuations in the exchange rate of the GBP, the Group had entered into a foreign exchange forward contract with a counter-party bank to fix the exchange rate of the GBP in future dates, in relation to the acquisition of Circle Health and the settlement of its bank loan. 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.

During the year, the Group executed the agreement and settled the purchase consideration to acquire 100% of the voting shares of Circle Health and repaid its bank loan and accordingly, the above-mentioned derivative was settled.

Derivative designated as hedging instrument:

	Notional amount AED'000	*Current*	
		Assets AED'000	*Liabilities AED'000*
31 December 2024			
Foreign exchange forward contract	-	-	-
31 December 2023			
Foreign exchange forward contract	4,545,000	24,511	-

15 CASH AND BANK BALANCES

	2024 AED '000	*2023 AED '000*
Cash on hand	**4,255**	2,903
Bank balances	**6,305,462**	7,994,148
Term deposits	**4,471,144**	2,052,441
Restricted cash and fixed deposits	**1,171,715**	518,407
Margins against bank guarantees	**2,002**	2,002
Provision for expected credit losses on cash and bank balances	**(3,060)**	(10,392)
Cash and bank balances	**11,951,518**	10,559,509
Less: Term deposits (original maturity of more than 3 months)	**(1,989,122)**	(2,052,441)
Less: margins against bank guarantees	**(2,002)**	(2,002)
Less: restricted fixed deposits	**(30,452)**	(18,250)
Less: restricted cash *	**(1,141,263)**	(500,157)
Less: deposits and other balances	**(3,162,839)**	(2,572,850)
Cash and cash equivalents	**8,788,679**	7,986,659

15 CASH AND BANK BALANCES continued

* Restricted cash comprises of:

- bank balances representing fines collected on behalf of the Department of Health – Abu Dhabi amounting to AED 4,962 thousand (2023: AED 6,759 thousand);
- funds received from the Department of Health amounting to AED 1,047,265 thousand pertaining to medical claims of governmental health fund management programs not yet paid to medical providers (2023: AED 443,413 thousand);
- funds received from the Department of Health amounting to AED 89,036 thousand for strategic procurement (2023: AED 49,985 thousand).

Fixed term deposits are placed with local financial institutions, denominated in UAE Dirham and carry interest at an effective rate ranging from 3.88% to 5.60% per annum (2023: 4.75% to 6.33%).

Movement in the allowance for expected credit losses against cash and bank balances during the year is as follows:

	2024	*2023*
	AED '000	*AED '000*
At 1 January	**10,392**	4,630
(Reversal) / charge for the year (note 28)	**(7,284)**	5,762
Disposal of subsidiaries	**(45)**	
Foreign exchange movement	**(3)**	-
At 31 December	**3,060**	10,392

16 SHARE CAPITAL

	2024	*2023*
	AED '000	*AED '000*
Authorised and issued		
11,111,111,111 shares with par value of AED 1/- each	**11,111,111**	11,111,111

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 initial public offering related cost AED 3,363 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 10% 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:

	2024	*2023*
	AED '000	*AED '000*
At 1 January	**289,590**	294,316
Term loan draw-down *	**1,845,000**	-
Transaction cost paid	**(14,660)**	-
Acquired through business combinations (note 5.1) **	**709,639**	-
Repayments ***	**(797,129)**	(4,726)
Interest expense for the year (note 29)	**113,247**	-
Disposal of subsidiaries (note 5.2)	**(288,362)**	-
Foreign exchange movement	**2,918**	-
At 31 December	**1,860,243**	289,590

Annual interest rate	*Maturity*	*2024 AED '000*	*2023 AED '000*	*Instalments*	*Purpose*	*Security*
3m EIBOR+1.1% p.a.	January 2027	1,845,000	-	On maturity	To finance the acquisition	Secured against corporate guarantee provided by the Group and its certain operating subsidiaries
3m EIBOR+3.5% p.a.	November 2036	-	300,000	Quarterly	To finance the purchase of a hospital building	Secured against properties
1.5 % p.a.	December 2029	8,577	-	On maturity	Working capital support	Un-secured

* During the year, the Group entered into a loan facility agreement with a local bank for the amount of AED 2,345,000 thousand. Out of this facility limit, AED 1,845,000 thousand was drawn during the year and utilized for the acquisition of Circle Health. The facility is repayable in one bullet payment by the maturity date and the interest is payable on quarterly basis.

**The loan acquired by the Group through the acquisition of Circle Health was subsequently settled by the Group.

*** This item includes an amount of AED 91,846 thousand of interest paid during the year.

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

	2024	*2023*
	AED '000	*AED '000*
Non-current portion	**1,834,039**	284,628
Current portion	**26,204**	4,962
	1,860,243	289,590

19 LEASE LIABILITIES

	2024	*2023*
	AED '000	*AED '000*
At 1 January	**1,666,289**	1,608,392
Acquired through business combinations (note 5.1)	**10,502,471**	3,995
Additions	**415,997**	26,696
Lease modification and cancellations	**160,685**	34,273
Interest expense for the year (note 29)	**712,032**	78,216
Payments	**(774,193)**	(85,283)
Disposal of subsidiaries (note 5.2)	**(12,984)**	**-**
Foreign exchange movement	**(158,204)**	**-**
At 31 December	**12,512,093**	1,666,289

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

	2024	*2023*
	AED '000	*AED '000*
Non-current	**12,205,124**	1,620,448
Current	**306,969**	45,841
	12,512,093	1,666,289

20 INCOME TAX EXPENSE

The major components of income tax expense in the consolidated statement of profit or loss are as follows:

	2024	*2023*
	AED '000	*AED '000*
Current tax charge:		
Income tax @ 9% (UAE operations)	**183,680**	**-**
Income tax @ 25% (UK operations)	**560**	**-**
Total current tax	**184,240**	**-**
Deferred tax (benefit) expense:		
Relating to origination and reversal of temporary differences		
UAE operations	**(35,128)**	418,698
UK operations	**(87,076)**	**-**
Total deferred tax (benefit) expense	**(122,204)**	418,698
Total tax expense for the year	**62,036**	418,698

