# Burjeel Holdings PLC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH 2023 (UNAUDITED)

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# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## TO THE DIRECTOR OF BURJEEL HOLDINGS PLC

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Burjeel Holdings PLC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2023, comprising of the interim condensed consolidated statement of financial position as at 31 March 2023, and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34.

Signed by
Anthony O'Sullivan
Ernst & Young

08 May 2023
Abu Dhabi

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months period ended 31 March 2023

| | Notes | ***Three months period ended 31 March*** | |
|---|---|---|---|
| | | ***2023*** | *2022* |
| | | ***AED*** | *AED* |
| | | ***(Unaudited)*** | *(Unaudited)* |
| Revenue | 4 | **1,084,863,158** | 972,018,592 |
| Doctors' and other employees' salaries and emoluments | | **(468,954,025)** | (412,602,145) |
| Inventories consumed | | **(251,760,173)** | (225,550,665) |
| Depreciation on property and equipment | 6 | **(58,627,722)** | (65,973,911) |
| Amortisation of intangible assets | | **(872,096)** | (1,263,704) |
| Depreciation of right of use assets | | **(25,581,511)** | (26,810,538) |
| Provision for expected credit losses | | **(17,936,717)** | (28,030,900) |
| Other expenses | 5 | **(109,490,649)** | (98,619,178) |
| **OPERATING PROFIT FOR THE PERIOD** | | **151,640,265** | 113,167,551 |
| Finance costs | | **(35,139,760)** | (55,282,823) |
| Interest income from related parties | 8 | **-** | 20,994,914 |
| Share of profit from associates | | **4,842,671** | 5,745,292 |
| **PROFIT FOR THE PERIOD** | | **121,343,176** | 84,624,934 |
| Other comprehensive income | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **121,343,176** | 84,624,934 |
| ***Attributable to:*** | | | |
| Equity holders of the Parent Company | | **118,796,312** | 82,166,959 |
| Non-controlling interests | | **2,546,864** | 2,457,975 |
| | | **121,343,176** | 84,624,934 |
| Earnings per share attributable to equity holders of the Parent Company | | | |
| Basic and diluted earnings per share (AED) (restated) | 14 | **0.02** | 0.02 |

The accompanying notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2023

| | Notes | *(Unaudited) 31 March 2023 AED* | *(Audited) 31 December 2022 AED* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 6 | **1,966,213,232** | 2,001,503,707 |
| Intangible assets | | **8,620,826** | 7,278,837 |
| Right of use assets | | **991,584,214** | 1,018,557,484 |
| Capital work in progress | | **23,304,116** | 23,281,616 |
| Investment in associates | | **33,915,236** | 29,072,565 |
| Term deposits | | **2,552,500** | 2,552,500 |
| | | **3,026,190,124** | 3,082,246,709 |
| **Current assets** | | | |
| Inventories | | **235,321,206** | 239,850,836 |
| Accounts receivable and prepayments | | **1,302,353,578** | 1,189,537,105 |
| Amounts due from related parties | 8 | **21,622,578** | 23,538,218 |
| Bank balances and cash | 7 | **171,782,838** | 149,962,481 |
| | | **1,731,080,200** | 1,602,888,640 |
| **TOTAL ASSETS** | | **4,757,270,324** | 4,685,135,349 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | **520,513,417** | 520,513,417 |
| Share premium | | **366,854,049** | 366,854,049 |
| Other reserve | | **3,039,504** | 3,039,504 |
| Shareholder's contribution | | **3,553,665** | 3,553,665 |
| Retained earnings | | **313,482,847** | 194,686,535 |
| **Equity attributable to equity holders of the parent Company** | | **1,207,443,482** | 1,088,647,170 |
| **Non-controlling interests** | | **31,746,792** | 29,199,928 |
| **Total equity** | | **1,239,190,274** | 1,117,847,098 |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | 9 | **873,298,243** | 903,820,385 |
| Lease liabilities | | **1,046,539,629** | 1,077,976,668 |
| Employees' end of service benefits | | **131,121,180** | 121,447,629 |
| Derivative financial instruments | 11 | **42,547,330** | 28,374,631 |
| | | **2,093,506,382** | 2,131,619,313 |
| **Current liabilities** | | | |
| Accounts payable and accruals | | **931,253,221** | 945,477,127 |
| Lease liabilities | | **95,990,031** | 97,632,216 |
| Interest bearing loans and borrowings | 9 | **358,397,618** | 356,971,713 |
| Amounts due to related parties | 8 | **38,932,798** | 35,587,882 |
| | | **1,424,573,668** | 1,435,668,938 |
| **Total liabilities** | | **3,518,080,050** | 3,567,288,251 |
| **TOTAL EQUITY AND LIABILITIES** | | **4,757,270,324** | 4,685,135,349 |