20 INCOME TAX EXPENSE continued

Tax charge to other comprehensive income as follows:

	2024 *AED '000*	*2023* *AED '000*
Change in fair value of investments in financial assets carried at fair value through other comprehensive income	**2,055**	-
Remeasurement gain on defined benefits plans	**6,063**	-
Related to other items	**(1,311)**	-
Total current tax charge to other comprehensive income	**6,807**	-

The reconciliation of tax expense to accounting profit before tax comprised of as follows:

	2024 *AED '000*	*2023* *AED '000*
Accounting profit before tax	**1,777,761**	1,383,649
Tax at the domestic rate of 9% (2023: 0%)	**159,998**	-
Adjusted for:		
Income taxable at the rate of 0%	**(22,424)**	-
Exempt income	**(6,333)**	-
Non-deductible expenses	**831**	-
Non-absorbable losses of disposed of subsidiaries	**3,438**	-
Effect of higher tax rate applicable to loss making foreign operations	**(65,611)**	-
Relating to enactment of UAE Corporate Tax	**-**	418,698
Others	**(7,863)**	-
Tax expense	**62,036**	418,698

Movement in income tax payable is as follows:

	2024 *AED '000*	*2023* *AED '000*
At 1 January	**-**	
Acquired through business combinations (note 5.1)	**717**	-
Tax charge to profit or loss for the year	**184,240**	-
Tax charge to other comprehensive income for the year	**6,807**	-
Realization of preacquisition taxable losses of a subsidiary (note 5.1)	**(8,861)**	-
Others	**28**	-
Foreign exchange movement	**(21)**	-
At 31 December	**182,910**	-

20 INCOME TAX EXPENSE continued

Movement in net deferred tax liabilities is as follows:

	2024 ***AED '000***	*2023* *AED '000*
At 1 January	**418,698**	-
Deferred tax liabilities acquired through business combinations (note 5.1)	**712,768**	-
Deferred tax asset acquired through business combinations (note 5.1)	**(187,240)**	
Realization of preacquisition taxable losses of a subsidiary	**8,861**	-
Tax (benefit) / charge for the year	**(122,204)**	418,698
Foreign exchange movement	**(5,729)**	-
At 31 December	**825,154**	418,698

Deferred tax liabilities / assets are presented in the consolidated statement of financial position as follows:

	2024 ***AED '000***	*2023* *AED '000*
Deferred tax liabilities	**1,025,139**	418,698
Less: deferred tax asset	**(199,985)**	-
	825,154	418,698

As at reporting date, deferred tax asset and liabilities comprises of:

	2024 ***AED '000***	*2023* *AED '000*
Deferred Tax Assets		
Tax losses	**162,764**	-
Other timing differences	**37,221**	-
	199,985	-
Deferred tax liabilities		
Goodwill	**120,790**	120,790
Intangible assets (excluding goodwill)	**418,881**	262,446
Right-of-use assets	**281,253**	278
Accelerated depreciation for tax purposes	**111,556**	
Land, buildings and other assets	**55,651**	13,381
Other temporary differences	**37,008**	21,803
	1,025,139	418,698

21 NET DEFINED BENEFITS LIABILITIES

	2024	*2023*
	AED '000	*AED '000*
Employees' end of service benefits (a)	**1,506,422**	1,413,143
Defined benefit plan, net of assets (b)	**-**	-
	1,506,422	1,413,143

a) Employees' end of service benefits

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

	2024	*2023*
	AED '000	*AED '000*
At 1 January	**1,413,143**	1,542,089
Acquired through business combinations (note 5.1)	**95,578**	4,095
Charge for the year	**227,257**	153,168
Actuarial gain recognised in other comprehensive income (i)	**(67,368)**	(77,220)
Payments	**(156,889)**	(208,787)
Disposal of subsidiaries (note 5.2)	**(5,299)**	(202)
At 31 December	**1,506,422**	1,413,143

(i) The actuarial valuation of the present value of the defined benefit obligations was carried out at 31 December 2024 and 2023 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:

	2024	*2023*
	AED'000	*AED'000*
Average period of employment (years)	**3.1 -9.1**	3.4 -10.3
Average annual rate of salary increase (percentage)	**2% - 3%**	2.0%
Average annual voluntary termination rate (percentage)	**4% - 8%**	8.0%
Discount rate (percentage)	**5.25%**	4.8%

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.

21 NET DEFINED BENEFITS LIABILITIES continued

a) Employees' end of service benefits continued

Charge for the year ended 31 December 2024 includes current service cost of AED 165,086 thousand and net interest cost of AED 62,171 thousand (2023: AED 87,222 thousand and AED 65,946 thousand), respectively.

Actuarial losses recognised in other comprehensive income includes the following:

	2024 ***AED'000***	*2023* *AED'000*
Actuarial gain arising from experience adjustments	**(30,583)**	(22,174)
Actuarial gain arising from changes in financial assumptions	**(36,785)**	(55,046)
	(67,368)	(77,220)

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 3.23 deaths per thousand of population (2023: 0.24 to 3.20).

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 assumptions:	***2024*** ***Increase*** ***AED'000***	***2024*** ***Decrease*** ***AED'000***	*2023* *Increase* *AED'000*	*2023* *Decrease* *AED'000*
Discount rate (0.5%)	**(34,889)**	**36,649**	(33,423)	35,266
Annual rate of salary increment (0.5%)	**37,827**	**(36,165)**	36,042	(34,440)
Voluntary termination rate (2%)	**22,949**	**(27,622)**	18,596	(22,387)

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.

b) Defined benefit plan, net of assets

Defined contribution scheme
The Group operates defined contribution retirement benefit schemes for all its qualifying employees.

	2024 ***AED'000***	*2023* *AED'000*
Total contribution costs charged to the income statement	**279,748**	204,600

Defined benefit schemes
The Group sponsors a funded defined benefit pension plan for qualifying UK employees, the General Healthcare Group Limited Pension and Life Assurance Plan. The Plan is administered by GHG (DB) Pension Trustees Limited, an independent trustee. The Trustee is required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

Under the Plan, employees are entitled to annual pensions on retirement at age 65 for each year of service. The Plan is closed to future accrual. The level of benefits accrued by members is based on the length of their pensionable service and their pensionable salaries at the earlier of the date on which they left the Plan or the date at which the Plan closed to the future accrual of benefits.

21 NET DEFINED BENEFITS LIABILITIES continued

b) Defined benefit plan, net of assets continued

Profile of the plan
The Defined Benefit Obligation (DBO) includes benefits for former employees and current pensioners. The benefits under the Plan were secured by way of an insurance contract with Aviva in 2020, at which point about 63% of the liabilities were attributable to deferred pensioners and 37% to current pensioners. The membership data used for this project are projected from those as at the latest funding valuation of 30 September 2021, at which point 50% of the liabilities were attributable to each of the deferred pensioners and the in-payment pensioners.

The Plan duration is an indicator of the weighted-average time until benefit payments are made. For the Plan as a whole, the duration is approximately 12 years.

Risks associated with the plan
The Plan has now sold most of its assets and entered into an annuity contract with Aviva. As such, many of the risks it was previously exposed to have been removed. Investment, inflation and longevity risk are removed as Aviva are contractually obliged to fund members' benefits in the future. However, the Trustee still retains the legal responsibility to pay members' benefits to each individual member.

Funding requirements
UK legislation requires that pension Plans are funded prudently. The last funding valuation of the Plan was carried out by a qualified actuary as at 30 September 2021 and showed a surplus of AED 17,291 thousand. Now that the buy-in is complete, the Group is no longer paying deficit contributions. The Plan is expected to transition to buy-out in the near future and there will be no need for actuarial valuations in the future.

Reporting at 31 December 2024
The liabilities of the Scheme were valued as at 30 September 2021, using a data extract provided by the administrators for the purposes of valuing the benefits secured under the insurance contract. These results were projected to the valuation date of 31 December 2024 allowing for changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation was measured using the projected unit credit method. The directors consider they have a right to any surplus asset on the final settlement of all scheme liabilities but have not recognised an asset for this surplus as this is not considered material to the consolidated financial statements.

The principal assumptions used to calculate the liabilities under IAS 19 are as follows:

Mortality rate
Pensioner life expectancy assumed as at 31 December is based on the S2P tables with scaling factors of 103% for male deferred pensions, 100% for male current pensioners, 91% for female deferred pensioners and for 89% for female current pensioners. Future improvements in longevity are assumed in line with the CMI 2023 projection model with a smoothing factor of 7 and a long-term rate of improvement of 1.25% pa. Samples of the ages to which pensioners are assumed to live are as follows:

	2024	*2023*
Life expectancy for male currently aged 65	**86.1**	-
Life expectancy for female currently aged 65	**89.1**	-
Life expectancy at 65 for male currently aged 45	**87.1**	-
Life expectancy at 65 for female currently aged 45	**90.4**	-

21 NET DEFINED BENEFITS LIABILITIES continued

b) Defined benefit plan, net of assets continued

Sensitivity to key assumptions
The key assumptions used for IAS 19 are: discount rate, inflation and mortality. If different assumptions were used, this could have a material effect on the identical values placed on the liabilities and the insured asset. The sensitivity of the results to these assumptions is set out below.

	Change AED'000	***New value AED'000***
Following a 0.25% decrease in the discount rate:		
DBO at 31 December 2024	**9,695**	**324,617**
Surplus at 31 December 2024	**-**	**29,364**
Following a 0.25% increase in the inflation assumption:		
DBO at 31 December 2024	**6,110**	**320,798**
Surplus at 31 December 2024	**-**	**29,364**
Following a one year increase in life expectancy:		
DBO at 31 December 2024	**11,816**	**326,738**
Surplus at 31 December 2024	**-**	**29,364**

Present value of obligation	***2024 AED'000***	*2023 AED'000*
At beginning of the period	**-**	
Acquired through business combinations	**368,460**	-
Interest cost	**16,104**	-
Actuarial gain	**(42,084)**	-
Benefit payments	**(21,225)**	
Foreign exchange movement	**(6,337)**	-
At end of the year	**314,918**	-

Fair value of scheme assets	***2024 AED'000***	*2023 AED'000*
At beginning of the period	**-**	-
Acquired through business combinations	**400,682**	
Interest income	**17,554**	-
Actuarial loss	**(43,877)**	-
Benefit payments	**(21,225)**	-
Administration expenses	**(1,924)**	-
Foreign exchange movement	**(6,928)**	-
At end of the year	**344,282**	-

21 NET DEFINED BENEFITS LIABILITIES continued

b) Defined benefit plan, net of assets continued

Asset classes of scheme assets
The Plan assets are invested in the following asset classes. All invested assets have a quoted market value in an active market. None of the assets are invested in the Group's financial instruments or in property occupied by, or other assets used by, the Group.

Asset classes of scheme assets	***2024*** ***AED'000***	*2023* *AED'000*
Cash instruments and sterling deposits	**27,735**	-
Cash at bank	**1,629**	-
Annuity contract	**314,918**	-
At end of the year	**344,282**	-

The reconciliation to the amount shown on the consolidated statement of financial position is as follows:

	2024 ***AED'000***	*2023* *AED'000*
Present value of obligation	**(314,918)**	-
Fair value of scheme assets	**344,282**	-
Unrecognised portion of scheme assets	**(29,364)**	-
Net surplus recognised	**-**	-

The net amount recognised in reserves is as follows:

No amounts have been recognised in the consolidated statement of profit or loss for the current or prior year. The administration expenses for the plan are settled by the scheme and are therefore not recognised within the consolidated statement of profit or loss.

	31 December 2024 ***AED'000***	*31 December 2023* *AED'000*
Actuarial gain on scheme obligations	**42,084**	-
Actuarial loss on scheme assets	**(43,877)**	-
Movement in unrecognised pension surplus	**3,717**	-
Actuarial gain on defined benefit pension schemes	**1,924**	-
Net effect in reserves arising from movements on future scheme commitment	**(1,924)**	-
	-	-

21 NET DEFINED BENEFITS LIABILITIES continued

b) Defined benefit plan, net of assets continued

Analysis of gains/losses
Overall, there was a total actuarial loss of AED 1,793 thousand during the year, which is broken down as follows.