Mr. Muhammed Shihabuddin
Chief Financial Officer

Mr. John Sunil
Chief Executive Officer

The accompanying notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three months period ended 31 March 2023 (unaudited)

| | *Attributable to the equity holders of Parent Company* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Share capital AED* | *Shareholder's account AED* | *Share premium AED* | *Other reserve AED* | *Shareholder's contribution AED* | *Accumulated losses AED* | *Total AED* | *Non-controlling interest AED* | *Total equity AED* |
| As at 1 January 2023 (audited) | **520,513,417** | **-** | **366,854,049** | **3,039,504** | **3,553,665** | **194,686,535** | **1,088,647,170** | **29,199,928** | **1,117,847,098** |
| Profit for the period | - | - | - | - | - | 118,796,312 | 118,796,312 | 2,546,864 | 121,343,176 |
| Total comprehensive income for the period | **-** | **-** | **-** | **-** | **-** | **118,796,312** | **118,796,312** | **2,546,864** | **121,343,176** |
| Balance at 31 March 2023 (unaudited) | **520,513,417** | **-** | **366,854,049** | **3,039,504** | **3,553,665** | **313,482,847** | **1,207,443,482** | **31,746,792** | **1,239,190,274** |
| As at 1 January 2022 (audited) | **734,000** | **532,963,590** | **-** | **2,889,504** | **19,684,559** | **(192,832,640)** | **363,439,013** | **17,763,361** | **381,202,374** |
| Profit for the period | - | - | - | - | - | 82,166,959 | 82,166,959 | 2,457,975 | 84,624,934 |
| Total comprehensive income for the period | **-** | **-** | **-** | **-** | **-** | **82,166,959** | **82,166,959** | **2,457,975** | **84,624,934** |
| Movement in shareholder's account, net | - | 12,807,276 | - | - | - | - | 12,807,276 | - | 12,807,276 |
| Balance at 31 March 2022 | **734,000** | **545,770,866** | **-** | **2,889,504** | **19,684,559** | **(110,665,681)** | **458,413,248** | **20,221,336** | **478,634,584** |

The accompanying notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months period ended 31 March 2023

| | Notes | ***Three months period ended 31 March*** | |
|---|---|---|---|
| | | ***2023 Unaudited AED*** | *2022 Unaudited AED* |
| **OPERATING ACTIVITIES** | | | |
| Profit for the period | | **121,343,176** | 84,624,934 |
| Adjustments for: | | | |
| Depreciation on property and equipment | 6 | **58,627,722** | 65,973,911 |
| Amortisation of intangible assets | | **872,096** | 1,263,704 |
| Depreciation of right of use assets | | **25,581,511** | 26,810,538 |
| Provision for expected credit losses | | **17,936,717** | 28,030,900 |
| Share of profit of investments in associates | | **(4,842,671)** | (5,745,292) |
| Interest income from related parties | 8 | **-** | (20,994,914) |
| Provision for employees' end of service benefits | | **11,482,344** | 9,258,889 |
| Loss on disposal of property and equipment | | **-** | 220,774 |
| Change in fair value of profit rate swaps | 11 | **14,172,699** | (2,878,954) |
| Finance costs | | **35,139,760** | 55,282,823 |
| | | **280,313,354** | 241,847,313 |
| Working capital adjustments: | | | |
| Inventories | | **4,529,630** | (10,871,549) |
| Accounts receivable and prepayments | | **(130,753,190)** | (83,728,864) |
| Amounts due from related parties | | **5,174,847** | (28,123,811) |
| Accounts payable and accruals | | **(13,665,315)** | (46,593,247) |
| Amounts due to related parties | | **2,645,401** | 5,057,019 |
| Cash generated from operations | | **148,244,727** | 77,586,861 |
| Employees' end of service benefits paid | | **(5,068,000)** | (4,995,495) |
| Finance costs paid | | **(22,528,163)** | (38,434,974) |
| Net cash flows from operating activities | | **120,648,564** | 34,156,392 |
| **INVESTING ACTIVITIES** | | | |
| Additions to property and equipment | 6 | **(23,196,323)** | (11,471,836) |
| Additions to intangible assets | | **(2,214,085)** | (140,804) |
| Additions to capital work in progress | | **(22,500)** | (8,080,539) |
| Movement in long term deposits | | **-** | 280,497 |
| Net cash flows used in investing activities | | **(25,432,908)** | (19,412,682) |
| **FINANCING ACTIVITIES** | | | |
| Payment of principal portion of lease liabilities | | **(44,299,062)** | (43,424,291) |
| Repayment of interest bearing loans and borrowings | 9 | **(30,189,145)** | (48,371,148) |
| Proceeds from interest bearing loans and borrowings | 9 | **1,092,908** | - |
| Net movement in shareholder's account | | **-** | 12,807,276 |
| Movement in margin account | | **-** | 2,081,721 |
| Dividend income received from associates | | **-** | 422,042 |
| Movement in fixed deposits | | **-** | 162,138 |
| Net cash flows used in financing activities | | **(73,395,299)** | (76,322,262) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **21,820,357** | (61,578,552) |
| Cash and cash equivalents at 1 January | | **146,736,382** | 39,157,258 |
| **CASH AND CASH EQUIVALENTS AT 31 MARCH** | **7** | **168,556,739** | (22,421,294) |