Financial assumptions resulted in a gain of AED 37,798 thousand, mainly due to the increase in the discount rate assumption. This gain was partially offset by the increase in the RPI inflation assumption and related inflation-linked increases. Demographic assumptions resulted in a gain of AED 2,897 thousand, mainly due to changes in the mortality assumption, in particular updating the CMI 2023 projection model. DBO experience resulted in a gain of AED 1,389 thousand, mainly due to higher than expected deferred revaluation and pension increases over the year. During the year, asset returns underperformed against the discount rate with a loss of AED 43,877 thousand. This was entirely due to the value of the primary asset, the insurance contract, being set to equal the value of the liabilities.

22 OTHER LIABILITIES

	2024	*2023*
	AED '000	*AED '000*
Liabilities relating to hospitals under management *	**82,541**	61,110
Deferred government grants	**180,596**	93,478
Others	**11,483**	-
	274,620	154,588

* This item represents end of service benefits of hospitals' employees payable in accordance with the hospitals' management agreement entered into by the Group.

Other liabilities are presented in the consolidated statement of financial position as follows:

	2024	*2023*
	AED '000	*AED '000*
Non-current	**186,640**	154,588
Current	**87,980**	-
	274,620	154,588

23 TRADE AND OTHER PAYABLES

	2024	*2023*
	AED '000	*AED '000*
Trade payables	**1,651,143**	1,369,289
Unearned income	**167,152**	284,706
Advances from customers (note 23.1)	**685,918**	392,441
Accrued expenses (note 23.2)	**3,274,971**	2,086,845
Government funded programs payables	**1,574,209**	794,423
Other payables	**218,093**	29,653
Fines collected on behalf of Department of Health - Abu Dhabi (note 23.3)	**4,962**	6,759
	7,576,448	4,964,116

23.1 Advances from customers includes an amount of AED 565,994 thousand (2023: AED 322,243 thousand) received from a customer in relation to the purchase and supply of medical supplies.

23.2 Included in accrued expenses is a net amount of AED 540,906 thousand (2023: AED 252,215 thousand) against management of hospitals in the Northern Emirates. In addition, an amount of AED 2,202,849 thousand (2023: AED 1,157,023 thousand) relates to accruals against inventories and services received but not invoiced by the suppliers.

23.3 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.

24 REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

a) Reinsurance contract assets

		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 2024	**(212,877)**	**1,503,141**	**40,634**	**1,330,898**
Allocation of reinsurance premiums (i)	**(2,366,085)**	**-**	**-**	**(2,366,085)**
Amounts recoverable from reinsurers for incurred claims (i) and (ii)	**-**	**3,376,706**	**12,587**	**3,389,293**
Net (expense) / income from reinsurance contracts held	**(2,366,085)**	**3,376,706**	**12,587**	**1,023,208**
Reinsurance commission expense (i)	**229**	**-**	**-**	**229**
Total changes in the consolidated statement of profit or loss	**(2,365,856)**	**3,376,706**	**12,587**	**1,023,437**
Cash flows:				
Premiums paid	**2,142,687**	**-**	**-**	**2,142,687**
Amounts received (ii)	**-**	**(2,970,171)**	**-**	**(2,970,171)**
Total cash flows	**2,142,687**	**(2,970,171)**	**-**	**(827,484)**
Reinsurance contract assets as at 31 December 2024	**(436,046)**	**1,909,676**	**53,221**	**1,526,851**

		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

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

(ii) This includes receivables from the Government of Abu Dhabi in respect of insurance policies issued under the Basic product, amounting to AED 212,491 thousand (2023: 241,024 thousand) paid by the Group to health care providers.

24 REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

b) Insurance contract liabilities

		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 2024	**764,337**	**1,725,216**	**74,346**	**2,563,899**
Insurance revenue *	**(6,112,400)**	**-**	**-**	**(6,112,400)**
Insurance service expenses **	**159,173**	**5,699,907**	**40,807**	**5,899,887**
Insurance service result	**(5,953,227)**	**5,699,907**	**40,807**	**(212,513)**
Total changes in the consolidated statement of profit or loss	**(5,953,227)**	**5,699,907**	**40,807**	**(212,513)**
Cash flows:				
Premiums received	**6,250,436**	**-**	**-**	**6,250,436**
Claims and other expenses paid	**-**	**(5,207,708)**	**-**	**(5,207,708)**
Insurance acquisition cash flows	**(161,475)**	**-**	**-**	**(161,475)**
Total cash flows	**6,088,961**	**(5,207,708)**	**-**	**881,253**
Insurance contract liabilities as at 31 December 2024	**900,071**	**2,217,415**	**115,153**	**3,232,639**

		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	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	5,339,294	-	-	5,339,294
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

24 REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES continued

b) Insurance contract liabilities continued

* 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 sales in the consolidated statement of profit or loss.

25 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 2024, the Group has not recorded any impairment of receivables relating to amounts due from related parties.

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

	2024 AED '000	*2023 AED '000*
Due from related parties:		
Other related parties*	**1,178,168**	262,219
Due to related parties:		
Other related parties	**78,142**	72,303
Key management personnel (note 25.1)	**533,317**	535,672
	611,459	607,975
Balances with financial institutions	**8,982,591**	5,473,330
Loan from a financial institution	**1,851,741**	-
Right of use assets	**1,729,528**	739,893
Lease liabilities	**2,251,181**	972,445

* This includes an amount of AED 40,190 thousand receivable on disposal of subsidiaries (note 5.2). The consideration receivable represents the amount that was agreed between the parties.

Balances related to deferred government mandates, government funded programs receivables, government funded programs payables, and fines collected on behalf of Department of Health – Abu Dhabi, are disclosed in note 13, note 22 and note 23, respectively.

25 RELATED PARTIES continued

Transactions with related parties during the year are as follows:

	2024 ***AED '000***	*2023* *AED '000*
Other related parties:		
Expenses incurred by the Group on behalf of related parties	**400,969**	7,613
Expenses incurred by related parties on behalf of the Group	**(193)**	(10,425)
Goods sold and services rendered to related parties	**840,732**	490,196
Goods purchased and services received from related parties	**(137,660)**	(245,458)
Bank charges	**17,069**	14,243
Interest expense	**113,247**	-
Interest income	**183,107**	75,104
Borrowings (net)	**1,830,340**	-
Sale of subsidiaries (note 5.2)	**40,190**	-
Finance cost - Leases	**(100,334)**	(70,956)
Depreciation - Leases	**(163,575)**	(146,167)
Loan repaid	**-**	(110,358)
Dividend paid	**-**	(300,000)
Compensation of key management personnel salaries and other benefits:		
Short-term benefits (note 25.1)	**25,691**	61,260
End of service benefits	**2,354**	831
	28,045	62,091

25.1 This item represents the outstanding short-term benefits relating to incentive of 5% of the net profit of certain subsidiaries which their respective Managing Director / Group Chief Executive Officer and Chief Executive Officer were entitled to in previous years. No incentive was recorded during the year ended 31 December 2024 (2023: AED 39,391 thousand).

26 REVENUE

	2024 ***AED '000***	*2023* *AED '000*
Type of goods or service		
Hospital and other healthcare related services (i)	**17,971,453**	9,369,847
Diagnostic services	**325,331**	401,520
Health insurance services (ii)	**6,528,210**	5,619,572
Procurement and supply of medical related products	**868,251**	960,457
Technology services and others	**154,997**	47,524
	25,848,242	16,398,920
Timing of revenue recognition:		
Revenue at a point in time	**7,068,374**	2,548,624
Revenue over time	**18,779,868**	13,850,296
	25,848,242	16,398,920

26 REVENUE continued

The geographical information of revenues generated is as follows:

	2024	*2023*
	AED '000	*AED '000*
Within UAE	**19,842,372**	16,398,920
Outside UAE	**6,005,870**	-
	25,848,242	16,398,920

(i) This includes a contract that the Group has, 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".

(ii) This includes management and administration fees, to operate Government funded programs amounting to AED 415,810 thousand for year ended 31 December 2024 (2023: AED 359,810 thousand).

Contract assets balance is as follows:

	2024	*2023*
	AED '000	*AED '000*
Contract assets	**1,815,381**	688,934
Provision for expected credit losses on contract asset	**(64,734)**	(55,472)
Net contract assets	**1,750,647**	633,462

Movement in the allowance for expected credit losses of contract assets is as follows:

	2024	*2023*
	AED '000	*AED '000*
At 1 January	**55,472**	-
Charge for the year (note 28)	**9,262**	55,472
At 31 December	**64,734**	55,472

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

	2024	*2023*
	AED '000	*AED '000*
Current	**1,750,647**	633,462

27 COST OF SALES

	2024 AED '000	(Reclassified note 2.3) 2023 AED '000
Inventory consumed	**4,247,312**	3,407,136
Salaries, allowances and benefits	**5,459,145**	2,671,773
Hospitals management services	**2,006,118**	1,305,134
Insurance claims expenses	**4,924,196**	4,816,833
Outsourcing and purchased services	**1,230,394**	157,673
Depreciation of property and equipment (note 6)	**339,850**	263,462
Amortisation of intangible assets (note 9)	**178,848**	105,789
Depreciation of right-of-use assets (note 8)	**628,448**	195,601
Depreciation of investment property (note 7)	**587**	586
Other direct cost of goods sold	**197,544**	52,020
	19,212,442	12,976,007

28 GENERAL AND ADMINISTRATIVE EXPENSES

	2024 AED '000	(Reclassified note 2.3) 2023 AED '000
Salaries, allowances and benefits	**2,667,950**	1,601,651
Depreciation of property and equipment (note 6)	**284,669**	300,599
Depreciation of investment property (note 7)	**12**	12
Depreciation of right-to-use assets (note 8)	**150**	494
Amortisation of intangible assets (note 9)	**127,828**	98,042
Impairment of property and equipment (note 6)	**10,748**	-
Impairment of intangible assets (note 9)	**22**	-
Impairment of right-of-use assets (note 8)	**55,069**	-
Allowance for slow moving inventories (note 12)	**3,039**	4,968
Allowance for expected credit losses for trade receivable (note 13)	**68,794**	99,559
Allowance / (reversal) for expected credit losses of other receivables (note 13)	**205,049**	(91,384)
Allowance for expected credit loss of government funded programs receivables (note 13)	**1,637**	14,306
Allowance for expected credit loss of contract asset (note 26)	**9,262**	55,472
(Reversal) / allowance for expected credit loss for cash and banks (note 15)	**(7,284)**	5,762
Utilities and communication	**198,533**	138,054
Outsourcing and purchased services	**292,346**	211,346
Business travel	**52,788**	5,996
Office expenses	**112,496**	44,012
IT expenses	**57,120**	39,211
Insurance expenses	**49,413**	-
Consulting and professional services expenses	**278,583**	78,537
Management incentive (note 25.1)	**-**	39,391
Other expenses	**197,501**	72,227
	4,665,725	2,718,255

29 FINANCE COSTS

	2024	*2023*
	AED ‘000	*AED ‘000*
Interest expense on leases (note 19)	**712,032**	78,216
Interest expense on borrowings (note 18)	**113,247**	-
Others	**22,355**	39,256
	847,634	117,472

30 OTHER INCOME, NET

		(Reclassified note 2.3)
	2024	*2023*
	AED ‘000	*AED ‘000*
Gain / (loss) on disposals of property and equipment (note 6)	**444**	(1,569)
Interest income	**285,492**	130,155
Dividend income	**18,554**	19,372
Net gain on loss of significant influence of an associate (note 10)	**56,332**	-
Rental income	**8,570**	36,021
Gain on disposal of a subsidiary (note 5.2)	**-**	955
Change in fair value of investment in financial assets carried at fair value through profit or loss (note 11)	**11,843**	(8,713)
Grant income related to covid	**87,434**	461,595
Grant income related to capital expenditures	**15,265**	4,147
Miscellaneous income	**124,068**	173,291
	608,002	815,254

31 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:

	2024	*2023*
Profit attributed to owners of the Company (AED ‘000’)	**1,711,640**	964,657
Weighted average number of shares (shares in thousands)	**11,111,111**	10,036,530
Basic and diluted earnings per share for the year (AED)	**0.15**	0.10

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.