The accompanying notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

## 1 ACTIVITIES

Burjeel Holdings PLC (the "Company" or the "Parent") is registered in Abu Dhabi Global Market (ADGM) under license number 000003466 as a Public Company Limited by Shares. The Company was incorporated on 7 January 2020 (the "inception date"). The registered address of the Company is 402-DO2, 15th Floor, Al Sarab Tower, Abu Dhabi Global Market Square, Maryah Island, Abu Dhabi, United Arab Emirates. The Company and its subsidiaries are collectively referred to as the Group (the "Group").

The principal activity of the Company is to act as a holding company (Proprietary Investment Company) for the entities within the Group. The principal activities of the subsidiaries are to provide multi-speciality hospitals, medical, surgical and dental services and sale of pharmaceutical goods and medical equipment.

The shareholding of the Company is as follows:

| | |
|---|---|
| VPS Healthcare Holdings PVT. Ltd | 70.0% |
| Quant Lase Lab LLC | 14.4% |
| SYA Holdings PVT. Ltd. | 5.0% |
| Publicly traded | 10.6% |

The interim condensed consolidated financial statements were approved by the Director and authorised for issue on 08 May 2023.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. In addition, results for the period ended 31 March 2023 are not necessarily indicative of the results for the year ending 31 December 2023.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments which are stated fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the presentational and functional currency of the Company and the subsidiaries.

## 2 BASIS OF PREPARATION continued

### 2.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent 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 into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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, or the cost on initial recognition of an investment in an associate or a joint venture.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021, except for the adoption of the following new standards and amendments effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

### 3.2 Significant accounting estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the interim condensed consolidated financial statements as at and for the year ended 31 December 2022.

### 3.3 UAE Corporate Tax ("UAE CT")

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

The UAE CT Law is subject to further clarification by supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the interim financial period ended 31 March 2023. Following assessment of the potential impact of the UAE CT Law on the interim balance sheet, we do not consider there to be material temporary differences on which deferred taxes should be accounted.

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

## 4 REVENUE

### 4.1 Types of revenue

| | *Three months period ended* | |
|---|---|---|
| | ***(Unaudited) 31 March 2023 AED*** | *(Unaudited) 31 March 2022 AED* |
| Clinic revenue | **1,047,962,613** | 940,535,961 |
| Pharmacy sales | **15,512,722** | 16,094,169 |
| Other operating income | **20,010,159** | 13,188,847 |
| Revenue from contracts with customers | **1,083,485,494** | 969,818,977 |
| Rental income | **1,377,664** | 2,199,615 |
| | **1,084,863,158** | 972,018,592 |

### 4.2 Revenue from contracts with customers – timing of recognition

| | | |
|---|---|---|
| Outpatient – services rendered at the point in time | **673,296,604** | 647,656,103 |
| In patient – services rendered over the time | **374,666,009** | 292,879,858 |
| Pharmacy – services rendered at the point in time | **15,512,722** | 16,094,169 |
| Other operating income – services rendered at the point in time | **20,010,159** | 13,188,847 |
| | **1,083,485,494** | 969,818,977 |

### 4.3 Geographical markets

| | *Three months period ended* | |
|---|---|---|
| | ***(Unaudited) 31 March 2023 AED*** | *(Unaudited) 31 March 2022 AED* |
| United Arab Emirates | **1,041,914,082** | 923,063,552 |
| Sultanate of Oman | **41,571,412** | 46,755,425 |
| | **1,083,485,494** | 969,818,977 |

### 4.4 Revenue from contracts with customers by asset type

| | *Three months period ended* | |
|---|---|---|
| | ***(Unaudited) 31 March 2023 AED*** | *(Unaudited) 31 March 2022 AED* |
| Hospitals | **941,763,100** | 861,055,055 |
| Medical centres | **106,199,513** | 85,789,897 |
| Pharmacies | **15,512,722** | 16,234,279 |
| Others | **20,010,159** | 6,739,746 |
| | **1,083,485,494** | 969,818,977 |

**4 REVENUE** continued

**4.4 Revenue from contracts with customers by asset type** continued

**Performance obligations**
The performance obligation is satisfied based on the nature of medical services or upon delivery of the medical goods or supplies in case of pharmacy items. Certain contracts for the sale of pharmacy items provide customers with a right of return. However, the sales returns are negligible as compared to the gross revenue for the sale of pharmacy items. Based on the analysis of the historical data and experience, sales return is estimated to be less than 0.05% of the total sales made during a financial period. Considering that the sales returns of the Group are not significant, the Group has not recorded a refund liability and a right of return asset for anticipated sales returns as of the reporting dates.