32 CONTINGENT LIABILITIES AND COMMITMENTS

	2024 ***AED '000***	*2023* *AED '000*
Letters of guarantee	**147,128**	210,851
Capital and purchase commitments	**1,589,577**	3,934,489

The Group is defendant on certain legal cases. The outcome of these cases is dependent on occurrence / non-occurrence of uncertain future events. The Group has taken a provision of AED 63,979 thousand against those legal cases, which in the view of the Group's management is adequate to cover any future liabilities that may arise.

33 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 2024				
Investments				
Investments at fair value through profit or loss (note 11)	**269,088**	-	**1,496**	**270,584**
Investment at fair value through comprehensive income (note 11)	**2,008,390**	-	**1,301**	**2,009,691**
	2,277,478	-	**2,797**	**2,280,275**
Derivative financial instrument	-	-	-	-
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 (note 14)	-	24,511	-	24,511

33 FAIR VALUE MEASUREMENT continued

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

	2024 *AED '000*	*2023* *AED '000*
At 1 January	**2,937**	2,134
(Loss) / gain from change of fair value of investments	**(1,305)**	641
Foreign exchange movement	**(136)**	162
At 31 December	**1,496**	2,937

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

	2024 *AED '000*	*2023* *AED '000*
At 1 January	**12,310**	9,433
Additions	**4,182**	6,914
Disposal	**(16,184)**	(5,227)
Gain from change of fair value of investments	**993**	1,190
At 31 December	**1,301**	12,310

34 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 2024				
Financial assets:				
Investments (note 11)	**270,584**	**2,009,691**	**568,001**	**2,848,276**
Reinsurance contract assets (note 24)	-	-	**1,526,851**	**1,526,851**
Indemnification asset (note 13)	-	-	**113,647**	**113,647**
Cash and bank balances (note 15)			**11,951,518**	**11,951,518**
Margin deposits (note 13)	-	-	**43,292**	**43,292**
Trade receivables (note 13)	-	-	**1,844,101**	**1,844,101**
Other receivables (note 13)	-	-	**1,688,208**	**1,688,208**
Government funded programs receivables (note 13)	-	-	**941,746**	**941,746**
Due from related parties (note 25)	-	-	**1,178,168**	**1,178,168**
Contract assets (note 26)	-	-	**1,750,647**	**1,750,647**
Sublease receivable (note 13)	-	-	**7,210**	**7,210**
	270,584	**2,009,691**	**21,613,389**	**23,893,664**
Financial liabilities:				
Insurance contract liabilities (note 24)			**3,232,639**	**3,232,639**
Trade payables (note 23)	-	-	**1,651,143**	**1,651,143**
Fines collected on behalf of Department of Health - Abu Dhabi (note 23)	-	-	**4,962**	**4,962**
Other payables (note 23)	-	-	**218,093**	**218,093**
Borrowings (note 18)	-	-	**1,860,243**	**1,860,243**
Due to related parties (note 25)	-	-	**611,459**	**611,459**
Lease liabilities (note 19)	-	-	**12,512,093**	**12,512,093**
Government funded programs payables (note 23)	-	-	**1,574,209**	**1,574,209**
	-	-	**21,664,841**	**21,664,841**

34 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 2023				
Financial assets:				
Investments (note 11)	351,369	266,305	-	617,674
Reinsurance contract assets (note 24)	-	-	1,330,898	1,330,898
Cash and bank balances (note 15)	-	-	10,559,509	10,559,509
Margin deposits (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 25)	-	-	262,219	262,219
Derivative financial instruments (note 14)	-	24,511	-	24,511
Contract assets (note 26)	-	-	633,462	633,462
Sublease receivable (note 13)	-	-	1,260	1,260
	351,369	290,816	17,152,456	17,794,641
Financial liabilities:				
Insurance contract liabilities (note 24)	-	-	2,563,899	2,563,899
Trade payables (note 23)	-	-	1,369,289	1,369,289
Fines collected on behalf of Department of Health - Abu Dhabi (note 23)	-	-	6,759	6,759
Other payables (note 23)	-	-	29,653	29,653
Borrowings (note 18)	-	-	289,590	289,590
Due to related parties (note 25)	-	-	607,975	607,975
Lease liabilities (note 19)	-	-	1,666,289	1,666,289
Government funded programs payables (note 23)	-	-	794,423	794,423
	-	-	7,327,877	7,327,877

For the purpose of the above disclosure, non-financial assets amounting to AED 313,371 thousand as at 31 December 2024 (2023: AED 315,867 thousand) were excluded from trade and other receivables and non-financial liabilities amounting to AED 4,128,041 thousand as at 31 December 2024 (2023: AED 2,763,992 thousand) were excluded from trade and other payables.

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

35 FINANCIAL RISK MANAGEMENT

35.1 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.

35 FINANCIAL RISK MANAGEMENT continued

35.2 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 19,714,189 thousand as at 31 December 2024 (2023: AED 16,052,795 thousand).

35.3 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 2024, the credit exposure against five customers accounted for 62% of the total credit risk exposure and the expected credit losses of those five customers, were AED 75,772 thousand (2023: AED 29,740 thousand)

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.

	Notes	*12 month or lifetime ECL*	*Gross carrying amount AED '000'*	*Allowance / impairment amount AED '000'*	*Net carrying amount AED '000'*
At 31 December 2024					
Trade receivables	13	Lifetime ECL	**1,984,564**	**(140,463)**	**1,844,101**
Other receivables	13	Lifetime ECL	**2,049,854**	**(361,646)**	**1,688,208**
Contract assets	26	Lifetime ECL	**1,815,381**	**(64,734)**	**1,750,647**
Reinsurance contract assets	24	12-month ECL	**1,526,851**	**-**	**1,526,851**
Due from related parties	25	Lifetime ECL	**1,178,168**	**-**	**1,178,168**
Debt Instruments	11.3	Lifetime ECL	**568,189**	**(188)**	**568,001**
Cash and bank balances	15	12-month ECL	**11,954,578**	**(3,060)**	**11,951,518**
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	26	Lifetime ECL	688,934	(55,472)	633,462
Reinsurance contract assets	24	12-month ECL	1,330,899	-	1,330,899
Due from related parties	25	Lifetime ECL	262,219	-	262,219
Cash and bank balances	15	12-month ECL	10,569,901	(10,392)	10,559,509

35 FINANCIAL RISK MANAGEMENT continued

35.4 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 2024						
Insurance contract liabilities (note 24)	**-**	**3,232,639**	**-**	**-**	**-**	**3,232,639**
Trade payables (note 23)	**302,558**	**1,092,617**	**255,968**	**-**	**-**	**1,651,143**
Fines collected on behalf of Department of Health - Abu Dhabi (note 23)	**-**	**4,962**	**-**	**-**	**-**	**4,962**
Other payables (note 23)	**-**	**218,093**	**-**	**-**	**-**	**218,093**
Bank borrowings	**-**	**-**	**103,960**	**1,931,895**	**-**	**2,035,855**
Due to related parties (note 25)		**611,459**	**-**	**-**	**-**	**611,459**
Lease liabilities	**3,375**	**176,034**	**699,848**	**3,814,020**	**17,441,480**	**22,134,757**
Government funded programs payables (note 23)	**-**	**1,574,209**	**-**	**-**	**-**	**1,574,209**
Total	**305,933**	**6,910,013**	**1,059,776**	**5,745,915**	**17,441,480**	**31,463,117**
At 31 December 2023						
Insurance contract liabilities (note 24)	-	2,563,899	-	-	-	2,563,899
Trade payables (note 23)	17,491	389,557	962,241	-	-	1,369,289
Fines collected on behalf of Department of Health - Abu Dhabi (note 23)	-	6,759	-	-	-	6,759
Other payables (note 23)	-	29,653	-	-	-	29,653
Bank borrowings	-	4,153	12,369	107,389	275,859	399,770
Due to related parties (note 25)	-	607,975	-	-	-	607,975
Lease liabilities	1,704	9,039	63,115	1,469,683	726,567	2,270,108
Government funded programs payables (note 23)	-	794,423	-	-	-	794,423
Total	19,195	4,405,458	1,037,725	1,577,072	1,002,426	8,041,876

35 FINANCIAL RISK MANAGEMENT continued

35.5 MARKET RISK

(a) Foreign currency risk

Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. The Group is exposed to currencies not denominated in USD or AED, as the latter is pegged to the UAE Dirham. Further, management believes that there is a minimal risk of significant losses due to exchange rate fluctuations in its UAE operations as most of its monetary assets and liabilities are denominated in UAE Dirhams. The Group exposure with respect to its subsidiary in the UK is as follows:

	2024	*2023*
	AED'000	*AED'000*
Impact of 5% increase/ decrease in the exchange rate on the Group's OCI for the year (increase/decrease)	**225,006**	-

(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 Group's borrowings with floating interest rates. 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.

	2024	*2023*
	AED'000	*AED'000*
100 basis points increased	**(18,602)**	(2,896)
100 basis points decreased	**18,602**	2,896

35 FINANCIAL RISK MANAGEMENT continued

35.5 MARKET RISK continued

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 2024 impact on profit AED'000***	*31 December 2023 impact on profit AED'000*
Abu Dhabi Securities Exchange	5%	**8,199**	8,686
Dubai Financial Market	5%	**5,256**	4,333
Germany Stock Market Index	5%	**-**	1,083
London Stock Exchange	5%	**-**	899
Paris Stock Market	5%	**-**	846
Swiss Exchange	5%	**-**	484
Others	5%	**75**	1,138

Market index	***Changes in variables***	***31 December 2024 impact on other comprehensive income AED'000***	*31 December 2023 impact on other comprehensive income AED'000*
New York Securities Exchange	5%	**100,333**	-
Swiss Exchange	5%	**87**	-
Others	5%	**-**	12,700

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.

35.6 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.

35 FINANCIAL RISK MANAGEMENT continued

35.6 INSURANCE RISK continued

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.

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.

35 FINANCIAL RISK MANAGEMENT continued

35.6 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 2014 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*	***2024 AED '000***	*Total AED'000*
At end of the reporting year	10,658,461	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	5,962,403	6,487,421	64,657,112
One years later	(115,922)	(17,968)	(20,603)	(27,178)	(108,333)	63,907	36,713	30,218	(38,413)	10,468	(62,541)	**-**	(249,652)
Two years later	(23,539)	10,592	(2,018)	(49,348)	62,689	79,463	33,417	(19,784)	(31,481)	453	-	**-**	60,444
Three years later	(18,910)	(21,118)	(16,174)	26,033	20,078	5,077	(8,326)	(9,076)	(11,201)	-	-	**-**	(33,617)
Four years later	(2,411)	(6,310)	1,645	21,153	(5,083)	(584)	(5,886)	(12,948)	-	-	-	**-**	(10,424)
Five years later	(101,957)	6,172	2,300	(4,545)	(330)	(11,187)	(16,350)	-	-	-	-	**-**	(125,897)
Six years later	(3,760)	1,037	1,578	(5,049)	(4,464)	(22,214)	-	-	-	-	-	**-**	(32,872)
Seven years later	(1,569)	598	(4,392)	(5,936)	(24,888)	-	-	-	-	-	-	**-**	(36,187)
Eight years later	(651)	(276)	(431)	(11,356)	-	-	-	-	-	-	-	**-**	(12,714)
Nineth years later	(245)	-	(6,459)	-	-	-	-	-	-	-	-	**-**	(6,704)
Tenth years later	(149)	(453)	-	-	-	-	-	-	-	-	-	**-**	(602)
eleventh years later	(93)	-	-	-	-	-	-	-	-	-	-	**-**	(93)
Current estimate of cumulative claims incurred	10,389,255	3,760,686	4,697,948	5,544,099	5,164,851	5,087,522	4,449,221	3,864,306	4,045,738	4,817,885	5,899,862	**6,487,421**	**64,208,794**
Cumulative claims payment to date - gross	10,389,255	3,760,686	4,697,948	5,544,099	5,164,851	5,055,980	4,401,604	3,792,196	3,957,329	4,670,356	5,711,765	**5,314,106**	**62,460,175**
Gross liabilities for incurred claims	-	-	-	-	-	31,542	47,617	72,110	88,409	147,529	188,097	**1,173,315**	**1,748,619**
Others*													**583,949**
Total gross liabilities for incurred claims (note 24)													2,332,568