In the Middle East, the normal business process associated with transactions with insurers includes an amount of claims disallowed which is not paid by the insurer. These rejected claims could be for various technical or medical reasons. Accordingly, the healthcare entities within the Group expect an amount of consideration that is less than what was originally invoiced. These rejections constitute variable consideration under IFRS 15. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur. Under IFRS 15, these rejected claims are recognised as part of revenue (decreasing the revenue recognised).

*Rental income*
The rental income received from external parties during the period from the letting of excess or unused spaces in the hospitals and medical centres. Rental income is based on individual lease agreements with a committed lease term of 1 year or less. Therefore, these are categorised as short-term leases.

There are no unsatisfied performance obligations as of the reporting dates; therefore, there are no transaction prices that are required to be allocated over the remaining or unsatisfied performance obligations.

**5 OTHER EXPENSES**

| | ***Three months period ended*** | |
|---|---|---|
| | ***(Unaudited) 31 March 2023 AED*** | *(Unaudited) 31 March 2022 AED* |
| Housekeeping and hospitality expenses | **21,075,081** | 21,152,989 |
| Repair and maintenance costs | **16,005,812** | 13,490,757 |
| Change in fair value of profit rate swaps (note 11) | **14,172,699** | (2,878,954) |
| Marketing expenses | **11,179,964** | 13,984,500 |
| Utility charges | **10,717,296** | 10,852,889 |
| Legal and professional expenses | **7,464,518** | 5,709,138 |
| Transportation expenses | **4,602,201** | 2,012,488 |
| Rent expenses | **4,229,203** | 3,470,922 |
| Security charges | **3,927,631** | 3,954,222 |
| Printing and stationery | **1,974,574** | 1,730,552 |
| Bank charges | **1,597,267** | 1,700,100 |
| Credit card commission | **954,795** | 717,668 |
| Corporate charges (note 8) | **-** | 12,965,332 |
| Miscellaneous expenses | **11,589,608** | 9,756,575 |
| | **109,490,649** | 98,619,178 |

Miscellaneous expenses of AED 11,589,608 include a provision of AED 4,719,689 relating to a claim from a subcontractor which was recognised following Cessation Court judgement.

## 6 PROPERTY AND EQUIPMENT

The movement in property and equipment pertains to additions of AED 23,196,323 for three months period ended 31 March 2023 (three months period ended 31 March 2022: AED 11,471,836) which comprises of building and leasehold improvements of AED 2,936,454, medical equipment of AED 7,182,032, furniture and fixtures of AED 2,948,312, computer and office equipment of AED 7,409,729, motor vehicles of AED 2,719,796.

Further, during the three months period ended 31 March 2023, property and equipment amounting to AED 140,924 (three months period ended 31 March 2022: AED Nil) were transferred from Response Plus Holding PJSC, a related party at amount equal to net book value. (note 8)

During the three months period ended 31 March 2023, no property and equipment were disposed or transferred (three months period ended 31 March 2022 property and equipment having net book value of AED 138,019 were disposed and property and equipment having net book value of AED 1,502,924 were transferred to a related party. The transfer to related party were made at consideration equal to net book value resulting in no gain or loss). (note 8)

The depreciation charge for the three months period ended amounted to AED 58,627,722 (three months period ended 31 March 2022: AED 65,973,911).

See note 12 for capital commitments.

## 7 BANK BALANCES AND CASH

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| Cash in hand | **2,050,920** | 1,630,957 |
| *Bank balances:* | | |
| Margin deposits | **3,226,099** | 3,226,099 |
| Fixed deposits | **166,125** | 165,134 |
| Cash at bank | **166,339,694** | 144,940,291 |
| Bank balances and cash | **171,782,838** | 149,962,481 |
| Margin deposits | **(3,226,099)** | (3,226,099) |
| Cash and cash equivalents | **168,556,739** | 146,736,382 |

Margin deposits are cash guarantees paid to various banks. These deposits are not liquid and are not readily convertible to cash as they are subordinated to the respective facilities. Therefore, these deposits are excluded from cash and cash equivalents.

The expected credit loss on bank balances is estimated to be immaterial as the Group only deals with reputable banks with good ratings.

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| ***Significant non-cash transactions*** | | |
| Employees' end of service benefits transferred from a related party (note 8) | **3,259,207** | - |
| Leave salary transferred from a related party (note 8) | **558,591** | - |

## 8 RELATED PARTY TRANSACTIONS AND BALANCES

These represent transactions with related parties, i.e. Owner and senior management of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of all transactions are approved by the management of the Group.

Transactions with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

| | ***Three months period ended*** | |
|---|---|---|
| | ***(Unaudited) 31 March 2023 AED*** | *(Unaudited) 31 March 2022 AED* |
| Revenue | **1,746,764** | 4,329,376 |
| Interest income from related parties | **-** | 20,994,914 |
| Purchases | **5,469,602** | 2,583,153 |
| Doctors' and other employees' salaries and benefits | **145,337** | 1,866,895 |
| Corporate charges (note 5) | **-** | 12,965,332 |
| Employees' end of service benefits transferred from a related party | **3,259,207** | - |
| Leave salary transferred from a related party | **558,591** | - |
| Property and equipment transferred from / (to) related parties (note 6) | **140,924** | (1,502,924) |
| Directors' remuneration* | **4,049,068** | - |
| Others | **8,779,466** | 7,244,249 |

*The directors' remuneration relates to year ended 31 December 2022 which has been recorded during three months period ended 31 March 2023 as the approval from the Board and HR Committee were obtained during the quarter. The remuneration was approved by shareholders in annual general meeting held on 19 April 2023.

**Compensation of key management personnel**
The remuneration of the members of key management during the period was as follows:

| | ***Three months period ended*** | |
|---|---|---|
| | ***(Unaudited) 31 March 2023 AED*** | *(Unaudited) 31 March 2022 AED* |
| Salaries and other benefits | **908,000** | 680,500 |
| Number of key management personnel | **2** | 2 |

## 8 RELATED PARTY TRANSACTIONS AND BALANCES continued

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| ***Amounts due from related parties*** | | |
| VPS Healthcare LLC | **12,754,197** | 9,334,733 |
| Other related parties | **8,868,381** | 14,203,485 |
| Total | **21,622,578** | 23,538,218 |

Outstanding balances at the period end arise in the normal course of business and due to receipt and payment transactions. The Entities have not recorded any impairment of amounts due from related parties. This assessment is undertaken each reporting date through examining the financial position of the related party and the market in which the related party operates.

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| ***Amounts due to related parties*** | | |
| Other related parties | **38,932,798** | 35,587,882 |

As at 31 March 2023 and 31 December 2022, various group entities and Dr Shamsheer Vayalil have provided corporate and personal guarantees to the banks for loans and other facilities obtained by the subsidiaries.

## 9 INTEREST BEARING LOANS AND BORROWINGS

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| Term loans | **977,044,708** | 1,006,959,849 |
| Short-term loans | **250,000,000** | 250,000,000 |
| Vehicle loans | **4,651,153** | 3,832,249 |
| | **1,231,695,861** | 1,260,792,098 |

## 9 INTEREST BEARING LOANS AND BORROWINGS continued

Current and non-current portion of interest-bearing loans and borrowings can be analysed as follows:

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| Non-current | **873,298,243** | 903,820,385 |
| Current | **358,397,618** | 356,971,713 |
| | **1,231,695,861** | 1,260,792,098 |

Movement in the interest bearing loans and borrowings during the period / year is as follows:

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| At 1 January | **1,260,792,098** | 3,207,706,904 |
| Additions during the period / year | **1,092,908** | 300,964,524 |
| Repayments during the period / year | **(30,189,145)** | (2,247,879,330) |
| | **1,231,695,861** | 1,260,792,098 |

**Interest rates**
Interest rates on these loans and borrowings are at EIBOR plus a fixed margin. The range is as follows:

| | |
|---|---|
| Commercial loans | - EIBOR + 3% (2022: EIBOR + 3%) |
| Vehicle loans | - 3% to 10% (2022: 3% to 10%) |

## 10 SEGMENTAL REPORTING

For management purposes, the Group is organised into business units or segments based on its products and services and has four reportable segments as follows:

- Hospitals;
- Medical Center;
- Pharmacies; and
- Others

Hospital includes entities that provide inpatient, day-care services and Outpatient services to patients to diagnosis the disease and offer medical and surgical treatment as part of in-patient services.

Medical Centre includes entities which offer only outpatient services to patients which includes medical consultation, lab and radiology diagnostic treatment (if required), will refer the patient to hospitals for Inpatient and day care services, if needed.

**10 SEGMENTAL REPORTING** continued

Pharmacies includes all the retail pharmacies which are outside the premises of the hospitals and medical centers. Pharmacies act as retail stores and selling pharmaceutical and cosmetic products.