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

36 SEGMENT ANALYSIS

Information regarding the Group's operating segments is 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 2024, the Group's reportable segments under IFRS 8 are therefore as follows:

- **Hospital and other healthcare related services:** The Group provides general healthcare related operations, including hospitalisation, clinical, isolation / quarantine, pharmacies, vaccinations and other healthcare related services by operating and managing various hospitals and healthcare centers in the UAE, and UK, providing a host of general as well as multi-specialty healthcare services.

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

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

- **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.

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

36 SEGMENT ANALYSIS continued

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

	Hospital and other healthcare related services AED '000	*Diagnostic services AED '000*	*Health insurance services AED '000*	*Procurement and supply of medical related products AED '000*	*Technology services and others AED '000*	*Adjustments, eliminations and others AED '000*	*Total AED '000*
For the year ended 31 December 2024							
Revenues	**19,653,470**	**1,056,466**	**6,837,661**	**5,204,263**	**468,570**	**(7,372,188)**	**25,848,242**
Cost of sales	**(13,917,919)**	**(542,596)**	**(6,094,317)**	**(4,650,040)**	**(364,427)**	**6,356,857**	**(19,212,442)**
General administration and selling & distribution expenses	**(4,474,208)**	**(228,119)**	**(385,694)**	**(196,942)**	**(60,524)**	**620,500**	**(4,724,987)**
Finance costs	**(1,082,093)**	**(10,737)**	**(5,322)**	**(3,467)**	**(103)**	**254,088**	**(847,634)**
Share of profit from associates and joint ventures	**81,655**	**-**	**-**	**-**	**-**	**-**	**81,655**
Gain on bargain purchase on acquisition of a subsidiary	**24,925**	**-**	**-**	**-**	**-**	**-**	**24,925**
`Other income, net	**685,550**	**4,695**	**227,090**	**12,451**	**639**	**(322,423)**	**608,002**
Income tax	**(2,709)**	**(25,984)**	**(53,559)**	**(34,320)**	**(5,818)**	**60,354**	**(62,036)**
Net profit for the year	**968,671**	**253,725**	**525,859**	**331,945**	**38,337**	**(402,812)**	**1,715,725**
Depreciation and amortisation	**1,253,391**	**36,748**	**59,858**	**14,855**	**9,289**	**252,090**	**1,626,231**
Interest income	**(351,189)**	**-**	**-**	**(5,176)**	**-**	**223,408**	**(132,957)**
Finance costs	**1,082,093**	**10,737**	**5,322**	**3,467**	**103**	**(254,088)**	**847,634**
Income tax	**2,709**	**25,984**	**53,559**	**34,320**	**5,818**	**(60,354)**	**62,036**
EBITDA for the year	**2,955,675**	**327,194**	**644,598**	**379,411**	**53,547**	**(241,756)**	**4,118,669**
As at 31 December 2024							
Segment assets and liabilities:							
Segment assets	**43,171,211**	**2,791,256**	**8,803,534**	**3,549,603**	**474,970**	**(10,215,749)**	**48,574,825**
Segment liabilities	**32,354,273**	**1,156,936**	**6,008,138**	**2,996,097**	**409,669**	**(14,086,538)**	**28,838,575**

36 SEGMENT ANALYSIS continued

	Hospital and other healthcare related services AED '000	*Diagnostic services AED '000*	*Health insurance services AED '000*	*Procurement and supply of medical related products AED '000*	*Technology services and others AED '000*	*Adjustments, eliminations and others AED '000*	*Total AED '000*
For the year ended 31 December 2023							
Revenues	10,528,021	1,043,100	5,852,996	4,099,120	76,288	(5,200,605)	16,398,920
Cost of sales	(7,179,429)	(572,031)	(5,339,945)	(3,720,501)	(39,294)	3,875,193	(12,976,007)
General administration and selling & distribution expenses	(3,049,308)	(99,383)	(300,742)	(167,248)	(31,058)	885,540	(2,762,199)
Finance costs	(111,016)	(2,289)	(7,057)	(415)	(1,040)	4,345	(117,472)
Share of profit from associates and joint ventures	24,060	-	1,093	-	-	-	25,153
Other income, net	876,319	1,872	112,948	851	(21)	(176,715)	815,254
Income tax	(12,401)	-	-	-	-	(406,297)	(418,698)
Net profit for the year	1,076,246	371,269	319,293	211,807	4,875	(1,018,539)	964,951
Depreciation and amortisation	522,792	25,358	71,917	5,558	1,912	337,048	964,585
Interest income	(32,027)	-	-	-	-	-	(32,027)
Finance costs	111,016	2,289	7,057	415	1,040	(4,345)	117,472
Income tax	12,401	-	-	-	-	406,297	418,698
EBITDA for the year	1,690,428	398,916	398,267	217,780	7,827	(279,539)	2,433,679
As at 31 December 2023							
Segment assets and liabilities:							
Segment assets	12,909,213	2,416,603	6,299,510	2,319,730	272,414	3,957,039	28,174,509
Segment liabilities	10,451,046	1,045,444	4,080,047	2,115,749	257,493	(5,832,237)	12,117,542

37 SUBSEQUENT EVENT

Subsequent to the year end, the Group has entered into an Agreement to acquire 60% equity interest in Hellenic Healthcare S.a.R.L, registered in Luxembourg. The transaction is subject to legal and regulatory approvals.