Other represents business units that support the hospitals, medical center, and pharmacies to manage the supply chain, valet parking and claim submission etc.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer of the Group is the Chief Operating Decision Maker (CODM) and monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Segment performance is evaluated based on profit or loss including EBIT and EBITDA and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

## 10 SEGMENTAL REPORTING continued

| | *Hospitals AED* | *Medical centre AED* | *Pharmacies AED* | *Others AED* | *Total segments AED* | *Adjustments and eliminations AED* | *Consolidation AED* |
|---|---|---|---|---|---|---|---|
| ***31 March 2023*** | | | | | | | |
| ***Revenue*** | | | | | | | |
| Out patient revenue | **616,239,995** | **107,197,144** | **-** | **-** | **723,437,139** | **(50,140,535)** | **673,296,604** |
| In patient revenue | **374,666,009** | **-** | **-** | **-** | **374,666,009** | **-** | **374,666,009** |
| Total clinical revenue | **990,906,004** | **107,197,144** | **-** | **-** | **1,098,103,148** | **(50,140,535)** | **1,047,962,613** |
| Pharmacy sales | | | **16,431,529** | | **16,431,529** | **(918,807)** | **15,512,722** |
| Others | **14,647,538** | **889,053** | **2,182,595** | **250,878,433** | **268,597,619** | **(248,587,460)** | **20,010,159** |
| Rental income | **1,367,803** | **9,861** | **-** | **-** | **1,377,664** | **-** | **1,377,664** |
| **Total revenue** | **1,006,921,345** | **108,096,058** | **18,614,124** | **250,878,433** | **1,384,509,960** | **(299,646,802)** | **1,084,863,158** |
| ***Revenue*** | | | | | | | |
| External customers | **957,628,441** | **107,098,428** | **17,695,317** | **2,440,972** | **1,084,863,158** | **-** | **1,084,863,158** |
| Intersegment | **49,292,904** | **997,630** | **918,807** | **248,437,461** | **299,646,802** | **(299,646,802)** | **-** |
| **Total revenue** | **1,006,921,345** | **108,096,058** | **18,614,124** | **250,878,433** | **1,384,509,960** | **(299,646,802)** | **1,084,863,158** |
| **Segment profit** | **104,779,038** | **21,866,395** | **3,860,237** | **(9,162,494)** | **121,343,176** | **-** | **121,343,176** |
| Finance costs | **34,495,335** | **640,437** | **-** | **3,988** | **35,139,760** | **-** | **35,139,760** |
| **Profit before interest, taxation (EBIT)** | **139,274,373** | **22,506,832** | **3,860,237** | **(9,158,506)** | **156,482,936** | **-** | **156,482,936** |
| Depreciation | **53,936,897** | **4,070,483** | **182,975** | **437,367** | **58,627,722** | **-** | **58,627,722** |
| Amortisation | **664,301** | **76,643** | **-** | **131,152** | **872,096** | **-** | **872,096** |
| Depreciation of right-of-use asset | **21,835,715** | **3,745,796** | **-** | **-** | **25,581,511** | **-** | **25,581,511** |
| **Profit before interest, taxation, depreciation, amortisation (EBITDA)** | **215,711,286** | **30,399,754** | **4,043,212** | **(8,589,987)** | **241,564,265** | **-** | **241,564,265** |
| **Total assets as at 31 March 2023** | **7,797,661,084** | **572,675,275** | **119,532,836** | **2,522,452,290** | **11,012,321,485** | **(6,255,051,161)** | **4,757,270,324** |
| **Total liabilities as at 31 March 2023** | **7,096,073,800** | **556,537,478** | **120,715,710** | **2,043,257,439** | **9,816,584,427** | **(6,298,504,377)** | **3,518,080,050** |
| **Other disclosures:** | | | | | | | |
| Additions to property and equipment | **20,846,422** | **1,195,002** | **433,807** | **862,016** | **23,337,247** | **-** | **23,337,247** |
| Additions to intangibles | **1,834,811** | **102,178** | **-** | **277,096** | **2,214,085** | **-** | **2,214,085** |
| Additions to capital work in progress | **-** | **22,500** | **-** | **-** | **22,500** | **-** | **22,500** |

## 10 SEGMENTAL REPORTING continued

| | *Hospitals AED* | *Medical centre AED* | *Pharmacies AED* | *Others AED* | *Total segments AED* | *Adjustments and eliminations AED* | *Consolidation AED* |
|---|---|---|---|---|---|---|---|
| *31 March 2022* | | | | | | | |
| ***Revenue*** | | | | | | | |
| Out patient revenue | 596,096,762 | 90,156,701 | - | - | 686,253,463 | (38,597,360) | 647,656,103 |
| In patient revenue | 292,879,858 | - | - | - | 292,879,858 | - | 292,879,858 |
| Total clinical revenue | 888,976,620 | 90,156,701 | - | - | 979,133,321 | (38,597,360) | 940,535,961 |
| Pharmacy sales | - | - | 16,128,666 | - | 16,128,666 | (34,497) | 16,094,169 |
| Others | 5,644,446 | 664,545 | 140,110 | 177,417,919 | 183,867,020 | (170,678,173) | 13,188,847 |
| Rental income | 2,199,615 | - | - | - | 2,199,615 | - | 2,199,615 |
| **Total revenue** | 896,820,681 | 90,821,246 | 16,268,776 | 177,417,919 | 1,181,328,622 | (209,310,030) | 972,018,592 |
| ***Revenue*** | | | | | | | |
| External customers | 863,254,670 | 85,789,897 | 16,234,279 | 6,739,746 | 972,018,592 | - | 972,018,592 |
| Intersegment | 33,566,011 | 5,031,349 | 34,497 | 170,678,173 | 209,310,030 | (209,310,030) | - |
| **Total revenue** | 896,820,681 | 90,821,246 | 16,268,776 | 177,417,919 | 1,181,328,622 | (209,310,030) | 972,018,592 |
| **Segment profit** | 60,841,684 | 10,066,242 | 881,351 | 12,835,657 | 84,624,934 | - | 84,624,934 |
| Finance costs | 54,016,406 | 1,059,601 | 112,063 | 94,753 | 55,282,823 | - | 55,282,823 |
| Finance income | (20,994,914) | - | - | - | (20,994,914) | - | (20,994,914) |
| Profit before interest, taxation (EBIT) | 93,863,176 | 11,125,843 | 993,414 | 12,930,410 | 118,912,843 | | 118,912,843 |
| Depreciation | 58,964,275 | 6,337,821 | 185,353 | 486,462 | 65,973,911 | - | 65,973,911 |
| Amortisation | 1,190,534 | 73,065 | - | 105 | 1,263,704 | - | 1,263,704 |
| Depreciation of right-of-use asset | 23,161,071 | 3,649,467 | - | - | 26,810,538 | - | 26,810,538 |
| **Profit before interest, taxation, depreciation, amortisation (EBITDA)** | 177,179,056 | 21,186,196 | 1,178,767 | 13,416,977 | 212,960,996 | - | 212,960,996 |
| **Total assets as at 31 March 2022** | 8,110,124,765 | 485,460,946 | 99,478,476 | 401,275,744 | 9,096,339,931 | (2,895,634,794) | 6,200,705,137 |
| **Total liabilities as at 31 March 2022** | 7,694,368,504 | 562,029,174 | 106,958,923 | 284,212,763 | 8,647,569,364 | (2,925,498,811) | 5,722,070,553 |
| **Other disclosures:** | | | | | | | |
| Additions to property and equipment | 8,318,906 | 2,018,343 | 19,200 | 1,115,387 | 11,471,836 | - | 11,471,836 |
| Additions to intangibles | 126,225 | 14,579 | - | - | 140,804 | - | 140,804 |
| Additions to capital work in progress | 8,080,539 | - | - | - | 8,080,539 | - | 8,080,539 |

## 10 SEGMENTAL REPORTING continued

**Revenue by Geographic segments:**

| | *Emirate of Abu Dhabi* | *Emirate of Dubai & Northern Emirates* | *Sultanate of Oman* | *Total* |
|---|---|---|---|---|
| ***For the three months period ended 31 March 2023*** | | | | |
| In patient revenue | **321,594,071** | **42,147,763** | **10,924,175** | **374,666,009** |
| Out patient revenue | **604,742,440** | **41,023,609** | **27,530,555** | **673,296,604** |
| Pharmacy | **15,512,722** | **-** | **-** | **15,512,722** |
| Other income | **14,620,699** | **2,272,778** | **3,116,682** | **20,010,159** |
| | **956,469,932** | **85,444,150** | **41,571,412** | **1,083,485,494** |
| Rental income | **1,356,914** | **-** | **20,750** | **1,377,664** |
| **Total revenue** | **957,826,846** | **85,444,150** | **41,592,162** | **1,084,863,158** |
| *For the three months period ended 31 March 2022* | | | | |
| In patient revenue | 242,445,455 | 38,174,575 | 12,259,828 | 292,879,858 |
| Out patient revenue | 576,606,094 | 42,863,403 | 34,495,597 | 653,965,094 |
| Pharmacy | 16,234,279 | - | - | 16,234,279 |
| Other income | 6,221,938 | 517,808 | - | 6,739,746 |
| | 841,507,766 | 81,555,786 | 46,755,425 | 969,818,977 |
| Rental income | 2,070,865 | 128,750 | - | 2,199,615 |
| Total revenue | 843,578,631 | 81,684,536 | 46,755,425 | 972,018,592 |

## 11 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has entered into a profit rate swap agreements with Islamic bank in United Arab Emirates to manage its interest rate exposure. The changes in the fair value of the derivatives amounting to AED 14,172,699 (loss for the three months period ended 31 March 2023 (31 March 2022: AED 2,878,954 - gain) are included as a component of other expenses in the interim condensed consolidated statement of comprehensive income.

The fair values of the Group's derivative financial instruments as at 31 March 2023 and 31 December 2022 are as follows:

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| Profit rate swaps - non-current liabilities | **42,547,330** | 28,374,631 |

## 11 DERIVATIVE FINANCIAL INSTRUMENTS continued

Movement in the derivative financial instruments during the period / year is as follows:

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| At 1 January | **28,374,631** | 32,463,738 |
| Change in fair value | **14,172,699** | 9,416,881 |
| Repayments during the period / year | **-** | (13,505,988) |
| At the end of the period / year | **42,547,330** | 28,374,631 |

As at 31 March 2023 and 31 December 2022, the Group has interest rate swap agreement to limit exposure to interest rate increases related to a portion of the floating rate indebtedness. As at 31 March 2023, the aggregate notional principal amount of the outstanding interest rate swap contract amounts to AED 802,799,452 (31 December 2022: AED 491,429,670). The derivative financial instruments represent the recognition of a financial liability amounting to AED 42,547,330 as at 31 March 2023 (31 December 2022: AED 28,374,631) relating to the fair value adjustment of the profit rate swaps.

The fair values of the profit rate swaps are estimated using quotes from external sources or the counterparty to the instruments. In valuing unquoted instruments, valuation techniques, including discounted cash flow models and option pricing models, are used as appropriate. The gain / loss on the interest rate swap is recognised in the interim condensed consolidated statement of comprehensive income for respective periods.

The following table analyses within the fair value hierarchy the Group's financial instruments measured at fair value at 31 March 2023 and 31 December 2022:

| | *Level 1 AED* | *Level 2 AED* | *Level 3 AED* |
|---|---|---|---|
| ***Derivative financial instruments - Profit rate swaps measured at fair value:*** | | | |
| **31 March 2023** | **-** | **42,547,330** | **-** |
| 31 December 2022 | - | 28,374,631 | - |

The levels of fair value inputs used to measure the investments are characterised in accordance with the fair value hierarchy established by IFRS 7. The management uses its judgment and consider factors specific to the investment in determining the significance of an input to a fair value measurement. The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

*Level 1:*
Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Group uses Level 1 inputs for investments in publicly traded unrestricted securities for which the Group does not have a controlling interest. The Group does not measure the fair value of the financial instruments using Level 1 inputs as of 31 March 2023 and 31 December 2022.

## 11 DERIVATIVE FINANCIAL INSTRUMENTS continued

*Level 2:*
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group measures the fair value of financial instruments using this category.

*Level 3:*
Level 3 inputs are unobservable and cannot be corroborated by observable market data. The Group does not measure the fair value of the financial instruments using Level 3 inputs as of 31 March 2023 and 31 December 2022.

Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these instruments to be different than the valuations currently assigned.

During the period ended 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## 12 CONTINGENCIES AND COMMITMENTS

***Contingencies***
At 31 March 2023, the Group had contingent liabilities in respect of labour guarantees amounting to AED 1,622,432 (31 December 2022: AED 1,622,432) and performance guarantees amounting to AED 9,453,423 (31 December 2022: AED 9,453,423) arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's interim condensed consolidated financial statements if concluded unfavorably.

***Capital commitments***
Capital expenditure contracted but not yet incurred at the end of the period / year as follows:

| | ***31 March 2023 AED (Unaudited)*** | *31 December 2022 AED (Audited)* |
|---|---|---|
| Building improvements | **7,447,250** | 9,127,550 |
| Medical equipment | **4,657,004** | 6,399,924 |
| Others | **1,078,959** | 727,023 |
| | **13,183,213** | 16,254,497 |

## 13 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of comprehensive income for the three months period ended 31 March 2023 and 31 March 2022.

## 14 BASIC EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to the Equity holders of Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the Equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.
The information necessary to calculate basic and diluted earnings per share is as follows:

| | ***Three months period ended*** | |
|---|---|---|
| | ***(Unaudited) 31 March 2023*** | *(Unaudited) 31 March 2022* |
| ***Earnings:*** | | |
| Profit attributable to Equity holders of the Parent (AED) | **118,796,312** | 82,166,959 |
| ***Number of shares*** | | |
| Weighted -average number of ordinary shares for basic and diluted earnings per share (restated*) | **5,205,134,170** | 5,004,736,510 |
| ***Earnings per share*** | | |
| Basic and diluted earnings per share (AED) (restated*) | **0.02** | 0.02 |

* The weighted average number of shares includes the impact of bonus shares issued, split of shares and reduction of share capital during the period. During the period, there is no dilution in the weighted average number of shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.